

CIRCULAR DATED 28 JUNE 2016

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**IF YOU ARE IN DOUBT AS TO THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.**

Unless otherwise stated, the capitalised terms on this cover are defined in this Circular under the section titled "Definitions".

If you have sold or transferred all your shares in the capital of 3Energy Limited (the "Company"), you should immediately forward this Circular, the enclosed Notice of EGM and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

An application has been made to the SGX-ST for permission for the listing and quotation of the Consideration Shares and the Compliance Placement Shares on Catalist. The listing and quotation notice for the Consideration Shares and the Compliance Placement Shares, if issued by the SGX-ST, is not to be taken as an indication of the merits of the Proposed Acquisition, the Proposed Compliance Placement, Liberty, the Enlarged Group, the Company, the Shares, the Consideration Shares or the Compliance Placement Shares.

**Neither the Monetary Authority of Singapore ("Authority") nor the SGX-ST has examined or approved the contents of this Circular. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. Neither the Authority nor the SGX-ST has in any way considered the merits of the shares or units of shares being offered for investment. The lodgement of this Circular with the SGX-ST, acting as agent on behalf of the Authority, does not imply that the SFA, or any other legal or regulatory requirements, or requirements under the Catalist Rules, have been complied with.**

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad (the "Sponsor"), for compliance with the Catalist Rules. The Sponsor has not verified the contents of this Circular. This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Mr Eric Wong at CIMB Bank Berhad, 50 Raffles Place #09-01, Singapore Land Tower, Singapore 048623, telephone: (65) 6337 5115.

**YOUR ATTENTION IS DRAWN TO SECTION 8.7 ENTITLED "RISK FACTORS" OF THIS CIRCULAR WHICH HIGHLIGHTS CERTAIN MATERIAL RISKS RELATING TO LIBERTY, ITS BUSINESS AND INDUSTRY AND OWNERSHIP OF THE SHARES. IN PARTICULAR, SHAREHOLDERS SHOULD NOTE THAT LIBERTY IS DEPENDENT ON THE HEALTH OF THE PROPERTY INDUSTRY IN MALAYSIA, PARTICULARLY IN THE ISKANDAR REGION OF JOHOR, MALAYSIA, AS WELL AS GENERAL ECONOMIC CONDITIONS. SHAREHOLDERS ARE ADVISED TO TAKE THESE FACTORS INTO CONSIDERATION WHEN DECIDING ON THE PROPOSED ACQUISITION.**



**3CENERGY LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 197300314D)

## CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **THE PROPOSED ACQUISITION OF LIBERTY BRIDGE SDN BHD AS A VERY SUBSTANTIAL ACQUISITION AND AN INTERESTED PERSON TRANSACTION;**
- (2) **THE PROPOSED ISSUE AND ALLOTMENT OF 955,223,880 CONSIDERATION SHARES AT THE ISSUE PRICE OF S\$0.067 PER CONSIDERATION SHARE; AND**
- (3) **THE PROPOSED COMPLIANCE PLACEMENT OF UP TO 75,000,000 COMPLIANCE PLACEMENT SHARES TO RESTORE THE MINIMUM FREE FLOAT OF THE COMPANY.**

*Sponsor and Financial Adviser to the Company*



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

**Singapore Branch**

(Incorporated In Malaysia)

*Independent Financial Adviser in respect of the Proposed Acquisition*



**XANDAR CAPITAL PTE LTD**

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

### IMPORTANT DATES AND TIMES:

Last Date and Time for Lodgement of Proxy Form	:	12 July 2016 at 10.00 a.m.
Date and Time of Extraordinary General Meeting	:	14 July 2016 at 10.00 a.m.
Place of Extraordinary General Meeting	:	3 Lorong 6 Toa Payoh, #01-01 Singapore 319378

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## CORPORATE INFORMATION

- BOARD OF DIRECTORS** : Datuk Tong Kooi Ong (Non-Executive Chairman)  
Ms Tong Kooi Lian (Managing Director and Chief Executive Officer)  
Mr Yii Hung Due @ Bill Yii (Lead Independent Director)  
Mr Ong Pai Koo @ Sylvester (Independent Director)
- COMPANY SECRETARY** : Mr Teo Meng Keong, ACIS
- REGISTERED OFFICE OF THE COMPANY** : 3 Lorong 6 Toa Payoh, #01-01  
Singapore 319378
- REGISTERED OFFICE OF LIBERTY** : Unit 506, Block B3, Leisure Commerce Square  
No. 9 Jalan PJS 8/9  
46150 Petaling Jaya  
Selangor Darul Ehsan, Malaysia
- SPONSOR AND FINANCIAL ADVISER TO THE COMPANY** : **CIMB Bank Berhad, Singapore Branch**  
50 Raffles Place  
#09-01 Singapore Land Tower  
Singapore 048623
- AUDITORS TO THE COMPANY FOR FY2015 AND REPORTING ACCOUNTANTS TO THE COMPANY IN RESPECT OF LIBERTY AND THE ENLARGED GROUP** : **Deloitte & Touche LLP**  
6 Shenton Way  
OUE Downtown 2 #33-00  
Singapore 068809  
**Partner-in-charge:** Mr Michael Kee Cheng Kong  
Public Accountant and Chartered Accountant, Singapore
- AUDITORS TO LIBERTY FOR FY2014 AND FY2015** : **Deloitte (AF 0080)**  
Level 16, Menara LGB,  
1 Jalan Wan Kadir  
Taman Tun Dr Ismail  
60000 Kuala Lumpur, Malaysia  
**Partner-in-charge:** Mr Stanley Teo Swee Chua  
Member of Malaysian Institute of Accountants, the Association of Chartered Certified Accountants (UK) and Malaysian Institute of Certified Public Accountants
- AUDITORS TO THE COMPANY FOR FY2013 AND FY2014** : **Ernst & Young LLP**  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
**Partner-in-charge:** Ms Eleanor Lee  
Public Accountant and Chartered Accountant, Singapore

- AUDITORS TO LIBERTY FOR FY2013** : **Kwong & Wong (AF 001908)**  
Unit 622, Block B2, Leisure Commerce Square  
No. 9 Jalan PJS 8/9  
46150 Petaling Jaya  
Selangor Darul Ehsan, Malaysia
- Partner-in-charge:** Mr Wong Sow Fui  
Fellow member of the Association of Chartered Certified Accountants (U.K)  
Chartered Accountant of the Malaysian Institute of Accountants  
Member of the Chartered Tax Institute of Malaysia
- LEGAL ADVISER TO THE COMPANY AS TO SINGAPORE LAW** : **David Lim & Partners LLP**  
50 Raffles Place  
#17-01 Singapore Land Tower  
Singapore 048623
- LEGAL ADVISER TO THE COMPANY AS TO MALAYSIA LAW** : **Rahmat Lim & Partners**  
Suite 33.01 Level 33  
The Gardens North Tower  
Mid Valley City  
Lingkar Syed Putra  
59200 Kuala Lumpur, Malaysia
- INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION** : **Xandar Capital Pte Ltd**  
3 Shenton Way  
#24-02 Shenton House  
Singapore 068805
- SHARE REGISTRAR OF THE COMPANY** : **Tricor Barbinder Share Registration Services**  
80 Robinson Road #02-00  
Singapore 068898
- INDEPENDENT VALUER FOR LIBERTY** : **Mazars Risk Management Sdn Bhd**  
Wisma Selangor Dredging  
7<sup>th</sup> Floor, South Block  
142-A Jalan Ampang  
50450 Kuala Lumpur, Malaysia
- INDEPENDENT VALUER FOR THE CN LANDS** : **Raine & Horne International Zaki + Partners Sdn. Bhd.**  
124B, 2<sup>nd</sup> Floor, Jalan SS 24/2  
Taman Megah, 47301 Petaling Jaya  
Selangor Darul Ehsan, Malaysia
- PRINCIPAL BANKER TO THE GROUP** : **United Overseas Bank Limited**  
80 Raffles Place  
UOB Plaza  
Singapore 048624
- PRINCIPAL BANKER TO LIBERTY** : **Public Bank Berhad**  
Menara Public Bank  
146 Jalan Ampang  
50450 Kuala Lumpur, Malaysia

## DEFINITIONS

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

### COMPANIES, ORGANISATIONS AND OTHER ENTITIES

<b>“Authority”</b>	:	Monetary Authority of Singapore
<b>“BCA”</b>	:	Building and Construction Authority of Singapore
<b>“Casi”</b>	:	Casi Management Sdn Bhd (Company Registration Number 59693-P), a company incorporated in Malaysia
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Champion Brave”</b>	:	Champion Brave Sdn Bhd (Company Registration Number 1017134-H), a company incorporated in Malaysia
<b>“Company”</b>	:	3Cnergy Limited (Company Registration Number 197300314D), a company incorporated in Singapore
<b>“Deloitte, Malaysia”</b>	:	Deloitte (AF 0080), a partnership established under Malaysian law
<b>“Deloitte, Singapore”</b>	:	Deloitte & Touche LLP
<b>“Enlarged Group”</b>	:	The group of companies comprising the Group and Liberty following the completion of the Proposed Acquisition
<b>“Financial Adviser”, “Sponsor” or “CIMB”</b>	:	CIMB Bank Berhad, Singapore Branch
<b>“Golden Ring”</b>	:	Golden Ring Worldwide Ltd (Company Registration Number 1737880), a company incorporated in the British Virgin Islands
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“HSR”</b>	:	HSR International Realtors Pte Ltd (Company Registration No. 198103602Z), a company incorporated in Singapore
<b>“Icon Ventures”</b>	:	Icon Ventures Group Inc. (Company Registration Number 1752866), a company incorporated in the British Virgin Islands
<b>“IFA” or “Xandar”</b>	:	Xandar Capital Pte Ltd, the independent financial adviser to the Independent Directors in relation to the Proposed Acquisition as an Interested Person Transaction
<b>“IRDA”</b>	:	Iskandar Regional Development Authority
<b>“Land Valuer” or “Raine &amp; Horne”</b>	:	Raine & Horne International Zaki + Partners Sdn. Bhd. (Company Registration Number 99440-T), a company incorporated in Malaysia
<b>“Liberty”</b>	:	Liberty Bridge Sdn Bhd (Company Registration Number 929176-U), a company incorporated in Malaysia

- “Liberty Valuer” or “Mazars”** : Mazars Risk Management Sdn Bhd (Company Registration Number 563598-T), a company incorporated in Malaysia
- “Metra”** : Metra Nominees Sdn Bhd (Company Registration Number 165418-H), a company incorporated in Malaysia
- “Orientis”** : Orientis Solutions Sdn Bhd (Company Registration Number 1041939-K), a company incorporated in Malaysia
- “PBB” or “Public Bank Berhad”** : Public Bank Berhad (Company Registration Number 6463-H), a company incorporated in Malaysia
- “Phileo Capital”** : Phileo Capital Limited (Company Registration Number 271564), a company incorporated in the Cayman Islands
- “Publiq Development Group”** : Publiq Development Group Sdn Bhd (Company Registration Number 1023918-M), a company incorporated in Malaysia
- “SGX-ST”** : Singapore Exchange Securities Trading Limited
- “TMF Trustees”** : TMF Trustees Singapore Limited
- “Vendors”** : Has the meaning ascribed to it in Section 2.1 of this Circular

#### **GENERAL**

- “Acquisition Consideration”** : Has the meaning ascribed to it in Section 2.6 of this Circular
- “Announcement”** : The announcement made by the Company on 29 March 2016 in respect of the Proposed Acquisition
- “Articles of Association”** : The articles of association of the Company, as may be amended, varied or supplemented from time to time
- “Associate”** : (a) in relation to any director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:-
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Audit Committee”** : The audit committee of the Company comprising Mr Yii Hung Due @ Bill Yii, Mr Ong Pai Koo @ Sylvester, and Datuk Tong

<b>“Board”</b>	:	The board of Directors
<b>“Book-Keeping Services”</b>	:	Has the meaning ascribed to it in Section 8.21.5(d) of this Circular
<b>“Catalist”</b>	:	The sponsor-supervised listing platform of the SGX-ST
<b>“Catalist Rules”</b>	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
<b>“CD Plan”</b>	:	Has the meaning ascribed to it in Section 8.5.1(a) of this Circular
<b>“CEO”</b>	:	Chief Executive Officer
<b>“Circular”</b>	:	This circular to Shareholders dated 28 June 2016
<b>“CN Lands”</b>	:	Has the meaning ascribed to it in Section 2.1 of this Circular
<b>“Companies Act”</b>	:	The Companies Act (Chapter 50) of Singapore, as amended, varied or supplemented from time to time
<b>“Compliance Placement Shares”</b>	:	Has the meaning ascribed to it in Section 5 of this Circular
<b>“Consideration Shares”</b>	:	Has the meaning ascribed to it in Section 2.6 of this Circular
<b>“Controlling Shareholder”</b>	:	A person who: <ul style="list-style-type: none"> <li>(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company (unless otherwise excepted by the SGX-ST); or</li> <li>(b) in fact exercises control over the Company</li> </ul>
<b>“Daiman Development”</b>	:	Has the meaning ascribed to it in Section 8.22.2 of this Circular
<b>“Datuk Tong”</b>	:	Datuk Tong Kooi Ong, the non-executive chairman and a Controlling Shareholder of the Company
<b>“Director(s)”</b>	:	The director(s) of the Company, whom as at the date of this Circular comprise Datuk Tong, Ms Tong, Mr Yii Hung Due @ Bill Yii, and Mr Ong Pai Koo @ Sylvester
<b>“Diversification Mandate”</b>	:	Has the meaning ascribed to it in Section 2.5 of this Circular
<b>“EGM” or “Extraordinary General Meeting”</b>	:	The extraordinary general meeting of the Company to be held on 14 July 2016 at 10.00 a.m., notice of which is set out in the Notice of EGM on pages 216 to 217 of this Circular
<b>“Executive Director(s)”</b>	:	The executive Director(s) of the Company
<b>“Executive Officer(s)”</b>	:	The executive officer(s) of the Group (other than the Executive Directors) who are also key executives as defined under the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005
<b>“FY”</b>	:	Financial year ended or ending 31 December

<b>“FY2013”</b>	:	Financial year ended 31 December 2013
<b>“FY2014”</b>	:	Financial year ended 31 December 2014
<b>“FY2015”</b>	:	Financial year ended 31 December 2015
<b>“FY2016”</b>	:	Financial year ending 31 December 2016
<b>“Group’s Remaining Businesses”</b>	:	Has the meaning ascribed to it in Section 2.5 of this Circular
<b>“IFA Letter”</b>	:	Letter from the IFA to the Independent Directors dated 28 June 2016 containing the advice of the IFA in respect of the Proposed Acquisition as set out in Appendix B to this Circular
<b>“IFRS”</b>	:	International Financial Reporting Standards
<b>“Independent Directors”</b>	:	Directors who are considered independent for the purpose of making the recommendation to the Independent Shareholders in respect of the Proposed Acquisition, being Mr Yii Hung Due @ Bill Yii and Mr Ong Pai Koo @ Sylvester
<b>“Independent Shareholders”</b>	:	The Shareholders (other than Phileo Capital and its associates) who are deemed to be independent for the purpose of the Proposed Acquisition
<b>“Interested Person”</b>	:	(a) a Director, CEO, or Controlling Shareholder of the Company; or  (b) an Associate of any such Director, CEO, or Controlling Shareholder
<b>“Interested Person Transaction”</b>	:	Transactions proposed to be entered or entered into between an entity at risk and an Interested Person and has the meaning ascribed to it in the Catalist Rules
<b>“Latest Practicable Date”</b>	:	21 June 2016, being the latest practicable date prior to the printing of this Circular
<b>“Liberty Directors”</b>	:	The directors of Liberty as at the Latest Practicable Date, being Tan Sri Wan Azmi Bin Wan Hamzah, Mr Lee Jia Zhang, Tan Sri Dato’ Surin Upatkoon, and Mr Edward Lee Eng Chew
<b>“Liberty Land Disposal”</b>	:	Has the meaning ascribed to it in paragraph 1.1 Appendix A of this Circular
<b>“Long Stop Date”</b>	:	Has the meaning ascribed to it in Section 2.7(c) of this Circular
<b>“LPS”</b>	:	Loss per Share
<b>“Main Board”</b>	:	The main board of the SGX-ST
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading of securities
<b>“Medeva Undertaking”</b>	:	Has the meaning ascribed to it in Section 3.2 of this Circular
<b>“Minimum Free Float”</b>	:	Has the meaning ascribed to it in Section 5 of this Circular



<b>“Ms Tong”</b>	:	Ms Tong Kooi Lian, the Managing Director and CEO of the Company
<b>“Nominating Committee”</b>	:	The nominating committee of the Company comprising Mr Ong Pai Koo @ Sylvester, Mr Yii Hung Due @ Bill Yii, and Datuk Tong
<b>“Non-Compete Undertaking”</b>	:	Has the meaning ascribed to it in Section 8.22.2 of this Circular
<b>“Notice of EGM”</b>	:	The notice of the EGM as set out on pages 216 to 217 of this Circular
<b>“NAV”</b>	:	Net asset value
<b>“NTA”</b>	:	Net tangible assets
<b>“Orientis Consideration Shares”</b>	:	Has the meaning ascribed to it in Section 3.2 of this Circular
<b>“Performance Share Plan”</b>	:	The performance share plan adopted by the Company on 19 January 2011
<b>“Placement Agent”</b>	:	A placement agent to be appointed in due course with respect to the Proposed Compliance Placement
<b>“PMSA Agreement”</b>	:	Has the meaning ascribed to it in Section 8.21.5(c) of this Circular
<b>“PMSA Services”</b>	:	Has the meaning ascribed to it in Section 8.21.5(c) of this Circular
<b>“Proposed Acquisition”</b>	:	The proposed acquisition by the Company from the Vendors of all the issued shares in Liberty at the consideration of S\$64 million, to be satisfied by way of the allotment and issuance of the Consideration Shares
<b>“Proposed Compliance Placement”</b>	:	The proposed compliance placement of the Compliance Placement Shares for the purpose of meeting the Minimum Free Float at an issue price to be determined by the Company in consultation with the Sponsor and Financial Adviser and the Placement Agent
<b>“Proposed Transactions”</b>	:	The Proposed Acquisition and the Proposed Compliance Placement collectively
<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM as set out in this Circular
<b>“Public”</b>	:	Persons other than:-  <ul style="list-style-type: none"> <li>(a) directors, CEO, Substantial Shareholders or Controlling Shareholders of the issuer and its subsidiary companies; and</li> <li>(b) Associates of the persons in paragraph (a) above</li> </ul>
<b>“RC 1”</b>	:	Has the meaning ascribed to it in paragraph 8 of Appendix A of this Circular
<b>“RC 2”</b>	:	Has the meaning ascribed to it in paragraph 8 of Appendix A of this Circular

<b>“RC 3”</b>	:	Has the meaning ascribed to it in paragraph 8 of Appendix A of this Circular
<b>“Register of Members”</b>	:	Register of members of the Company
<b>“Remuneration Committee”</b>	:	The remuneration committee of the Company comprising Mr Yii Hung Due @ Bill Yii, Mr Ong Pai Koo @ Sylvester, and Datuk Tong
<b>“SFA”</b>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, varied or supplemented from time to time
<b>“SFR”</b>	:	The Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, as may be amended, varied or supplemented from time to time
<b>“SOHO”</b>	:	Small Office Home Office
<b>“SPA”</b>	:	The conditional sale and purchase agreement dated 29 March 2016 entered between the Company and the Vendors in relation to the Proposed Acquisition
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
<b>“SH Loan Agreement”</b>	:	Has the meaning ascribed to it in Section 8.3 of this Circular
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company and each a <b>“Share”</b>
<b>“Shareholder(s)” or “Member(s)”</b>	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors in the Depository Register maintained by the CDP and whose Securities Accounts are credited with those Shares. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
<b>“Substantial Shareholder”</b>	:	A person who has an interest or interests in one or more voting shares of a company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the company
<b>“Surrender and Re-alienation”</b>	:	Has the meaning ascribed to it in paragraph 1.1 of Appendix A of this Circular
<b>“Tan Sri Lee”</b>	:	Tan Sri Lee Oi Hian
<b>“TL 1”</b>	:	Has the meaning ascribed to it in paragraph 8 of Appendix A of this Circular
<b>“TL 2”</b>	:	Has the meaning ascribed to it in paragraph 8 of Appendix A of this Circular
<b>“Ultimate Vendor Owners”</b>	:	Has the meaning ascribed to it in paragraph 1.3 of Appendix A of this Circular

**“Valuation Report on Liberty”** : The valuation report on Liberty issued by Mazars dated 11 March 2016 as set out in Appendix C to this Circular

**“Valuation Report on the CN Lands”** : The valuation certificate on the CN Lands issued by Raine & Horne dated 10 March 2016 as set out in Appendix D to this Circular

#### **CURRENCIES, UNITS OF MEASUREMENTS AND OTHERS**

**“km”** : Kilometres

**“m”** : Metres

**“RM” and “sen”** : Malaysian ringgit and cents, respectively

**“sq ft”** : Square feet

**“sq m”** : Square metres

**“sq km”** : Square kilometres

**“S\$” and “cents”** : Singapore dollars and cents, respectively

**“%” or “per cent”** : Percentage or per centum

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA and the terms **“subsidiary”** and **“related company”** shall have the meanings ascribed to them respectively in the Companies Act.

The term **“associated company”** shall have the meaning ascribed to it in the section headed *“Definitions and Interpretation”* of the Catalist Rules.

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

Any reference in this Circular to **“Rule”** or **“Chapter”** is a reference to the relevant rule or chapter in the Catalist Rules as for the time being, unless otherwise stated.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA, the SFR, or the Catalist Rules, or any statutory modification thereof, and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the SFR, or the Catalist Rules, or such modification thereof, as the case may be, unless the context requires otherwise.

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

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

Any reference in this Circular to Shares and/or new Shares being allotted and/or allocated to a person includes allotment and/or allocation to CDP for the account of that person.

In certain parts of this Circular, we have converted RM into S\$ for the convenience of Shareholders. As at the Latest Practicable Date, the exchange rate between S\$ and RM is S\$1.00 to RM3.0026.

## EXCHANGE RATES

The exchange rate between RM and S\$ at the Latest Practicable Date is RM3.0026 to S\$1.

The following table sets out the average and closing exchange rates for the respective financial years set out in this Circular. The average exchange rate between RM and S\$ is calculated using the average of the exchange rates on the last day of each month during each financial year.

Period	RM/S\$	
	Average	Closing
FY2013	2.5283	2.5939
FY2014	2.5829	2.6398
FY2015	2.8505	3.0258

*Source: Bloomberg L.P.*

The following table sets out the highest and lowest exchange rates between RM and S\$ for each month during the past six (6) completed months prior to the Latest Practicable Date.

Month	RM/S\$	
	Highest	Lowest
December 2015	3.0990	2.9884
January 2016	3.0781	2.8981
February 2016	3.0207	2.9094
March 2016	3.0596	2.8920
April 2016	2.9515	2.8510
May 2016	2.9622	2.8985
June 2016 <sup>(1)</sup>	3.0563	2.9675

*Source: Bloomberg L.P.*

The above exchange rates between RM and S\$ are extracted from published information by Bloomberg L.P. and should not be construed as representations that the RM and S\$ (as the case may be) could have been, or could be, converted at any particular rates, the rates indicated above, or at all. Bloomberg L.P. has not consented to the inclusion of the exchange rates quoted above for the purposes of Section 249 of the SFA and is thereby not liable for these exchange rates under Sections 253 and 254 of the SFA. Whilst reasonable action has been taken to ensure that the above information is reproduced in its proper form and context, and that the information is extracted fairly and accurately, neither the Company nor any other party has conducted independent review of the information obtained from Bloomberg L.P. nor verified the accuracy of the contents of the relevant information obtained from Bloomberg L.P.

**Note:**

(1) For the period from 1 June 2016 to the Latest Practicable Date.

## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Circular, the Announcement, press releases and oral statements that may be made by the Company, Liberty, or their respective Directors, key executives or employees acting on the Company's or Liberty's behalf, that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by words that are biased or by forward-looking terms such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "probable", "project", "will", "would" and "should" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's, Liberty's and the Enlarged Group's expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including but not limited to, statements as to:

- revenue and profitability;
- any expected growth;
- any expected industry prospects and trends;
- planned strategy and future expansion plans;
- any other matters that are not historical facts; and
- any other matters discussed in this Circular,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's, Liberty's and the Enlarged Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risks, uncertainties and other factors are discussed in more detail in Section 8.7 entitled "Risk Factors" of this Circular.

Given the risks and uncertainties that may cause the Company's, Liberty's and the Enlarged Group's actual future results, performance or achievements to be materially different than expected, expressed or implied by the forward-looking statements in this Circular, you are advised not to place undue reliance on those statements which apply only as at the date of this Circular.

None of the Company, Liberty, the Sponsor and Financial Adviser, or any other person represents or warrants to you that the Company's, Liberty's and the Enlarged Group's actual future results, performance or achievements will be as discussed in those statements. The Company's, Liberty's and the Enlarged Group's actual future results, performance or achievements may differ materially from those anticipated in these forward-looking statements.

Further, the Company, Liberty, and the Sponsor and Financial Adviser disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any regulatory or supervisory body or agency.

## INDICATIVE TIMETABLE

The following indicative timetable assumes that approval for all the resolutions proposed at the EGM is obtained on 14 July 2016 and completion of the Proposed Acquisition takes place by 21 July 2016:

<b>Events</b>	<b>Date/Time</b>
Date and time of EGM	: 14 July 2016 at 10.00 a.m.
Expected date of completion of the Proposed Acquisition	: 21 July 2016

Shareholders should note that upon completion of the Proposed Acquisition, the Company will issue and allot 955,223,880 Consideration Shares which will result in a loss of Minimum Free Float (please refer to Section 8.9 of this Circular for more details on the shareholding changes in the Company following completion of the Proposed Acquisition). Under Rule 724 of the Catalist Rules, the SGX-ST may suspend trading in the Shares when the Minimum Free Float is lost, pending the restoration of the Minimum Free Float. **The Company shall endeavour to restore the Minimum Free Float within one month.**

Please note that the above timetable is indicative only and may be subject to change. Where any of the events cannot take place on the dates specified, an appropriate announcement stipulating an alternative date will be made by the Company prior thereto through a SGXNET announcement to be posted on the internet at the SGX-ST website, <http://www.sgx.com>.

For events listed which are described as “expected”, please refer to future announcement(s) by the Company and/or the SGX-ST for the exact dates of these events.

# LETTER TO SHAREHOLDERS

## 3CENERGY LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 197300314D)

### Board of Directors

Datuk Tong Kooi Ong (Non-Executive Chairman)  
Ms Tong Kooi Lian (Managing Director and Chief Executive Officer)  
Mr Yii Hung Due @ Bill Yii (Lead Independent Director)  
Mr Ong Pai Koo @ Sylvester (Independent Director)

### Registered Office

3 Lorong 6 Toa Payoh #01-01  
Singapore 319378

28 June 2016

To: The Shareholders of 3Cenergy Limited

Dear Sir/Madam,

- (1) **THE PROPOSED ACQUISITION OF LIBERTY BRIDGE SDN BHD AS A VERY SUBSTANTIAL ACQUISITION AND AN INTERESTED PERSON TRANSACTION;**
- (2) **THE PROPOSED ISSUE AND ALLOTMENT OF 955,223,880 CONSIDERATION SHARES AT THE ISSUE PRICE OF S\$0.067 PER CONSIDERATION SHARE; AND**
- (3) **THE PROPOSED COMPLIANCE PLACEMENT OF UP TO 75,000,000 COMPLIANCE PLACEMENT SHARES TO RESTORE THE MINIMUM FREE FLOAT OF THE COMPANY.**

### 1 INTRODUCTION

The Company had on 29 March 2016 entered into the SPA with the Vendors for the acquisition of all the issued shares in Liberty at the consideration of S\$64 million, to be satisfied by way of the allotment and issuance of the Consideration Shares to the Vendors (or their nominee(s) as they may direct). The Company first identified the opportunity to acquire Liberty in early 2015 through Datuk Tong. The Board's approval was obtained on 29 March 2016 to proceed with the Proposed Acquisition.

The Proposed Acquisition would result in a very substantial acquisition under Rule 1015 of the Catalist Rules and is subject to the approval of the SGX-ST and Shareholders. The Proposed Acquisition also constitutes an Interested Person Transaction.

For the purpose of meeting the Minimum Free Float following completion of the Proposed Acquisition, the Company also intends to issue and allot the Compliance Placement Shares pursuant to the Proposed Compliance Placement. Please refer to Section 5 of this Circular for more information on the Proposed Compliance Placement.

The Company has appointed CIMB as its Sponsor and Financial Adviser in respect of the Proposed Acquisition, and Xandar as the IFA to advise the Independent Shareholders on the Proposed Acquisition.

The purpose of this Circular is to provide Shareholders with information on, to explain the rationale of, and to seek Shareholders' approval for, the Proposed Acquisition and the Proposed Compliance Placement at the EGM.

**Shareholders should note that the Ordinary Resolutions 1 and 2 (relating to the Proposed Acquisition and the Proposed Compliance Placement) as set out in the Notice of EGM are inter-conditional. This means that if any one of the resolutions is not approved, the other resolution would not be duly passed.**

This Circular has been prepared solely for such purpose and may not be relied upon by any persons (other than the Shareholders to whom this Circular is issued) or for any other purpose.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

## **2 THE PROPOSED ACQUISITION**

### **2.1 Information on Liberty**

Liberty is a private company limited by shares and incorporated in Malaysia on 11 January 2011. As at the Latest Practicable Date, Liberty has an issued and paid-up share capital of RM178,440,000 comprising 178,440,000 ordinary shares.

The shareholders of Liberty (and their respective shareholdings in brackets) are as follows:

- (i) Icon Ventures (50.0%);
- (ii) Champion Brave (25.0%);
- (iii) Golden Ring (12.5%); and
- (iv) Metra (12.5%, shares held as nominee for Casi),

(collectively, the “**Vendors**”).

Liberty owns the legal and beneficial title to several parcels of undeveloped lands in Puteri Harbour, Johor Bahru, Malaysia (the “**CN Lands**”), and is a vehicle for the Vendors to jointly develop the CN Lands. Save for preparatory work in respect of the development of the CN Lands as described below, Liberty has not commenced any other business activities since its incorporation.

Liberty has appointed Orientis, a wholly owned subsidiary of the Company, as the project manager to undertake the entire development of the CN Lands. Pursuant to the engagement, Orientis has undertaken preparatory work necessary for the development of the CN Lands, including but not limited to applications for master planning approvals, an application for the surrender and re-alienation of the CN Lands (please refer to the section entitled “Background and History” in Appendix A: Information on Liberty from pages 90 to 91 of this Circular for more details on the surrender and re-alienation of the CN Lands), as well as the appointment of and liaison with relevant professionals and consultants.

Please refer to Appendix A: Information on Liberty for more information on Liberty, the CN Lands, the Vendors, and the Ultimate Vendor Owners.

### **2.2 Financial Information of Liberty**

Liberty achieved an audited net loss after tax of approximately RM1.51 million in FY2013, approximately RM2.02 million in FY2014, and approximately RM0.4 million in FY2015.

Based on the audited financial information of Liberty for FY2015, the book value and the net tangible asset value of Liberty is approximately RM174.52 million (approximately S\$58.12 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date).



Please refer to Appendix E: Independent Auditors' Report on the Financial Statements of Liberty for FY2015, FY2014 and FY2013 for details of the financial information relating to Liberty and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operation of Liberty" in Appendix A: Information on Liberty from pages 92 to 99 of this Circular for a discussion of the financial condition and results of operation of Liberty.

### **2.3 Valuation of Liberty**

Pursuant to Rule 1015(2) of the Catalist Rules, a competent and independent valuer has to be appointed to value the incoming business. The Company has commissioned Mazars to provide an independent opinion on the estimate of the indicative fair market value of 100% equity interest in Liberty.

The valuation of Liberty was carried out by Mazars on a "Fair Market Value" basis, which is defined as "the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts".

In arriving at the valuation, Mazars relied on the "Adjusted Net Assets Approach". This method of valuation involves deriving the fair value of equity interest by reference to the fair value of those assets and liabilities of a subject entity. In undertaking the "Adjusted Net Assets Approach", Mazars had taken into account, *inter alia*, the value attributed by the Land Valuer to the CN Lands and the bank borrowings of Liberty. Please refer to Section 2.4 below and Appendix D: Valuation Report on the CN Lands for further details on the valuation of the CN Lands.

As at 31 December 2015, being the effective date of the valuation of Liberty by Mazars, the estimated indicative fair value of 100% of Liberty is S\$65 million.

Shareholders should read and consider carefully the analysis of Mazars on the valuation of Liberty as contained in the Valuation Report on Liberty in its entirety before deciding whether or not to approve the Proposed Acquisition. Please refer to Appendix C: Valuation Report on Liberty for further details. The Valuation Report on Liberty is available for inspection at the registered office of the Company during normal business hours for a period of six (6) months from the date of this Circular. Please refer to Section 14.2 of this Circular entitled "Documents for Inspection" for further details.

### **2.4 Valuation of the CN Lands**

Pursuant to Rule 416(2) read with Rule 1015(4)(a) of the Catalist Rules, an independent external valuer must be appointed to conduct a valuation of all of Liberty's principal freehold and leasehold properties. The Company has commissioned Raine & Horne to provide an independent valuation of the CN Lands.

The valuation of the CN Lands was carried out by Raine & Horne on a market value basis, which is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In arriving at the valuation, Raine & Horne relied on the "Comparison Method of Valuation". This method of valuation seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity, with adjustments made to take into account differences in time, location, tenure, category of land use, plot ratio, size, improvements made on the site and other value considerations.

As at 10 March 2016, being the effective date of the valuation of the CN Lands by Raine & Horne, the value of the CN Lands is RM380 million (approximately S\$126.56 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date). Please note that the approximate fair value estimation in Singapore dollar is dependent on the Singapore dollar to Malaysian ringgit exchange rate.

Shareholders should read and consider carefully the analysis of Raine & Horne on the valuation of the CN Lands as contained in the Valuation Report on the CN Lands in its entirety before deciding whether or not to approve the Proposed Acquisition. Please refer to Appendix D: Valuation Report on the CN Lands for further details. The Valuation Report on the CN Lands is available for inspection at the registered office of the Company during normal business hours for a period of six (6) months from the date of this Circular. Please refer to Section 14.2 of this Circular entitled “Documents for Inspection” for further details.

## 2.5 Rationale for the Proposed Acquisition

The Company had on 11 May 2015 announced the conditional sale and purchase agreement with Mr. Liew Siow Gian, Patrick in relation to the proposed disposal of HSR. Mr. Liew Siow Gian, Patrick and his wife, Ms. Lim Sook Lin, collectively own 15,000,000 Shares which constitute approximately 12.51% of the issued share capital of the Company as at the Latest Practicable Date.

Following completion of the disposal of HSR, the remaining businesses of the Group are Orientis, an integrated property development management firm, 3C Property Consultants Pte Ltd which provides real estate valuation and appraisal services and Whitehouse Holdings Pte Ltd, a property management company (“**Group’s Remaining Businesses**”).

The Proposed Acquisition is in line with the Group’s diversification (please see below for more details) and expansion plans, which allows the Group to leverage and expand on its existing property development management business (including, providing architectural design, project financial feasibility assessment, engineering expertise and construction management services). As such, the Company believes that the Proposed Acquisition will increase Shareholders’ value and will act as the catalyst of growth for the Group.

### Diversification Mandate

The Company had obtained approval from the Shareholders a diversification mandate on 15 November 2012 (“**Diversification Mandate**”) to diversify into the following businesses:

- (a) property development;
- (b) property investment;
- (c) property management and accommodation Management; and
- (d) property enhancement works in relation to A&A and Building Works.

The Proposed Acquisition of Liberty is in line with the Diversification Mandate to leverage on the Group’s existing expertise in property development management business as well as to diversify geographically its revenue streams so as to be less susceptible to property cycles in Singapore.

## 2.6 Acquisition Consideration

The consideration for the acquisition of all the issued shares in Liberty (“**Acquisition Consideration**”) is S\$64 million, to be fully satisfied by way of allotment and issuance to the Vendors (or their nominee(s) as they may direct) an aggregate of 955,223,880 Shares at an issue price of S\$0.067 per Share (“**Consideration Shares**”).

The issue price of the Consideration Shares represents a discount of approximately 23.86% to the closing price of S\$0.088 per Share on the SGX-ST as of 28 March 2016, being the last trading day of the Shares on the SGX-ST before the Announcement.

The Acquisition Consideration and the issue price of the Consideration Shares were arrived at on a willing buyer-willing seller basis, taking into account, including but not limited to, the following factors:

- (a) the valuation of Liberty;
- (b) the valuation of the CN Lands;
- (c) the book value and the net tangible asset value of Liberty as set out in Section 2.2 of this Circular;
- (d) the rationale for the Proposed Acquisition as set out in Section 2.5 of this Circular;
- (e) the Group's diversification and expansion plans as described in Section 2.5 of this Circular;
- (f) the Group's Remaining Businesses;
- (g) the prospects of Liberty and the CN Lands; and
- (h) the financial position of the Company.

## 2.7 Other salient terms of the Proposed Acquisition

This Section 2.7 of this Circular entitled "Other salient terms of the Proposed Acquisition" only contains a summarised description of the various provisions from the SPA, which is available for inspection. Accordingly, this Section 2.7 of this Circular is qualified by, and should be read in conjunction with, the full terms of the SPA.

### (a) Conditions Precedent

Completion of the Proposed Acquisition is conditional on the occurrence of, *inter alia*, the following:

- (i) the Company having conducted a due diligence on the legal, financial, taxation, and other affairs of Liberty and is satisfied with the findings yielded from the due diligence;
- (ii) the passing at a general meeting of the Company of the requisite resolutions to approve the Proposed Acquisition and the Proposed Compliance Placement;
- (iii) any other approvals necessary or desirable for or in respect of the Proposed Acquisition and the Proposed Compliance Placement having been obtained from relevant third parties (if any) on terms satisfactory to the Company;
- (iv) consent obtained from contractual parties (including without limitation, PBB) on terms satisfactory to the Company for the waiver of relevant restrictions, prohibitions or rights to terminate, where the terms of any contracts with such contractual parties contain any restriction, prohibition or right to terminate in relation to, *inter alia*, any change in control of the shareholdings and/or the board of directors of Liberty or any matter contemplated by the SPA (including without limitation, the waiver by PBB<sup>(1)</sup> of the fulfilment of certain requirements of the bank facilities granted to Liberty);
- (v) the approvals from government or other regulatory bodies necessary or desirable for or in respect of the Proposed Acquisition having been obtained on terms satisfactory to the Company and remaining in full force and effect;
- (vi) the listing approval of the Consideration Shares and Compliance Placement Shares being obtained from the SGX-ST and not having been revoked or amended and, where such listing approval is subject to conditions, to the extent they are required to be fulfilled on or before the date of completion of the Proposed Acquisition, they are so fulfilled;

- (vii) confirmation from the IFA that the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of the minority Shareholders;
- (viii) the valuation amount of Liberty as valued in the independent valuation report by the Liberty Valuer is more than or equal to S\$64,000,000; and
- (ix) the execution by the Vendors of such moratorium undertakings as may be required by the SGX-ST in respect of the Consideration Shares and any Shares held by the Vendors upon such terms acceptable to the Vendors.

**Note:**

- (1) *Please refer to the section entitled "Borrowings" in Appendix A: Information on Liberty at page 101 of this Circular below.*

(b) Completion of the Proposed Acquisition

Completion of the Proposed Acquisition will take place on a date falling no later than five (5) Market Days after the date of the EGM, subject to the fulfilment or waiver of the conditions precedent to completion of the Proposed Acquisition as set out in the SPA.

(c) Long Stop Date

If the conditions precedent to completion of the Proposed Acquisition as set out in the SPA are not satisfied or waived by 31 August 2016 ("**Long Stop Date**"), the SPA will be terminated unless the Long Stop Date is extended by mutual agreement of the parties. The Long Stop Date can only be extended once.

The Company has the right to waive in whole or in part and conditionally or unconditionally the conditions precedent set out in the SPA, except the condition precedent relating to the moratorium undertakings as described in Section 2.7(a)(ix) above.

(d) Free Float Requirement

The Company shall at all times maintain the Minimum Free Float. In the event that the number of Shares in the hands of the Public falls below the Minimum Free Float following completion of the Proposed Acquisition, the Company shall as soon as reasonably practicable undertake a compliance placement of such number of new Shares to restore the Minimum Free Float. For the avoidance of doubt, the Consideration Shares issued to the Vendors shall not be sold by the Vendors in the Proposed Compliance Placement.

(e) Consequences of Termination

In the event the SPA is terminated by the Company prior to completion of the Proposed Acquisition for a material breach by the Vendors of their pre-completion obligations or warranties, or a failure by the Vendors to comply with their completion obligations, the Vendors shall reimburse the Company for costs and expenses incurred by the Company in connection with the SPA, to be capped at RM1,500,000, and thereafter the Company shall have no claims whatsoever against the Vendors.

In the event the SPA is terminated by the Vendors prior to completion of the Proposed Acquisition for a material breach by the Company of its warranties or a failure by the Company to comply with its completion obligations, the Company shall be liable to reimburse the Vendors for all costs and expenses incurred by the Vendors in connection with the SPA, to be capped at RM1,500,000, and thereafter the Vendors shall have no claims whatsoever against the Company.

In this Section 2.7(e):

- (i) "**material breach**" means a breach of any Vendors' warranty or an event which results in a potential loss which is equal to or exceeds RM10,000,000; and
- (ii) "**material and an adverse effect**" means an event which results in a potential loss which is equal to or exceeds RM10,000,000.

(f) Limitation of Liability

Provisions relating to the limitation of liability under the SPA in respect of breaches of Vendors' warranties include, *inter alia*, the following:

(i) **De Minimis**

Claims relating to breaches of Vendors' warranties must exceed RM500,000.

(ii) **Maximum Liability**

Maximum liability of the Vendors in respect of all breaches of Vendors' warranties shall not exceed S\$32,000,000.

The above limitation of liability provisions also apply to limit the Company's liability in respect of claims by the Vendors against the Company under the SPA.

(g) No claim for breach of Vendors' warranties in certain circumstances

No claim for any breach of Vendors' warranties may be made if the relevant facts giving rise to the breach:

- (i) were known to the Company or any of its directors, officers, employees or agents as a result of or in connection with:
  - a. the services provided by Orientis to Liberty pursuant to the PMSA Agreement; or
  - b. the Book-Keeping Services;
- (ii) were discovered by any investigation made by or on behalf of the Company into the affairs of Liberty prior to completion of the Proposed Acquisition; or
- (iii) were within actual knowledge of the Company, having made due and careful enquiry of Datuk Tong, Ms Tong, or Mr Chung Chee Khuen.

### 3 MORATORIUM

#### 3.1 Moratorium undertakings in connection with the Proposed Acquisition

In compliance with the moratorium requirements specified in Rules 420, 421 and 422 of the Catalyst Rules, the following persons have provided moratorium undertakings in favour of the Company and the Sponsor as set out below:

- (a) Each of the Vendors has undertaken not to offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of (i) any of the Consideration Shares allotted to each of them for the period of six (6) months commencing from the completion of the Proposed Acquisition ("**First Moratorium Period**"); and (ii) 50% of the Consideration Shares allotted to each of them for the period of six (6) months commencing on the first day after the expiry of the First Moratorium Period ("**Second Moratorium Period**").
- (b) Phileo Capital, the sole legal and beneficial owner of the issued shares in Icon Ventures, has undertaken that:
  - (i) it will not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of the issued shares in Icon Ventures for a period of twelve (12) months commencing from the completion of the Proposed Acquisition ("**12 Months Moratorium Period**"); and

- (ii) it will procure and ensure that Icon Ventures shall not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of (i) any of the Consideration Shares allotted to it for the First Moratorium Period; and (ii) 50% of the Consideration Shares allotted to it for the Second Moratorium Period.
- (c) TMF Trustees, the sole registered holder of all the issued shares in Phileo Capital and the trustee of a family trust (“**Trust**”) of which Datuk Tong is the sole beneficiary, has undertaken on behalf of the Trust (“**TMF Moratorium Undertaking**”) that:
- (i) it will not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of the issued shares in Phileo Capital for the 12 Months Moratorium Period;
  - (ii) it will procure and ensure that Phileo Capital shall not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of the issued shares in Icon Ventures for the 12 Months Moratorium Period; and
  - (iii) it will procure and ensure that Icon Ventures shall not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of (i) any of the Consideration Shares allotted to it for the First Moratorium Period; and (ii) 50% of the Consideration Shares allotted to it for the Second Moratorium Period.

In the TMF Moratorium Undertaking, TMF Trustees has warranted on behalf of the Trust that:

- (i) it has the necessary authority to enter into the TMF Moratorium Undertaking on behalf of the Trust;
  - (ii) the TMF Moratorium Undertaking constitutes legal, valid, binding and enforceable obligations on the Trust and shall remain legal, valid, binding and enforceable obligations of the successor trustee of the Trust notwithstanding that TMF Trustees may for any reason cease to be trustee for the Trust;
  - (iii) the TMF Moratorium Undertaking does not contravene the trust deed of the Trust; and
  - (iv) TMF Trustees intends to remain as trustee of the Trust during the 12 Months Moratorium Period provided that there are no underlying issues which would cause TMF Trustees to retire as trustee of the Trust.
- (d) Tan Sri Lee, the legal and beneficial owner of the majority of the issued shares in Champion Brave, has undertaken that:
- (i) he will not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of the issued shares in Champion Brave for the 12 Months Moratorium Period; and
  - (ii) he will procure and ensure that Champion Brave shall not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of (i) any of the Consideration Shares allotted to it for the First Moratorium Period; and (ii) 50% of the Consideration Shares allotted to it for the Second Moratorium Period.



- (e) Tan Sri Wan Azmi bin Wan Hamzah, the sole legal and beneficial owner of all the issued shares in Golden Ring, has undertaken that:
- (i) he will not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of the issued shares in Golden Ring for the 12 Months Moratorium Period; and
  - (ii) he will procure and ensure that Golden Ring shall not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of (i) any of the Consideration Shares allotted to it for the First Moratorium Period; and (ii) 50% of the Consideration Shares allotted to it for the Second Moratorium Period.
- (f) Casi, whom Metra will hold the Consideration Shares as nominee for, has undertaken that it will procure and ensure that Metra shall not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of (i) any of the Consideration Shares allotted to it for the First Moratorium Period; and (ii) 50% of the Consideration Shares allotted to it for the Second Moratorium Period.
- (g) Hanton Capital Limited, the legal and beneficial owner of approximately 92.72% of the issued share capital of Casi, has undertaken that:
- (i) it will not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of the issued shares in Casi for the 12 Months Moratorium Period; and
  - (ii) it will procure and ensure that Metra and Casi shall not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of (i) any of the Consideration Shares allotted to Metra for the First Moratorium Period; and (ii) 50% of the Consideration Shares allotted to Metra for the Second Moratorium Period.
- (h) Tan Sri Dato' Surin Upatkoorn, who has an indirect interest of 98.18% in Casi via, *inter alia*, Hanton Capital Limited, has undertaken that:
- (i) he will not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of the issued shares in Hanton Capital Limited for the 12 Months Moratorium Period;
  - (ii) he will procure and ensure that Hanton Capital Limited shall not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of the issued shares in Casi for the 12 Months Moratorium Period; and
  - (iii) he will procure and ensure that Hanton Capital Limited, Metra and Casi shall not offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of (i) any of the Consideration Shares allotted to Metra for the First Moratorium Period; and (ii) 50% of the Consideration Shares allotted to Metra for the Second Moratorium Period.

In addition to the above, Icon Ventures and Phileo Capital have each provided an undertaking to TMF Trustees that they will comply with their respective moratorium undertakings provided to the Company and the Sponsor as described in sub-paragraphs (a) and (b) of this Section 3.1.

### 3.2 Moratorium undertaking provided by Medeva Venture Limited on 7 July 2014

In connection with the acquisition of Orientis by the Company which completed on 7 July 2014 (“**Orientis Acquisition**”), Medeva Venture Limited provided an undertaking to the Company dated 7 July 2014 where it agreed to a moratorium on specified percentages of the consideration shares issued and allotted to it pursuant to the Orientis Acquisition (“**Orientis Consideration Shares**” and “**Medeva Undertaking**”, respectively). Pursuant to the Medeva Undertaking, Medeva Venture Limited agreed that it will not:

- (a) for the period from 7 July 2014 to 30 June 2015 (both dates inclusive), directly or indirectly, *inter alia*, sell, transfer or dispose of all or any part of its interests in 15,000,000 Shares, representing 70% of the Orientis Consideration Shares (“**First Tranche Moratorised Shares**”);
- (b) for the period from 1 July 2015 to 30 June 2016 (both dates inclusive), directly or indirectly, *inter alia*, sell, transfer or dispose of all or any part of its interests in 10,714,286 Shares, representing 50% of the Orientis Consideration Shares (“**Second Tranche Moratorised Shares**”);
- (c) for the period from 1 July 2016 to 30 June 2017 (both dates inclusive), directly or indirectly, *inter alia*, sell, transfer or dispose of all or any part of its interests in 4,285,714 Shares, representing 20% of the Orientis Consideration Shares (“**Third Tranche Moratorised Shares**”);
- (d) deposit any of the First Tranche, Second Tranche, or Third Tranche Moratorised Shares (as the case may be) in any depository receipt facility during the respective periods stated above; or
- (e) enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or which is designed or which may reasonably be expected to result in any of the above.

## 4 REQUIREMENTS UNDER THE CATALIST RULES

### 4.1 Very Substantial Acquisition

The relative figures computed on the bases pursuant to Rules 1006(a) to (e) of the Catalist Rules with respect to the Proposed Acquisition are set out below.

Rule	Relative Computation	Size of relative figures
1006 (a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
1006 (b)	The net profit attributable to the assets acquired or disposed of compared with the Group’s net profit.	2.39% <sup>(1)</sup>
1006 (c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares <sup>(3)</sup> .	606.46% <sup>(2) (3)</sup>
1006 (d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	796.54% <sup>(4)</sup>
1006 (e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group’s proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable



**Notes:**

- (1) *The above comparison is based on the below stated financial information:*

*The audited net loss before income tax, minority interest and extraordinary items of Liberty for FY2015 is RM381,184 (approximately S\$130,542, based on the exchange rate of S\$1 to RM2.92 as at 28 March 2016 (being the date of announcement)). The audited net loss before income tax, minority interest and extraordinary items of the Group for the FY2015 is S\$5,465,000.*

- (2) *The Company's weighted average share price as at 28 March 2016 being the last Market Day immediately preceding the date of the SPA is S\$0.088. Source: Bloomberg L.P.*
- (3) *The market capitalisation of the Company is S\$10,553,080, based on 119,921,362 Shares in issue as at 28 March 2016 (being the last Market Day immediately preceding the date of the SPA) and the weighted average price of S\$0.088 of the Shares transacted on the SGX-ST on the same date. The Acquisition Consideration is S\$64,000,000.*
- (4) *Based on 955,223,880 Consideration Shares to be issued and 119,921,362 existing Shares.*

As the relative figures computed on the bases set out in Rules 1006(c) and 1006(d) of the Catalist Rules in relation to the Proposed Acquisition exceed 100%, and the Proposed Acquisition will not result in a change in control of the Company, the Proposed Acquisition is deemed to be a "very substantial acquisition" pursuant to Rule 1015 of the Catalist Rules and is conditional upon, *inter alia*, the approval of the Shareholders being obtained and the issue of a listing and quotation notice by the SGX-ST.

#### **4.2 Interested Person Transaction**

- (a) Interested Person Transaction

Liberty is owned by the Vendors, including Icon Ventures which owns 50% of the total issued shares in the capital of Liberty.

Icon Ventures is wholly owned by Phileo Capital. TMF Trustees is the sole registered holder of all the issued shares in Phileo Capital. TMF Trustees is a trustee of a family trust of which Datuk Tong is the sole beneficiary. As at the Latest Practicable Date, Datuk Tong is a Director, non-executive chairman and a deemed Controlling Shareholder of the Company.

Accordingly, the Proposed Acquisition constitutes an Interested Person Transaction.

- (b) Materiality Thresholds under Chapter 9

Under Chapter 9 of the Catalist Rules, shareholders' approval is required for an Interested Person Transaction of a value equal to, or exceeding, 5% of the Group's latest audited NTA.

Based on the latest audited financial information of the Group for FY2015, the Group's negative NTA was S\$(3,789,000). The Acquisition Consideration of the Proposed Acquisition of S\$64 million expressed as a percentage of the Group's latest consolidated audited negative NTA as at 31 December 2015 is approximately (1,689)%.

As the Group has a negative NTA, the materiality of the Proposed Acquisition as an Interested Person Transaction cannot be meaningfully measured. Nevertheless, the Company will be seeking the approval of the Independent Shareholders for the Proposed Acquisition at the EGM. Phileo Capital and its associates will abstain from voting on the Proposed Acquisition.

- (c) Value of all Interested Person Transactions

The aggregate value of all Interested Person Transactions (excluding transactions less than S\$100,000) entered into by the Group with Datuk Tong and his associates is S\$0.18 million for the period from 1 January 2016 to the Latest Practicable Date. These Interested Person Transactions were conducted under a specific mandate obtained by the Company from Shareholders on 30 June 2014.

Save for the transactions between the Group and Datuk Tong and his associates described in this Circular, there are no other Interested Person Transactions (excluding transactions less than S\$100,000) involving the Group with other Interested Persons for the period from 1 January 2016 to the Latest Practicable Date.

(d) Advice from the IFA

Pursuant to Chapter 9 of the Catalist Rules, Xandar has been appointed as the IFA to advise the Independent Directors in respect of the Proposed Acquisition. A copy of the IFA Letter is reproduced in Appendix B to this Circular. Shareholders are advised to read the IFA Letter carefully.

Based on the considerations set out in the IFA Letter, and subject to the assumptions and qualifications set out therein, the IFA is of the opinion that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

(e) Audit Committee's Statement

As at the Latest Practicable Date, the Audit Committee of the Company comprises Mr Yii Hung Due @ Bill Yii, Mr Ong Pai Koo @ Sylvester, and Datuk Tong. The Audit Committee (save for Datuk Tong who has abstained from deliberations and decisions of the Audit Committee in relation to the Proposed Acquisition due to his interest as described in Section 4.2(a) of this Circular), having reviewed, *inter alia*, the terms, rationale and benefits of the Proposed Acquisition and after considering the advice of the IFA as set out in Appendix B to this Circular, is of the view that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

## 5 THE PROPOSED COMPLIANCE PLACEMENT

### 5.1 The Proposed Compliance Placement

Pursuant to Rule 723 of the Catalist Rules, the Company must ensure that at least 10% of the total number of issued Shares is at all times held by the public ("**Minimum Free Float**"). Further, under Rule 724 of the Catalist Rules, the SGX-ST may suspend trading in the Shares when the Minimum Free Float is lost, pending the restoration of the Minimum Free Float. The SGX-ST may allow the Company a period of three (3) months, or such longer period as it may agree, to raise the percentage of the Shares held in the hands of the Public to meet the Minimum Free Float.

Subject to and upon completion of the Proposed Acquisition and the issuance and allotment of the Consideration Shares, it is expected that the Vendors and Phileo Capital will own in aggregate approximately 94.93% of the share capital of the Company, while the Public Shareholders will hold approximately 4.07%<sup>(1)</sup> of the share capital of the Company (please refer to Section 8.9 of this Circular for more details on the shareholding changes in the Company following completion of the Proposed Acquisition).

As such, to restore the Minimum Free Float, the Company intends to undertake a compliance placement of up to 75,000,000 new Shares ("**Compliance Placement Shares**") at an issue price to be determined by the Company in consultation with the Sponsor and Financial Adviser and the Placement Agent and taking into account, *inter alia*, prevailing market conditions at the time of the Proposed Compliance Placement. The Compliance Placement Shares, when issued, will rank *pari passu* in all respects with the Shares in issue, save for any rights, benefits and entitlements the record date for which is before the date of completion of the Proposed Compliance Placement.

It is proposed that the placees for the Proposed Compliance Placement may be institutional investors, retail investors, and/or existing Shareholders of the Company (so long as such placees are acceptable to the SGX-ST for the purpose of fulfilling the Minimum Free Float requirement under Rule 723 of the Catalist Rules).

The Company intends to appoint a Placement Agent in due course for the Proposed Compliance Placement. As at the Latest Practicable Date, the terms of the Proposed Compliance Placement have yet to be finalised pending the entry by the Company into a definitive placement agreement with the Placement Agent. The Proposed Compliance Placement is expected to be completed within one (1) month from the date of lodgement of the offer information statement in relation to the Proposed Compliance Placement.

The Proposed Compliance Placement is subject to, *inter alia*, the following conditions being fulfilled:

- (i) approval by Shareholders of the Proposed Acquisition and the issuance and allotment of the Consideration Shares;
- (ii) approval by Shareholders of the Proposed Compliance Placement and the issuance and allotment of the Compliance Placement Shares; and
- (iii) the listing and quotation notice for the Consideration Shares and the Compliance Placement Shares being obtained from the SGX-ST and not having been withdrawn.

Shareholders should note that the terms and timing of the Proposed Compliance Placement, if and when it occurs, would depend on various factors such as market conditions as well as the entry into a placement agreement with the Placement Agent on terms and conditions acceptable to the Company and the Placement Agent.

An offer information statement containing further details of the Proposed Compliance Placement will be lodged in due course with the SGX-ST, acting as agent on behalf of the Authority.

**In the event that the Proposed Compliance Placement is not or is unable to be carried out so as to restore the Minimum Free Float, the listing of the Shares may be suspended and/or the SGX-ST may require the Company to be de-listed.**

**Note:**

- (1) *This percentage excludes 10,714,286 Shares held by Medeva Venture Limited which are, as at the date of this Circular, under a moratorium pursuant to the Medeva Undertaking. For the period from 1 July 2016 to 30 June 2017 (both dates inclusive), the number of Shares held by Medeva Venture Limited which are under moratorium pursuant to the Medeva Undertaking would be reduced to 4,285,714 Shares. Please refer to Section 3.2 of this Circular for more information on the Medeva Undertaking.*

## **5.2 Use of Proceeds**

For purposes of illustration, assuming that 75,000,000 Compliance Placement Shares are issued at an issue price of S\$0.067 for each Compliance Placement Share and the placement commission is 3% of the issue price for each Compliance Placement Share, the net proceeds to be raised from the Proposed Compliance Placement, after deducting the estimated cash expenses in relation to the Proposed Transactions of approximately S\$0.76 million, is estimated to be approximately S\$4.26 million.

Each principal intended use of proceeds from the Proposed Compliance Placement is set out below:

	(S\$'000)	Proportion of Gross Proceeds from the Proposed Compliance Placement (%)
<b>Gross Proceeds<sup>(1)</sup></b>	5,025	100.00
<b>Expenses incurred in relation to the Proposed Acquisition and Proposed Compliance Placement</b>		
Professional Fees	610	12.14
Placement Commission	151	3.00
<b>Net Proceeds<sup>(1)</sup></b>	<b>4,264</b>	<b>84.86</b>
General working capital of the Enlarged Group	4,264	84.86

**Note:**

- (1) *Assuming that 75,000,000 Compliance Placement Shares are issued at an issue price of S\$0.067 for each Compliance Placement Share and the placement commission is 3% of the issue price for each Compliance Placement Share. Pursuant to approval being sought at the EGM for the Proposed Compliance Placement and the issuance and allotment of Compliance Placement Shares, the actual issue price of each Compliance Placement Share shall be determined by the Company in consultation with the Sponsor and Financial Adviser and the Placement Agent and taking into account, inter alia, prevailing market conditions at the time of the Proposed Compliance Placement.*

Pending the deployment of the net proceeds from the Proposed Compliance Placement, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements on the utilisation of the net proceeds from the Proposed Compliance Placement as and when such proceeds are materially disbursed, and will provide a status report on the use of the proceeds raised in the Company's annual report. Where the proceeds have been used for working capital, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and status reports. Where there is a material deviation in the use of proceeds, the Company will also state the reasons for such deviation. Any material deviation in the use of the net proceeds from the Proposed Compliance Placement will be subject to the Catalist Rules and appropriate announcements will be made by the Company on the SGXNET.

## 6 LISTING AND QUOTATION NOTICE

On 24 May 2016, the Sponsor submitted the pre-admission notification to the SGX-ST pursuant to Appendix 4F of the Catalist Rules. A copy of this Circular has been lodged by the Sponsor with the SGX-ST on 28 June 2016 for posting on the SGX-ST website.

Pursuant to Appendix 4F of the Catalist Rules, the SGX-ST is expected to issue a listing and quotation notice in respect of the Consideration Shares and the Compliance Placement Shares upon lodgement of this Circular with the SGX-ST, acting as agent on behalf of the Authority.

It should be noted that the listing and quotation notice issued by the SGX-ST is in no way reflective of the merits of any of the Proposed Acquisition, Proposed Compliance Placement, Liberty, the Enlarged Group, the Company, the Shares, the Consideration Shares or the Compliance Placement Shares.

## 7 FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The financial effects of the Proposed Transactions are purely for illustrative purposes and should not be taken as an indication of the actual financial performance or position of the Group following the Proposed Transactions nor as a projection of the future financial performance or position of the Group after completion of the Proposed Transactions. The pro-forma financial effects of the Proposed Transactions are based on the Report on the Compilation of Unaudited Pro Forma Financial Information of the Enlarged Group as set out in Appendix F.

For further details of the financial information relating to the Enlarged Group, please refer to Appendix F: Report on the Compilation of Unaudited Pro Forma Financial Information of the Enlarged Group.

### 7.1 Bases and assumptions

For purposes of illustration, the financial effects of the Proposed Transactions are based on, *inter alia*, the following assumptions:-

- (i) the unaudited enlarged group pro forma statements of profit or loss and other comprehensive income for the years ended 31 December 2013, 2014 and 2015 and the unaudited enlarged group pro forma statements of financial position as at 31 December 2015 (see also Appendix F: Report on the Compilation of Unaudited Pro Forma Financial Information of the Enlarged Group for assumptions underlying the preparation of the unaudited pro forma consolidated financial information of the Enlarged Group);
- (ii) assume, in respect of the pro forma statements of profit or loss and other comprehensive income, that the Proposed Acquisition and Proposed Compliance Placement had taken place on 1 January 2013, and assume, in respect of the pro forma statement of financial position, that the Proposed Acquisition and Proposed Compliance Placement had taken place on 31 December 2015;
- (iii) assume the issuance of the Consideration Shares and Compliance Placement Shares, as the case may be, had occurred in respect of the pro forma statements of profit or loss and other comprehensive income on 1 January 2013 and in respect of the pro forma statement of financial position on 31 December 2015;
- (iv) the difference between the costs of acquisition and the fair values of net assets required is assumed to be a bargain purchase gain of S\$1 million. As the actual goodwill/bargain purchase will have to be determined at the completion of the Proposed Acquisition, the actual goodwill/bargain purchase could be materially different from the amount derived based on the assumption used;
- (v) expenses incurred in connection with the Proposed Acquisition are assumed to be S\$610,000;
- (vi) assume that the Compliance Placement Shares of 75,000,000 shares for cash will be completed at the issue price of S\$0.067 per share. The compliance related costs are assumed to be S\$151,000;
- (vii) assume that the Liberty Land Disposal had occurred prior to the Proposed Acquisition (i.e. 1 January 2013);
- (viii) the unaudited financial statements of Liberty are reported in Malaysian Ringgit, and (i) for the translation of the profit and loss items, the Malaysian Ringgit amounts have been converted into Singapore Dollar at the exchange rate of S\$1 to RM2.8505, S\$1 to RM2.5829 and S\$1 to RM2.5283 which represents the average exchange rate for FY2013, FY2014 and FY2015; and (ii) for the translation of the balance sheet items, the Malaysian Ringgit amounts have been converted into Singapore Dollar at the exchange rate of S\$1 to RM3.0258, which represents the closing exchange rate as at 31 December 2015.

## 7.2 NTA

	As at 31 December 2015		
	Before the Proposed Acquisition and the Proposed Compliance Placement	After the Proposed Acquisition but before the Proposed Compliance Placement	After the Proposed Acquisition and the Proposed Compliance Placement
NTA (S\$'000)	(3,789)	60,601	65,475
No. of Shares	119,921,362	1,075,145,242	1,150,145,242
NTA per Share (cents)	(3.16)	5.64	5.69

## 7.3 NAV

	As at 31 December 2015		
	Before the Proposed Acquisition and the Proposed Compliance Placement	After the Proposed Acquisition but before the Proposed Compliance Placement	After the Proposed Acquisition and the Proposed Compliance Placement
NAV (S\$'000)	587	64,977	69,851
No. of Shares	119,921,362	1,075,145,242	1,150,145,242
NAV per Share (cents)	0.49	6.04	6.07

## 7.4 LPS

	For the financial year ended 31 December 2013		
	Before the Proposed Acquisition and the Proposed Compliance Placement	After the Proposed Acquisition but before the Proposed Compliance Placement	After the Proposed Acquisition and the Proposed Compliance Placement
Net loss attributable to Shareholders (S\$'000)	(7,109)	(7,316)	(7,467)
Weighted average number of shares used	98,492,791	1,053,716,671	1,128,716,671
Basic LPS (cents)	(7.22)	(0.69)	(0.66)

## 7.5 Gearing

	As at 31 December 2015		
	Before the Proposed Acquisition and the Proposed Compliance Placement	After the Proposed Acquisition but before the Proposed Compliance Placement	After the Proposed Acquisition and the Proposed Compliance Placement
External bank borrowings (S\$'000)	–	77,006	77,006
Shareholder loans (S\$'000)	2,850	2,850	2,850
Shareholders' equity (S\$'000)	587	64,977	69,851
Gearing (times)	4.86	1.23	1.14



## 8 INFORMATION ON THE ENLARGED GROUP

### 8.1 Business

The existing business of the Group comprises the following:

- (a) property development management in Malaysia undertaken by Orientis;
  - (b) real estate valuation and appraisal in Singapore undertaken by 3C Property Consultants Pte Ltd; and
  - (c) property management in Singapore undertaken by Whitehouse Holdings Pte Ltd,
- (collectively, the “**Group’s Existing Business**”).

As mentioned in Section 2.5 of this Circular, the Company had obtained approval from Shareholders on 15 November 2012 for the Diversification Mandate to diversify into, *inter alia*, property development. Property development typically covers the business of purchasing land, determining the types of properties to develop on the land, designing and obtaining the necessary approvals and financing, building or appointing builders to undertake construction of the structures, and ultimately, selling the properties.

Liberty owns the CN Lands and intends to develop the CN Lands (for more information on Liberty’s plans in relation to the development of the CN Lands, please refer to the section entitled “Background and History” in Appendix A: Information on Liberty from pages 90 to 91 of this Circular).

Following completion of the Proposed Acquisition, the Enlarged Group will have ownership of the CN Lands and its business will comprise the Group’s Existing Business and property development in the State of Johor, Malaysia and Singapore (the “**Enlarged Group Business**”).

### 8.2 Selected Financial Information

The following selected financial information of the Enlarged Group should be read in conjunction with the full text of this Circular and Appendix F: Report on the Compilation of Unaudited Pro Forma Financial Information of the Enlarged Group.

#### 8.2.1 Unaudited Combined Statements of Comprehensive Income of the Enlarged Group

<b>S\$’000</b>	<b>FY2015</b>	<b>FY2014</b>	<b>FY2013</b>
Revenue	1,097	294	216
Cost of services rendered and goods sold	(1,065)	(318)	(28)
<b>Gross Profit (loss)</b>	<b>32</b>	<b>(24)</b>	<b>188</b>
Other Operating income	780	508	1,285
Sales and distribution costs	(7)	(11)	(31)
General and administrative expenses	(6,169)	(3,489)	(5,972)
Finance costs	(69)	(770)	(312)
Share of gain in a joint venture	3	-	-
<b>Loss before tax from continuing operations</b>	<b>(5,430)</b>	<b>(3,786)</b>	<b>(4,842)</b>
Taxation	8	23	18
<b>Loss from continuing operations, net of tax</b>	<b>(5,422)</b>	<b>(3,763)</b>	<b>(4,824)</b>
<b>Discontinued operation</b>			
Loss for the year from discontinued operation	(78)	(2,283)	(2,643)
<b>Loss for the year</b>	<b>(5,500)</b>	<b>(6,046)</b>	<b>(7,467)</b>

S\$'000	FY2015	FY2014	FY2013
<b>Other comprehensive loss for the year</b>			
Items that may be reclassified subsequently to profit or loss			
- Exchange differences on translation of financial statements of foreign subsidiaries	(356)	(43)	(2)
<b>Other comprehensive loss for the year, net of tax</b>	(356)	(43)	(2)
<b>Total comprehensive loss for the year</b>	<b>(5,856)</b>	<b>(6,089)</b>	<b>(7,469)</b>
<b>Attributable to:</b>			
Owners of the Company			
Loss from continuing operations, net of tax	(5,422)	(3,763)	(4,824)
Loss from discontinued operations, net of tax	(78)	(2,283)	(2,643)
<b>Loss for the year attributable to the owners of the Company</b>	<b>(5,500)</b>	<b>(6,046)</b>	<b>(7,467)</b>
<b>Attributable to:</b>			
Owners of the Company			
Total comprehensive loss from continuing operations, net of tax	(5,778)	(3,806)	(4,826)
Total comprehensive loss from discontinued operations, net of tax	(78)	(2,283)	(2,643)
<b>Total comprehensive loss for the year attributable to the owners of the Company</b>	<b>(5,856)</b>	<b>(6,089)</b>	<b>(7,469)</b>
<b>Loss per share from continuing operations attributable to the owners of the Company (cents per share)</b>			
Basic	(0.47)	(0.33)	(0.43)
Diluted	(0.47)	(0.33)	(0.43)
<b>Loss per share from continuing and discontinued operations attributable to the owners of the Company (cents per share)</b>			
Basic	(0.48)	(0.53)	(0.66)
Diluted	(0.48)	(0.53)	(0.66)

### 8.2.2 Unaudited Combined Statements of Financial Position of the Enlarged Group

S\$'000	As at 31 December 2015
<b>ASSETS</b>	
<b>Current Assets</b>	
Trade receivables	80
Other receivables and deposits	347
Prepayments	26
Tax recoverable	12
Cash and cash equivalents	4,764
Total current assets	5,229
<b>Non-current assets</b>	
Property, plant and equipment	726
Land held for property development	144,960
Goodwill	4,008
Other intangible assets	368
Investment in joint venture	143
Total non-current assets	150,205
<b>Total Assets</b>	155,434



S\$'000

As at 31 December 2015

**LIABILITIES AND EQUITY**

**Current Liabilities**

Trade payables and accrued expenses	114
Provisions, accruals and other payables	1,223
Amount due to customers for project management contracts	393
Amount due to joint venture	161
Finance lease liability	85
Bank borrowings	10,908
Shareholders' loan	2,850
Provision for onerous contract	357
Income tax payable	71
Total current liabilities	<u>16,162</u>

Net current liabilities (10,933)

**Non-Current Liabilities**

Bank borrowings	66,098
Finance lease liability	210
Deferred tax liabilities	3,113
Total non-current liabilities	<u>69,421</u>

**Total Liabilities** 85,583

**Net assets** 69,851

**Equity attributable to owners of the Company**

Share capital	81,911
Accumulated losses	(11,659)
Translation reserve	(401)
	<u><u>69,851</u></u>

**8.3 Capitalisation and Indebtedness**

The Group

The following table shows the cash and cash equivalents as well as the capitalisation and indebtedness of the Group:-

- (a) as at 31 December 2015 based on the Group's audited consolidated financial statements for FY2015;
- (b) as at 31 May 2016 based on the Group's unaudited consolidated management accounts as at 31 May 2016 ; and
- (c) as adjusted for the net proceeds from the Proposed Compliance Placement, after deducting estimated expenses incurred in connection with the Proposed Transactions (please refer to Section 5.2 above for the relevant assumptions relating to the net proceeds of the Proposed Compliance Placement).

	As at 31 December 2015 (S\$'000)	As at 31 May 2016 (S\$'000)	As adjusted for the net proceeds of the Proposed Compliance Placement (S\$'000)
<b>Cash and cash equivalents</b>	330	209	4,473
<b>Indebtedness</b>			
Current			
Secured and guaranteed	–	–	–
Secured and non-guaranteed	–	–	–
Unsecured and guaranteed	–	–	–
Unsecured and non-guaranteed	2,850	3,785	3,785
Non-current			
Secured and guaranteed	–	–	–
Secured and non-guaranteed	–	–	–
Unsecured and guaranteed	–	–	–
Unsecured and non-guaranteed	–	–	–
Total indebtedness	2,850	3,785	3,785
Total shareholders' equity	587	(159)	4,105
Total capitalisation and indebtedness	3,437	3,626	7,890

As at the Latest Practicable Date, the Group does not have any banking facilities. On 8 January 2015, the Company entered into an agreement with Phileo Capital for an unsecured interest-free shareholder loan of up to S\$5 million (“**SH Loan Agreement**”). Phileo Capital has agreed that it will not demand repayment of the shareholder loan extended pursuant to the SH Loan Agreement until the earlier of (i) 31 December 2017; or (ii) such time when the Company has raised the necessary funds for the Group to meet its financial obligations when they fall due so that the Group can continue to operate as a going concern for a period up to 31 December 2017. As at the Latest Practicable Date, the Company has obtained a loan of approximately S\$3.79 million in aggregate from Phileo Capital pursuant to the SH Loan Agreement.

As at the Latest Practicable Date, the Group does not have any outstanding contingent liabilities.

As at the Latest Practicable Date, there were no material changes to the total capitalisation and indebtedness as disclosed above, save for changes in the Group's working capital and retained earnings arising from day-to-day operations in the ordinary course of its business operations.

#### Liberty

Please refer to the section entitled “Capitalisation and Indebtedness” in Appendix A: Information on Liberty at page 100 of this Circular for information relating to Liberty's capitalisation and indebtedness. The information therein should be read with Appendix E: Independent Auditors' Report on the Financial Statements of Liberty for FY2015, FY2014 and FY2013.

#### **8.4 Working Capital**

The Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into consideration the Enlarged Group's cash and cash equivalents, the shareholder loan from Phileo Capital, the amounts available under Liberty's existing banking facilities, and the net proceeds attributable to the Company pursuant to the Proposed Compliance Placement, the working capital available to the Enlarged Group is adequate to meet its present requirements as at the date of this Circular and for at least 12 months after completion of the Proposed Transactions.

The Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into consideration the Enlarged Group's cash and cash equivalents, the shareholder loan from Phileo Capital, the amounts available under Liberty's existing banking facilities, and the net proceeds attributable to the Company pursuant to the Proposed Compliance Placement, the working capital available to the Enlarged Group is adequate to meet its present requirements as at the date of this Circular and for at least 12 months after completion of the Proposed Transactions.

## 8.5 Overview of the Iskandar Region of Johor, Malaysia

*All the information presented in this section are extracted, where relevant, from sources believed by the Directors to be accurate and relevant. Information from external sources, including various government publications and industry reports, have not been independently verified by the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and each of their respective officers, agents and employees.*

*This information may not be consistent with other information compiled within or outside Singapore.*

*None of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and each of their respective officers, agents and employees, make any representation as to the accuracy or completeness of such data or any assumptions relied upon thereon. Please refer to the section entitled "Cautionary Notes on Forward-Looking Statements" on page 12 of this Circular.*

### 8.5.1 Background

Iskandar Malaysia was established in July 2006 by the then Prime Minister, Tun Abdullah Ahmad Badawi, and is named after the late Sultan of Johor, Al-Marhum Sultan Mahmud Iskandar Ibni Sultan Ismail Al-Khalidi.<sup>(1)</sup> Iskandar Malaysia is located in the State of Johor. The development of Iskandar Malaysia is based on four key components <sup>(2)</sup>:-

- (a) drafting of a Business Master Plan and the Comprehensive Development Plan ("**CD Plan**");
- (b) the establishment of a regulatory body, the IRDA formed under the IRDA Act 2007 (Act 664)<sup>(3)</sup> that will plan and facilitate approval through a one-stop centre and to address social development;
- (c) establishing a Joint Venture Developer namely South Johor Investment Corporation Berhad that will catalyse development in Iskandar Malaysia; and
- (d) handing out incentive packages to catalyse initiatives.

As at the Latest Practicable Date, there is an enhanced version of the CD Plan namely the Iskandar Malaysia Comprehensive Development Plan II.<sup>(4)</sup>

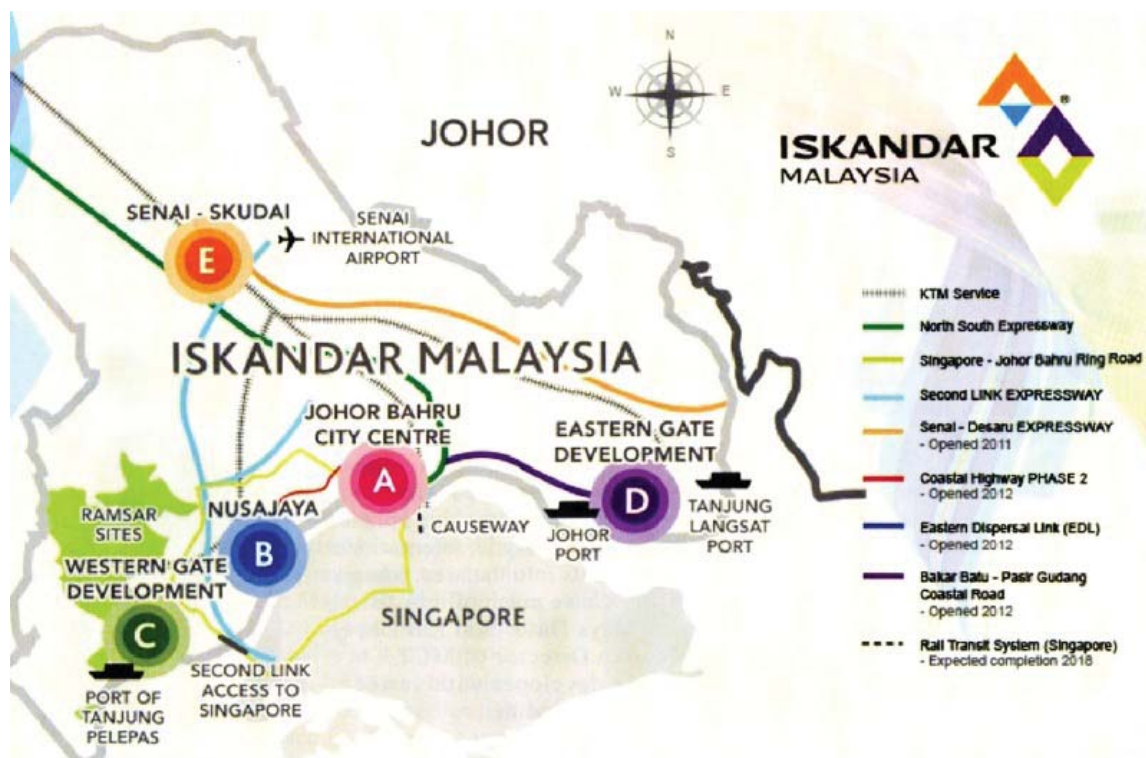
Since the inscription of Iskandar Malaysia, several catalytic investments have been put in place such as Legoland Malaysia, Pinewood Iskandar Malaysia Studios, EduCity and Puteri Harbour.<sup>(5)</sup>

Puteri Harbour is an integrated waterfront and marina development that spans 688 acres offering a view of the Straits of Johor. Located adjacent to Kota Iskandar (Johor State New Administrative Centre), Puteri Harbour is planned to be a lifestyle community.<sup>(6)</sup>

### 8.5.2 Infrastructure

Through Iskandar Malaysia, the Malaysian government is promoting nine economic sectors namely manufacturing, electrical and electronics, petro and oleo-chemicals, food and agro processing, services, logistics, tourism, healthcare, and education. Housing is not one of the sectors that are promoted but the aforesaid sectors will and have resulted in residential projects.<sup>(7)</sup>

Iskandar Malaysia covers an area of 2,217 sq km (221,634 hectares) comprising Johor Bahru District and part of the Pontian District namely Mukim Jeram Batu, Mukim Sg. Karang, Mukim Serkat and Pulau Kukup (Mukim Ayer Masin).<sup>(8)</sup> It is further broken down into 5 flagship zones (as illustrated in the map below). The various flagship zones have been designated as focal points for development in the Iskandar region, envisaged to both further strengthen existing economic clusters as well as to diversify and develop targeted growth sectors. It is to be noted though that the developments mentioned below are just a partial list of the updates. Thus far, most of the development milestones that were set have been met.<sup>(9)</sup>



For **Flagship A** (Johor Bahru City Centre), the key economic activities are financial, cultural, and urban tourism related. Under the Johor Bahru Transformation Programme, the rehabilitation of Sungai Segget will be carried out. Projects that will be completed in Flagship A are the hotel chain, Double Tree by Hilton, and Johor Bahru City Centre (Komtar).

For **Flagship B** (Nusajaya), the key economic activities include education, healthcare, creative industries, and biotechnology. In EduCity, an education hub in Nusajaya, universities such as Newcastle University Medicine Malaysia, Marlborough College, University of Southampton Malaysia, and University of Reading Malaysia are already in operation. Flagship B also offers Legoland Malaysia and Puteri Harbour Family Theme Park, which have been opened to the public since 2012. Pinewood Iskandar Malaysia Studios, a British film and TV studio, has also started its operations.

**Flagship C** (Western Gate Development), as it is located in the western part of the region. Pelabuhan Tanjung Pelepas is one of the world's major container ports, with several key economic activities such as logistics, free zone industrial area, regional distribution and international procurement, and oil storage terminals. The Tanjung Bin petrochemical and maritime industrial hub is one of the prominent developments.

In **Flagship D** (Eastern Gate Development), there is the Pasir Gudang manufacturing and logistics hub, as well as growing townships such as Bandar Seri Alam, which also offers education facilities such as Asian Metropolitan University, University of Kuala Lumpur, and Universiti Teknologi MARA.

**Flagship E** (Senai-Skudai) is the setting on which Sultan Ismail International Airport (Senai International Airport) is located as well as Johor Premium Outlets, a luxury brand shopping village, which is one of the catalytic projects that started in this zone.

### 8.5.3 Transportation

There has been significant development of the transportation infrastructure in Iskandar Malaysia. It is well-connected by land, air and sea as follows:-

#### Land

The internal roads linking different parts of the city are mostly federal roads constructed and maintained by Malaysian Public Works Department. The 5 major highways linking the Johor Bahru Central Business District to outlying suburbs are Tebrau Highway and Johor Bahru Eastern Dispersal Link Expressway in the northeast, Skudai Highway in the northwest, Iskandar Coastal Highway in the west and Johor Bahru East Coast Highway in the east. Pasir Gudang Highway and the connecting Johor Bahru Parkway cross Tebrau Highway and Skudai Highway, which serve as the middle ring road of the metropolitan area. The Johor Bahru Inner Ring Road, which connects with the Sultan Iskandar customs complex, aids in controlling the traffic in and around the central business district. Access to the national expressway is provided through the North-South Expressway and Senai-Desaru Expressway.<sup>(10)</sup> The Johor-Singapore Causeway links the city to Woodlands, Singapore with a road and a railway line terminating at the Southern Integrated Gateway. The Malaysia-Singapore Second Link, located west of the metropolitan area, was constructed in 1997 to alleviate congestion on the Causeway. It is linked directly to the Second Link Expressway, Johor Bahru Parkway, the railway station, and the North-South Expressway. Further expansion of other major highways in the city are also in the process.<sup>(11)</sup>

The High Speed Rail, which aims to be operational by 2020, will serve as an alternative mode of public transport travel between Singapore and Kuala Lumpur. It will connect 5 cities in Malaysia to Singapore, including Nusajaya located in the Iskandar region. The Malaysia and Singapore governments are also engaged in discussions to construct a Rapid Transit System connecting the Iskandar region to Singapore.<sup>(12)</sup>

#### Air

The city's only airport, the Senai International Airport is located about 32km north-west of the city centre<sup>(13)</sup> in Flagship E and serving the Iskandar region.

#### Sea

Johor Port is located on the eastern side of the metropolitan area in the industrial area of Pasir Gudang. It is the country's most important seaports for commodities and mineral resources, as Johor is home to a large number of major commercial plantations. The port is also the location of the majority of Malaysia's resources refineries.<sup>(14)</sup> In the west side of the metropolitan area (Flagship C), there is Port of Tanjung Pelepas which is Malaysia's largest container port.<sup>(15)</sup> Singapore's seaports also serve Johor Bahru's transportation and logistics needs as they are less than an hour's drive from the city.

### 8.5.4 Target

The ultimate target of Iskandar Malaysia is to be "A Strong and Sustainable Metropolis of International Standing" by the year of 2025.<sup>(16)</sup> In July 2012, TIME magazine called Iskandar Malaysia one of the most ambitious development projects in the world. Iskandar Malaysia aims at having 3 million people, 1.46 million jobs, cumulative investments of RM383 billion over 20 years and a gross domestic product of US\$93.3 billion by 2025.<sup>(17)</sup>



**Notes:**

- (1) *This information is derived from the website of IRDA at <<http://www.malaysiapropertyiskandar.com/>> accessed on 15 March 2016. IRDA has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (2) *This information is derived from the website of the Government of Johor Darul Takzim at <[http://www.johor.gov.my/en/pelaburan/page/iskandar\\_malaysia/](http://www.johor.gov.my/en/pelaburan/page/iskandar_malaysia/)> accessed on 15 March 2016. The Government of Johor Darul Takzim has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (3) *This information is derived from the website of IRDA at <<http://iskandarmalaysia.com.my/faq/>> accessed on 15 March 2016. IRDA has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (4) *This information is derived from the website of IRDA at <<http://iskandarmalaysia.com.my/our-development-plan/>> accessed on 15 March 2016. IRDA has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (5) *This information is derived from the website of IRDA at <<http://email.iskandarmalaysia.com.my/my/free-2014-2025.html>> accessed on 15 March 2016. IRDA has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (6) *This information is derived from the website of Orange Tee at <<http://www.eeaha.com.sg/iskandar/>> accessed on 15 March 2016. Orange Tee has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (7) *Supra note 1.*
- (8) *Supra note 2.*
- (9) *This information is derived from the website of IRDA at <<http://www.malaysiapropertyiskandar.com/iskandar-map/>> on 15 March 2016. IRDA has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*

- (10) *This information is derived from the website of IRDA at <<http://web.archive.org/web/20150727034750/http://www.iskandarmalaysia.com.my/flagship-a-johor-bahru-city>> accessed on 15 March 2016. IRDA has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (11) *This information is derived from the website of IRDA at <[http://web.archive.org/web/20150728053913/http://www.iskandarmalaysia.com.my/pdf/cdp/18\\_Chapter15\\_Urban\\_Linkage\\_System.pdf](http://web.archive.org/web/20150728053913/http://www.iskandarmalaysia.com.my/pdf/cdp/18_Chapter15_Urban_Linkage_System.pdf)> accessed on 15 March 2016. IRDA has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (12) *The information is derived from website of Official Suruhanjaga Pengangkutan Awam Darat (SPAD) at <<http://www.spad.gov.my/land-public-transport/upcoming-projects/malaysia-singapore-rapid-transit-system-rt>> accessed on 23 June 2016. SPAD has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (13) *This information is derived from Simon Richmond; Damian Harper (December 2006) Malaysia, Singapore & Brunei. Ediz. Inglese. Lonely Planet. pp. 247–253 vide the website <[https://books.google.com.my/books?id=9a02sRJKFhMC&pg=PA247&redir\\_esc=y#v=onepage&q&f=false](https://books.google.com.my/books?id=9a02sRJKFhMC&pg=PA247&redir_esc=y#v=onepage&q&f=false)> accessed on 15 March 2016. The writers have not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (14) *This information is derived from the website of Malaysian Industrial Development Authority (MIDA) at <[http://web.archive.org/web/20150729015248/http://www.mida.gov.my/env3/uploads/Publications\\_pdf/Profit\\_%20MalaysiaPetrochemical/Petrochemical\\_Nov11.pdf](http://web.archive.org/web/20150729015248/http://www.mida.gov.my/env3/uploads/Publications_pdf/Profit_%20MalaysiaPetrochemical/Petrochemical_Nov11.pdf)> accessed on 15 March 2016. MIDA has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (15) *This information is derived from the website of Wikipedia at <[https://en.wikipedia.org/wiki/Port\\_of\\_Tanjung\\_Pelepas](https://en.wikipedia.org/wiki/Port_of_Tanjung_Pelepas)> accessed on 15 March 2016. Wikipedia has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (16) *Supra note 4.*
- (17) *This information is derived from the website of MIDA at <<http://www.malaysiapropertyiskandar.com/a-look-into-iskandar-malaysia/>> accessed on 15 March 2016. MIDA has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*

## 8.6 Prospects, Trend Information, Business Strategies and Future Plans relating to Liberty

### 8.6.1 Prospects

*The following discussion about the prospects of Liberty includes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those that may be projected or implied in these forward-looking statements. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" on page 12 of this Circular.*

*All the information presented in this section are extracted, where relevant, from sources believed by the Directors to be accurate and relevant. Information from external sources, including various government publications and industry reports, have not been independently verified by the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and each of their respective officers, agents and employees.*

Iskandar Malaysia in 2016 entered into its third phase of development, after having undergone two phases of planned development under the 20-year CD Plan launched a decade ago in 2006. The first two phases (which were from 2007 to 2010 for phase 1 and 2011 to 2015 for phase 2)<sup>(1)</sup> focused on building the infrastructure and setting up policies to attract local and foreign investments. For the third phase, the emphasis will be on sustainability and innovation, focusing on addressing social inclusiveness, responsible and equitable wealth distribution, green economy and climate change. The key for Iskandar Malaysia moving forward is to ensure its growth and progress are sustainable.<sup>(2)</sup>

The Directors believe that the proposed development of the CN Lands would be the largest mixed-use commercial development in Puteri Harbour. The CN Lands comprise 42.7 acres of freehold land and has obtained the State Government of Johor's consent on foreign purchase, no Bumiputera quota and no requirements on low-cost housing.<sup>(3)</sup> It is accessible to and from Singapore via the International Ferry Terminal and CIQP (Customs, Immigration, Quarantine and Port) Puteri Harbour (operational since 2013) and is also accessible from the TUAS Second Link.

The CN Lands are adjacent to Kota Iskandar (Johor State New Administrative Centre). Other developments completed within an approximately 4 km radius from the CN Lands include Legoland, Mall of Medini, Gleneagles Medini, Hotel Jen, Little Red Cube (which houses South East Asia's first Hello Kitty Town, The Little Big Club and Lat's Place) and Somerset Puteri Harbour.

It is currently contemplated that the CN Lands development with an estimated total gross development value of about RM4.6 billion will be an integrated development comprising of residential, retail and office. The development will include an urban park.

The current development plans for the CN Lands must be viewed against a challenging backdrop for Iskandar Malaysia. The slowdown in Iskandar Malaysia was first felt in mid 2014 after reports surfaced on oversupply concerns and rising property prices. It is a combination of events and policies that have caused the Iskandar Malaysia property market to be subdued and slow, from the implementation of cooling measures, the goods and services tax, and the turbulent political scene in Malaysia.<sup>(3)</sup>

Notwithstanding the current challenging outlook for Iskandar Malaysia, according to the IRDA Iskandar Malaysia recorded approximately RM187.96 billion in total cumulative committed investments from 2006 until November 2015. Of the total amount, 50 per cent or RM93.39 billion represents investments that have been realised as projects on the ground (i.e. projects of which work have commenced). Domestic investments made up 59 per cent of the total cumulative committed investments, while the remaining 41 per cent was contributed by foreign investments. The manufacturing sector registered the highest cumulative committed investments (which came from electrical and electronics, petrochemical and oleochemical, and agro and food processing). Other cumulative committed investments were from logistics, tourism, health care, education, consulting services and financial advisory, and creative industry. Other sectors that supported Iskandar Malaysia's growth were the residential segment, retail and industrial segments followed by utilities, government investments focusing on infrastructure and public works, and latest technologies.<sup>(4)</sup>



In spite of the challenges described above, the Directors believe that the strategy for development of the CN Lands is one of offering a strong value proposition to its prospective customers, both in price-points and types of offering and with a view of meeting the current market demand.<sup>(5)</sup>

**Notes:**

- (1) *This information was obtained from OECD (2016), Economic Outlook for Southeast Asia, China and India 2016: Enhancing Regional Ties, OECD Publishing, Paris via <[https://books.google.com.my/books?id=c\\_FxCwAAQBAJ&pg=PA285&lpg=PA285&dq=iskandar+malaysia+comprehensive+development+plan+phases&source=bl&ots=wOuIJIMXes&sig=iOJKLpdDln0Z0ez\\_3KN0x7hjQcQ&hl=en&sa=X&redir\\_esc=y#v=onepage&q=iskandar%20malaysia%20comprehensive%20development%20plan%20phases&f=false](https://books.google.com.my/books?id=c_FxCwAAQBAJ&pg=PA285&lpg=PA285&dq=iskandar+malaysia+comprehensive+development+plan+phases&source=bl&ots=wOuIJIMXes&sig=iOJKLpdDln0Z0ez_3KN0x7hjQcQ&hl=en&sa=X&redir_esc=y#v=onepage&q=iskandar%20malaysia%20comprehensive%20development%20plan%20phases&f=false)>, accessed on 6 May 2016. OECD has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (2) *This information was obtained from <<http://www.thesundaily.my/news/1571979>>, accessed on 6 May 2016. TheSunDaily has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (3) *This information was obtained from <<http://www.straitstimes.com/business/property/housing-market-struggles-amid-weak-interest>>, accessed on 6 May 2016. The Straits Times has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (4) *This information was obtained from <<http://www.nst.com.my/news/2015/12/117253/iskandar-malaysia-records-over-rm187b-cumulative-committed-investments>>, accessed on 14 March 2016. The New Straits Time has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (5) *This information was obtained from <<http://www.coreinvestors.asia/is-iskandar-property-still-worth-investing-in-2016/>>, accessed on 9 May 2016. Core Investors has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*

## 8.6.2 Trend information

Following completion of the Proposed Acquisition, the Enlarged Group's revenue will be mainly driven by Liberty's ability to commence its development works at the CN Lands and launch its projects on the CN Lands in a timely manner. For the current FY2016, barring unforeseen circumstances, the Directors observe the following trends based on operations of Liberty as at the Latest Practicable Date:-

- (a) Operational overheads and costs in connection with property development projects in Malaysia are expected to increase due to, *inter alia*, rising construction cost and the goods and services tax.<sup>(1)</sup>

- (b) The over-supply of products in the market have also caused many Malaysian developers to scale back their launches and shift their product mix to avoid direct competition with Chinese developers, and they have lowered sales expectations for their projects at Iskandar. The current outlook is that given the oversupply, if there is no coordinated planning and control, this will induce price volatility.<sup>(2)</sup>
- (c) It is currently a soft market where buyers and investors' sentiments have turned cautious with many adopting the 'wait-and-see' approach.<sup>(3)</sup>
- (d) Loan approvals for residential property loan by banks have slid. Banks in Malaysia are tightening up and consumers are finding it difficult to get financing from the banks. First-time house-buyers with monthly incomes of RM5,000 also face challenges in securing loans. This will be one of the key points affecting the property market.<sup>(4)</sup>
- (e) The depreciating ringgit and instability in Malaysia may have affected sentiment on part of the potential purchasers and investors.<sup>(5)</sup>
- (f) The collaboration between the governments of Malaysia and Singapore on the high-speed rail project is likely to have economic spillover benefits and when completed by 2022, will spur new opportunities in logistics, port and property development.<sup>(6)</sup>
- (g) In view of the leniency on foreign ownership<sup>(7)</sup> that the CN Lands development enjoys, the Directors believe that this may serve as attractive opportunities to prospective foreign purchasers of units in the CN Lands development.

Save as disclosed above and under other relevant sections of this Circular, and barring any unforeseen circumstances, the Directors are not aware of any other known recent trends, uncertainties, demands, commitments or events that are reasonably likely to have a material and adverse effect on the Enlarged Group's revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Circular to be not necessarily indicative of the Enlarged Group's future operating results or financial position.

**Notes:**

- (1) *This information was obtained from <<http://www.thestar.com.my/business/business-news/2015/12/05/challenging-times-in-johor-and-penang/>>, accessed on 6 May 2016. The Star Online has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (2) *This information was obtained from <<http://www.channelnewsasia.com/news/business/caution-advised-on/1790094.html>>, accessed on 6 May 2016. Channel NewsAsia has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (3) *This information was obtained from <<http://propertyinsight.com.my/featured-articles/cautiously-optimistic/>>, accessed on 6 May 2016. Property Insight has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*

- (4) *This information was obtained from <<http://www.themalaymailonline.com/money/article/financial-expert-tougher-to-get-housing-loans-as-bank-funds-dry-up>>, accessed on 6 May 2016. The Malay Mail Online has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (5) *This information was obtained from <<http://sbr.com.sg/residential-property/news/singaporean-property-buyers-snub-malaysia-economic-woes-escalate>>, accessed on 6 May 2016. The Singapore Business Review has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (6) *This information was obtained from <<http://www.nst.com.my/news/2015/12/116912/hsr-offers-massive-economic-spillovers>>, accessed on 6 May 2016. New Straits Times Online has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*
- (7) *This information was obtained from <<http://www.starproperty.my/index.php/articles/investment/iskandar-and-nusajaya-faq/>>, accessed from 9 May 2016. StarProperty.my has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*

### **8.6.3 Business strategies and future plans**

As stated in Section 2.5 of this Circular, the rationale of the Proposed Acquisition is to diversify into property development by tapping on the Enlarged Group's existing expertise in property development management business as well as to diversify geographically its revenue streams so as to be less susceptible to property cycles in Singapore.

In light of the above, the development of the CN Lands will be a long term business proposition for the Enlarged Group as the development will take place over a period of more than ten years. As such, the Directors contemplate that the Enlarged Group will focus on the development of the CN Lands following completion of the Proposed Acquisition and the Directors do not currently contemplate that the Enlarged Group will undertake any other property development other than of the CN Lands.

The Directors contemplate that funding of the development of the CN Lands will depend on the then prevailing circumstances encountered by the Enlarged Group and can take the form of equity fund raising or financing by way of bank borrowings or other forms of financing or a combination of the aforesaid modes of funding.

The Directors believe that the CN Lands development possesses the appropriate attributes i.e. strategic location, connectivity advantages, good infrastructure, and overall development concept and product propositions. Leveraging on these as well as the advantage that the CN Lands development would be the largest mixed-use commercial development in Puteri Harbour sitting on approximately 42.7 acres of freehold land, the development is planned to be an integrated development offering an urban living and working place. It will also encompass a range of commercial and residential products (currently contemplated to be about 6.7 million sq ft of gross floor area) all integrated within one development with internal road networks, pedestrian walkways as well as a bicycle track. An urban park is also planned to be incorporated within the development.

## 8.7 Risk Factors

The risk factors set out in this Circular are not the only risks which the Enlarged Group face. Some risks are not yet known to the Group, Vendors and/or Liberty and there may be others which they currently believe are not material but may subsequently turn out to be so. Factors that affect the price of the Shares may change and the risk factors set out below and should not be construed as a comprehensive listing of all the risk factors and the listing is not set out in any particular order.

Shareholders should carefully evaluate the following risk factors and all other information contained in this Circular before deciding on how to vote on the resolutions in respect of the Proposed Transactions.

The risks factors outlined below relate to the Enlarged Group's risks.

### (a) Risks associated with the Proposed Acquisition

#### *Macro and industry environment related risks*

#### **Dependency on the health of the property industry in Malaysia, particularly in the Iskandar region of Johor, Malaysia, as well as general economic conditions**

Upon completion of the Proposed Acquisition, the Enlarged Group's business focus and plans in relation to property development will include Iskandar Malaysia. Therefore, the specific economic, industry conditions and regulatory framework within Iskandar Malaysia will play a major role in business operations and financial performance of the Enlarged Group. Thus these may be adversely affected if the property industry in Iskandar, Malaysia will be subject to cyclical fluctuations as there may be periods of stagnant or decreasing property sales or property prices due to factors such as the prevailing economic conditions, interest rates, changes in government regulations and policies and lack of market interest.

#### **The value of the CN Lands is affected by factors beyond the control of the Enlarged Group and may depreciate**

The potential of the CN Lands is affected by, *inter alia*, the economy, the demography and the demand and supply of properties in Iskandar Malaysia which are in turn affected by government policies and measures in Malaysia. Since 2009, the Malaysian government unveiled various comprehensive packages of economic liberalisation measures and policies. These policies, such as the incentives for green building development and measures targeted at Iskandar Malaysia have a significant impact on the real estate sector. Any change in the political, economic and regulatory environment, such as bilateral relations between Singapore and Malaysia, the impact of the general election in Malaysia in May 2013, development relating to the proposed high speed rail line known as the Rapid Transit System between Malaysia and Singapore may have an impact on the value of the CN Lands and the Enlarged Group's future investment in Iskandar Malaysia. Generally, any change in government policy stance, measures, incentives and plans particularly with regard to Iskandar Malaysia will have an impact on the development potential and value of the CN Lands.

Investments in Iskandar Malaysia are currently primarily driven by foreign investors and accordingly, the property market is susceptible to unfavourable global developments. Further, the properties in Iskandar Malaysia have recently achieved record pricings and high sales rates due to, *inter alia*, strong buying interest from foreigners, particularly Singaporeans. There is no absolute assurance that the property market in Iskandar Malaysia can be sustained at current levels. The value of the Land is affected by factors beyond the control of the Enlarged Group and may depreciate.

Being a relatively new player in the property development industry, developments to be undertaken by the Enlarged Group will be subject to a number of risks which may be outside the Enlarged Group's control, such as:

- (i) the possibility of changes in the relevant regulations and approvals;
- (ii) the possibility of changes in market conditions in the property development industry after acquisition; and
- (iii) the possibility of construction delays or cost overruns due to delayed regulatory approvals, adverse weather conditions, labour or material shortages, work stoppages and the unavailability of construction and/or long term financing.

The prevailing political or social conditions of the development's location or other conditions critical to the success of the development may change, and may accordingly cause the Enlarged Group to not be able to commence or continue the development, repay its debt financing and/or achieve its projected returns. This could have material and adverse effects on the Enlarged Group's business, financial position and results of operations.

#### **Dependency on its third-party contractors and consultants**

The Enlarged Group, through Orientis, engages third-party contractors and consultants to provide various services such as architectural design, construction, and interior design for purposes of completing the CN Lands development. Whilst the Enlarged Group adopts strict internal policies to ensure quality control, there is no assurance that the services and products rendered by these third-party contractors and consultants will be satisfactory to or match the quality expected by the Enlarged Group and/or its purchasers.

The CN Lands development may not be able to be completed within the set budget and time schedule should any of its contractors fail to rectify any unsatisfactory works and/or the Enlarged Group is unable to find suitable alternative solutions in a timely manner. As a result, in cost overruns might occur and projects might be delayed. These may also be caused by the contractors' failure to sustain their operations due to adverse changes in their financial conditions.

Further, the Enlarged Group may also be exposed to delays in the event that its contractors are unable to complete the construction work for the projects and the Enlarged Group may not be able to successfully claim against them. This may lead to the Enlarged Group being exposed to liquidated damages payable to purchasers of the affected projects.

The aforesaid risks may have a material adverse effect on the business, financial condition, results of operations, reputation and prospects of the Enlarged Group.

#### **Competition from other property developers**

Competition from existing market players and new market entrants will be inevitable and the Enlarged Group will encounter this particularly with regards to supply of raw materials and labour and selling prices of property. Numerous local and foreign property developers have been and are undertaking property development projects in Malaysia, thus putting downward pressure on property prices and creating material and labour shortage.



Subsequently, acquisition costs of land for development may increase, products may be oversupplied, property prices may decrease, the rate at which new property developments will be approved and/or reviewed by the relevant government authorities may slow down, construction costs may increase and obtaining high quality contractors and qualified employees may be difficult, among other consequences.

There is no assurance that the potential adverse effects of competition on its future financial performance and position can be effectively mitigated by its proactive measures.

Further details on the Enlarged Group's competitive environment are set out in the section entitled "Competition and Competitive Strengths" in Appendix A: Information on Liberty from pages 101 to 102 of this Circular.

### **Political and economic conditions in Malaysia**

Adverse developments in the political and economic conditions in Malaysia may materially and adversely affect Liberty's business and prospects. Such political and economic uncertainties include, but are not limited to, changes in political leadership, monetary and fiscal policies, taxation laws, currency exchange controls and nationalisation. Such unforeseen changes may bring about political upheavals, civil commotions, financially prohibitive importation and other taxes and prohibitive policies. There can be no assurance that such adverse political and economic developments which are beyond the Enlarged Group's control, will not materially and adversely affect the Enlarged Group's business operations and financial performance.

### **The Enlarged Group's business will be exposed to the uncertainty of adverse changes in the economic, political, legal, administrative and social conditions in the economies in which it will operate**

The CN Lands are located and conducted in Malaysia. Accordingly, the CN Lands and the development of the CN Lands are significantly influenced by the economic, political, and social developments in Malaysia, as well as certain actions and policies which the Malaysian government may, or may not, take or adopt.

Any unfavourable changes in the economic, political, legal, administrative and social credit conditions of Malaysia may have an adverse effect on the Enlarged Group's results of operations, financial performance, financial conditions and prospects.

Whilst the Enlarged Group will constantly monitor changes in the applicable laws and take the necessary action to comply with new laws, changes in the applicable laws, regulations and government policies may increase compliance costs and may also materially and adversely affect the business operations of the Enlarged Group.

### *Financial environment related risks*

#### **Property valuations may materially differ from prices that can be achieved**

The valuations of the CN Lands are conducted by professional valuers using certain assumptions. These valuations are not intended to be predictions of, and may not accurately reflect, the actual value which may be realised upon liquidation or disposal of these assets. Unforeseeable changes to the economic or regulatory environment, exchange rates, the actual condition of the CN Lands or other relevant factors may affect the premises upon which the valuations are based and, hence, the resulting valuations. Please refer to Appendix D of this Circular for the Valuation Report on the CN Lands.

### **Financing from financial institutions becoming more costly or less attractive**

A significant fraction of the prospective purchasers of the CN Lands development are expected to rely on financing from financial institutions to fund their purchases. An increase in interest rates may significantly increase the cost of such financing, thus adversely affecting the affordability of the properties. In addition, the Malaysian government and the financial institutions may also increase the down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make financing unavailable or unattractive to potential purchasers. As a result of the foregoing and/or any new adverse changes, the Enlarged Group's business and financial performance may be materially and adversely affected.

### **The Enlarged Group's or contractors' insurance coverage may not be adequate**

As at the Latest Practicable Date, Liberty does not have any subsisting insurance policies as it is only holding vacant, undeveloped land, and its present operations only comprise preparatory work for the development of the CN Lands. It also does not have any employees.

After completion of the Proposed Acquisition, in carrying out its plans and initiatives with regard to the CN Lands, if deemed appropriate, the Enlarged Group may also progressively take up additional policies for general risks, which include workmen compensation and professional liability. In addition, the contractors appointed by the Enlarged Group to undertake the CN Lands development will take out the relevant insurance policies.

Further, there could be claims against the Enlarged Group which could expose the Enlarged Group to losses which may adversely affect its profitability.

Partially or completely uninsured claims, if successful and of significant magnitude, would have material adverse financial effects on the Enlarged Group. In addition to financial damages, claims due to liabilities for negligence would carry a risk of damage to the Enlarged Group's reputation.

### **Additional funding may be required for its future growth**

In the event that the costs of implementing future growth plans exceed funding estimates significantly or that the Enlarged Group comes across opportunities to grow through expansion plans which cannot be predicted at this juncture, and internal funds generated from the Enlarged Group's operations prove insufficient for such purposes, the Enlarged Group may need to raise additional funds to meet these funding requirements. The Enlarged Group will consider obtaining such funding from new issuance of equity, debt instruments and/or external bank borrowings, as appropriate. Funding through the new issuance of equity will lead to a dilution in the interests of the Shareholders. An increase in debt financing may be accompanied by conditions that restrict the Enlarged Group's ability to pay dividends or restrict its freedom to operate its business by requiring lenders' consent for certain corporate actions. In addition, there is no assurance that the Enlarged Group will be able to obtain additional financing on terms that are favourable and acceptable. If the Enlarged Group is not able to secure adequate financing, the Enlarged Group's business and growth may be negatively affected.

In planning for the financing of its projects, the Enlarged Group will be taking into consideration various factors, including potential operating yield, timing of completion, expected interest charges to be incurred for the entire duration of the project, risk of recall of loans and the possibility that financial institutions may require additional security for its loans. A change in any of the factors above may cause the Enlarged Group's business, financial position and results of operations to be adversely affected.

**Goodwill may arise and the impairment of goodwill may materially affect the financials of the Enlarged Group**

If goodwill arises from the Proposed Acquisition, the impairment of goodwill in subsequent financial periods may materially affect the income statement and financial position of the Enlarged Group. The Proposed Acquisition upon completion of the Proposed Acquisition may result in goodwill being recognised in the financial statements of the Enlarged Group for FY2016. The goodwill represents an excess of the consideration transferred arising from the Proposed Acquisition over the fair values of the net identifiable assets and liabilities. The actual goodwill will be determined and will be accounted for in accordance with the accounting policies of the Enlarged Group. The accounting policies also require the goodwill to be tested for impairment on an annual basis or more frequently if there is indication of impairment. This assessment may lead to an impairment charge to be recorded in the income statements of the Enlarged Group in FY2016 or subsequent financial periods. Any impairment charge against the goodwill could have a material negative impact on the profits of the Enlarged Group to be reported in respect of FY2016 or subsequent financial periods.

**The Enlarged Group may be susceptible to fluctuation in foreign exchange rates that could result in the Enlarged Group incurring foreign exchange losses**

It is expected that the revenue of the Enlarged Group will be mainly in S\$ and RM while purchases and operating expenses will be in various local currencies of the countries of operation. As such, the Enlarged Group is subject to transaction and translation exposures resulting from currency exchange rate fluctuations

**The Enlarged Group may be adversely affected by disruption in the global credit markets and associated impacts**

Recently, disruption in the global credit markets, coupled with a re-pricing of credit risks, and a slowdown in the global economy have created increasingly difficult conditions in the financial markets. These developments have resulted in historic volatility in equity securities markets, tightening of liquidity in credit markets, widening of credit spread and loss of market confidence. Further, these developments have also resulted in the failure of a number of financial institutions in the United States, the European Union and unprecedented actions by governmental authorities and central banks around the world. There is a potential for new laws and regulations regarding lending and funding practices and liquidity stands, and governments and bank regulatory agencies are expected to be aggressive in adopting such new measures in response to concerns and identified trends.

It is difficult to predict how long these developments and measures will exist and how the Enlarged Group may be affected. These developments may be exacerbated by persisting volatility in the financial sector and the capital markets or concerns about, or a default by, one or more institutions which could lead to significant market-wide liquidity problems, losses or defaults by other institutions. Accordingly, these conditions could adversely affect the Enlarged Group's clients and projects, which may consequently impact its business. In addition, the Enlarged Group may become subject to litigation and regulatory or governmental scrutiny, or may be subject to changes in applicable regulatory regimes that may be materially adverse to the Enlarged Group and its prospects. Furthermore, it is not possible to predict what structural and/or regulatory changes may result from the current market conditions or whether such changes may be materially adverse to the Enlarged Group and its prospects.



### Regulatory related risks

#### **Permits, approvals and consents from government agencies and authorities to develop the CN Lands**

The CN Lands is at a design and project planning phase. In carrying out the development of the CN Lands, the Enlarged Group will be required to submit detailed plans and drawings and seek further approvals, permits and consents of various government agencies and authorities. In the event that the Enlarged Group experiences substantial delay in obtaining or fails to obtain the required approvals, permits or consents or is unable to develop the CN Lands according to the planned parameters such as certain desired land use mix or expected plot ratio or is unable to develop properties on the CN Lands according to the desired size, site coverage, height, setbacks from the site boundaries or built-up area, the Enlarged Group may not be able to fully realise the expected potential of the CN Lands and the value of the CN Lands may also be adversely and materially affected.

The Enlarged Group's future plan with regard to the CN Lands and the time required to carry out such plan may also be affected by market conditions and the relevant laws, regulations and guidelines governing various aspects such as workplace health and safety, zoning and development, planning, building design and building construction, mortgage and financing and environmental pollution control. There is no assurance that such laws, regulations and guidelines will remain unchanged in the future, and if changed, will not have a negative impact on the CN Lands, the development properties on the CN Lands and the Enlarged Group's overall business and plans. In the event that there are changes to applicable laws, regulations, rules or guidelines, the Group may be compelled to alter or modify or amend its development plans for the CN Lands or for any of its properties on the CN Lands. Such changes may adversely affect the return from the CN Lands and the profitability and prospects of the Enlarged Group.

As at the Latest Practicable Date, the following regulatory licences and approvals have been obtained in respect of the CN Lands:

- (i) approval for Environmental Impact Assessment Report dated 19 June 2007 issued by the Department of Environment, Johor to UEM Land Berhad in respect of the proposed development of Phase 2 of the 'Waterfront' Nusajaya Precinct (which the CN Lands development forms part of);
- (ii) waiver on bumiputera quota and the consent for the purchase by foreign citizens for, *inter alia*, Puteri Harbour (which the CN Lands development forms part of) granted by the Johor State Economic Planning Unit in favour of UEM Land Berhad;
- (iii) planning permission dated 20 October 2014 from the Development Planning Department of Johor Bahru Tengah Municipal Council ("**MPJBT**") to Liberty for the proposed modifications to the Puteri Harbour master plan involving the development of the CN Lands development;
- (iv) approval for the Surrender and Re-alienation obtained on 20 May 2015 by Liberty from the Director of Land and Mines Office of Johor;
- (v) approval for master plan earthwork applications dated 25 February 2016 by MPJBT in favour of Liberty.
- (vi) approval for Traffic Impact Assessment dated 1 March 2016 by MPJBT in favour of Liberty; and

The Company understands that there is currently a freeze by the State Government of Johor on new applications to develop serviced apartments in Johor Bahru. This is to ensure that the property market will not be flooded by serviced apartments especially in Iskandar Malaysia. The development upon the CN Lands has not as yet been approved and there is no indication from the State Government of Johor as to when it will lift the freeze on new applications.

### **Risk of delay in obtaining the new titles to CN Lands**

Although the approval for the Surrender and Re-alienation has been obtained, and the Enlarged Group does not foresee any potential issues regarding the issuance by the Johor land office of the new titles to the CN Lands, there is still a risk that the new titles may not be procured in a timely manner.

### **Execution and integration related risks**

#### **Execution Risk**

The Enlarged Group may not be able to execute its future plans and new initiatives successfully and its risk profile may change.

Following completion of the Proposed Acquisition, the Enlarged Group will become a real estate player in the Iskandar region through the CN Lands. There is no absolute assurance that the Enlarged Group's foray into the real estate sector in Iskandar Malaysia and its future plans with regard to the CN Lands will be successful. The Enlarged Group will also be exposed to risks associated with a different competitive landscape and a different operating environment. In particular, after the completion of the Proposed Acquisition, the Enlarged Group will be affected by factors affecting the property market in Iskandar Malaysia as well as the trends and developments affecting the building and construction industry in general. The building and construction industry in turn is affected by general economic conditions such as changes in interest rates and relevant government policies and measures.

Depending on property market conditions and other relevant business considerations, from time to time, the Enlarged Group may also consider undertaking the development of the CN Lands jointly with other business partners if suitable opportunities that would further the Enlarged Group's strategic objectives arise. With respect to such business initiatives, the Enlarged Group may not be able to identify suitable business partners, consummate a transaction on terms that are favourable to the Enlarged Group, or achieve the expected returns and realise the desired benefits.

The future plans and new initiatives embarked by the Enlarged Group with regard to the CN Lands may not be profitable, may not achieve sales levels and profitability that justify the investments made or may take a long period of time before the Enlarged Group could realise any return. The Enlarged Group's property development activities may entail financial and operational risks, including diversion of management attention and difficulty in recruiting suitable personnel.

Further, such future plans and new initiatives could be capital intensive and could also result in potentially dilutive issuances of equity securities, the incurrence of capital commitments, debt and contingent liabilities as well as increased operating expenses, all of which may materially and adversely affect the business of the Enlarged Group. The Enlarged Group will face significant financial risks before it can realise any benefits from its future investments in the CN Lands.

### Other relevant risks

#### **Unsold property development assets may be illiquid**

Real estate assets, such as the properties to be developed on the CN Lands, are relatively illiquid. Such illiquidity limits the Enlarged Group's ability to convert any unsold property development assets on the CN Lands in the future into cash on short notice. Such illiquidity may also have a negative effect in determining the selling prices of its unsold completed property development assets on the CN Lands in the future in the event that the Enlarged Group requires an urgent sale of these assets. Should such an event occur, its financial performance will be adversely affected.

#### **Sale of Shares by the Vendors**

Following the expiry of the moratorium period, all Consideration Shares owned by the Vendors and/or the nominees of the Vendors will be eligible for sale in the open market, subject to applicable securities laws and regulations. The market price of the Shares could decline as a result of sales of such Consideration Shares in the market. These sales, or the possibility that these sales may occur, also might make it more difficult for the Company to issue new securities in the future at a time and price that it deems appropriate.

#### **Potential exposure of liability arising from development of properties and/or loss arising from damages, injury or death occurring at construction worksites on the CN Lands**

In the future, the Enlarged Group may face the risk of liability arising from negligent designs and plans which may result in, *inter alia*, accidents involving its employees or third parties on its development sites on the CN Lands and warranty claims in respect of construction works or completed development on the CN Lands. The Enlarged Group and/or the contractors appointed by the Enlarged Group to undertake the development will take out the relevant insurance policies. However, the liabilities described above may not be covered by such insurance policies, or if claims are in excess of such insurance coverage and/or any of the insurance claims are contested by the relevant insurers, the Enlarged Group will be required to pay compensation and its financial performance may be materially and adversely affected. Such insurance claims may also result in higher insurance premiums payable by the Enlarged Group. These may have an adverse effect on the Enlarged Group's financial results. In addition, any accidents could also have an adverse impact on the Enlarged Group's operations if it is required by regulatory authorities to suspend its operations for a period of time. This may result in fines or delay in project completion and, possibly, cost overruns or liquidated damages or other expenses and liabilities, which may in turn affect the Enlarged Group's profitability.

#### **Negative publicity involving any of the Directors, Executive Officers or Substantial Shareholders**

Any negative publicity or announcement relating to any of the Directors, Executive Officers or Substantial Shareholders following completion of the Proposed Acquisition may adversely affect the market perception of the Enlarged Group and/or Liberty and/or performance of the Share price, whether or not it is justifiable.

#### **The Enlarged Group may be affected by natural disasters, terrorist attacks and other events beyond its control**

After completion of the Proposed Acquisition, the Enlarged Group will have presence in many countries. Should there be adverse developments in any of these countries or in Singapore, where its offices, work sites and projects, or those of its clients, suppliers and business partners are located, this could disrupt the business of the Enlarged Group. The occurrence of these events which include, *inter alia*, natural disasters such as earthquakes and floods, terrorist attacks, fire hazards and other events beyond its control, will adversely affect the Enlarged Group's financial results.

### **An outbreak of a contagious disease could adversely affect the Enlarged Group**

An outbreak of contagious diseases, if uncontrolled, could affect the operations of the Enlarged Group, as well as the operations of its clients and suppliers. Market sentiment and consumer confidence could be affected and may lead to a deterioration of economic conditions. Further, in the event that employees, contractors, sub-contractors or sub-consultants are infected or suspected of being infected with any contagious disease, the health authorities may require a temporary shutdown of the offices or sites and may require that affected workers be quarantined to prevent the spread of the disease. This will result in project delays which will adversely impact the Enlarged Group's business and financial performance.

### **Integration Risk**

As with any acquisition, there will always be an element of integration risk. There may be unexpected integration challenges and potential instabilities which may adversely affect or disrupt the business operations of the Enlarged Group and its financial performance, financial position and prospects.

Orientis, a wholly-owned subsidiary of the Company, is the project manager appointed by Liberty to undertake the entire development of the CN Lands. Pursuant to the PMSA Agreement, Orientis has thus far achieved, *inter alia*, the following milestones in relation to the development of the CN Lands:

- (i) Appointment of key consultants and professionals for the CN Lands development;
- (ii) Accomplishing completion of the concept design for the CN Lands development;
- (iii) Obtaining the master plan planning permission for, *inter alia*, the CN Lands development on 20 October 2014;
- (iv) Obtaining the BCA Green Mark District Gold (Provisional) certification for the CN Lands development on 7 April 2015;
- (v) Obtaining the approval for the revised Puteri Harbour Urban Design Guidelines on 14 May 2015 vide collaboration with the master developer;
- (vi) Obtaining the approval for the Surrender and Re-alienation on 20 May 2015;
- (vii) Obtaining the approval for the master plan earthwork application for, *inter alia*, the CN Lands on 25 February 2016;
- (viii) Finalising the schematic design for plot 1 of the CN Lands (post Surrender and Re-alienation); and
- (ix) Finalising the detailed design for plot 1 of the CN Lands (post Surrender and Re-alienation).

**(b) Risks Factors relating to the Shares**

**The Company is unable to assure that its share price will not be subject to significant fluctuation**

There is no assurance that the market price for the Shares will not fluctuate significantly and rapidly as a result of certain factors, some which are beyond the Enlarged Group's control. Examples of such factors include, *inter alia*, (a) variation(s) of the Enlarged Group's operating results; (b) changes in securities analysts' estimates of the Enlarged Group's financial performance; (c) additions or departure of key personnel; (d) fluctuations in general stock market prices and volume; (e) involvement in litigation or other legal proceedings or processes; (f) changes or uncertainty in the political, economic and regulatory environment in the markets that the Enlarged Group operates; (g) gain or loss of important business or other relationships; (h) announcements by the Enlarged Group or its competitors of significant contracts, acquisitions, strategic alliances, partnerships, joint ventures, capital commitments or new products or services offered by the Enlarged Group or its competitors; and (i) the success or failure of the Enlarged Group's management team in implementing business and growth strategies.

**The Company may not be able to pay dividends in the future**

The Company's ability to declare dividends to Shareholders will depend on its future financial performance and distributable reserves, which, in turn, depends on the Enlarged Group successfully implementing its plans and strategies and capital requirements as well as financial, competitive, regulatory, technical and other factors, general economic conditions, order books and other factors specific to its industry and business, many of which are beyond the Company's control. As such, there is no assurance that the Company will be able to pay dividends to its Shareholders after the completion of the Proposed Acquisition. Existing and/or future loan agreements of any company in the Enlarged Group may also limit when and how much dividends the Company can declare and pay.

**Existing Shareholders will face shareholding dilution following completion of the Proposed Acquisition**

Upon issue and allotment of the Consideration Shares, the existing Shareholders (excluding Phileo Capital) will, on a collective basis, be diluted from approximately 45.49% to approximately 5.07%.

**The Proposed Compliance Placement may not be successfully carried out**

It is proposed that the Company undertakes the Proposed Compliance Placement in order for the Company to comply with the Minimum Free Float and maintain its listing status. It is envisaged that the trading of the Shares will be suspended during the period for the Proposed Compliance Placement until such time as the Minimum Free Float is met. There is no assurance that the Proposed Compliance Placement will be successfully carried out. The successful completion of the Proposed Compliance Placement to meet the Minimum Free Float will depend on, *inter alia*, prevailing market conditions, the pricing of the Compliance Placement Shares, and investors' interest in the particular sector in which the Enlarged Group is operating in.

If the Proposed Compliance Placement is not or is unable to be carried out so as to meet the applicable Minimum Free Float, the listing of the Shares may be suspended and/or the SGX-ST may require the Company to be de-listed.

**Emphasis of matter in respect of the Group's ability to continue as going concern on the audited financial statements of the Group for FY2015**

We set out an extract in italics below from page 32 of the Company's annual report for FY2015:

***Emphasis of Matter***

*The Group incurred a net loss of \$5,514,000 (2014: \$5,305,000) during the financial year ended December 31, 2015 and as at that date, the Group and the Company's current liabilities exceeded its current assets by S\$3,719,000 (2014: \$747,000) and \$4,536,000 (2014: \$874,000) respectively. These conditions indicate the existence of a material uncertainty that may cast doubt about the Group's and Company's abilities to continue as going concerns.*

Catalist Rules 1303(3) provides that:

*The Exchange may at any time suspend trading of the listed securities of an issuer in any of the following circumstances:*

*(3) Where the issuer is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so...*

Accordingly, the SGX-ST may suspend trading of the listed securities of the Company (without the agreement of the Company) with a view to removing the Company from the Official List of the SGX-ST where the Company is unable to continue as a going concern or unable to demonstrate to the SGX-ST and Shareholders that the Company is able to do so.

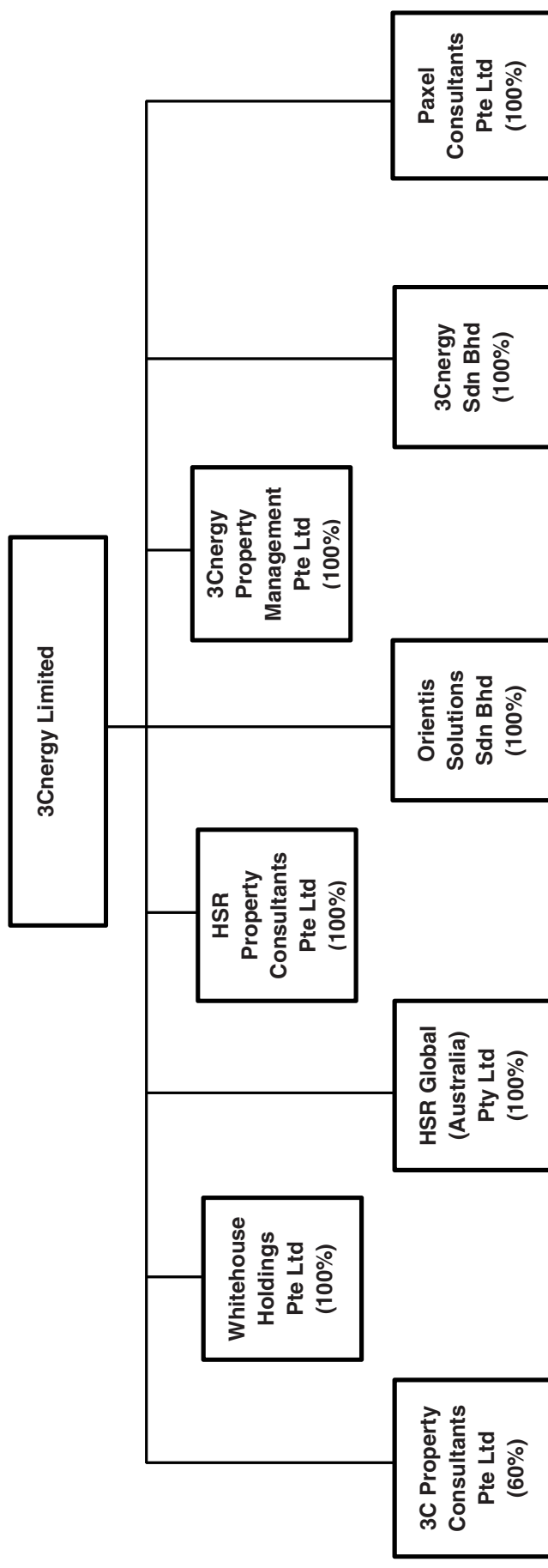
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### 8.8

#### Structure of the Enlarged Group

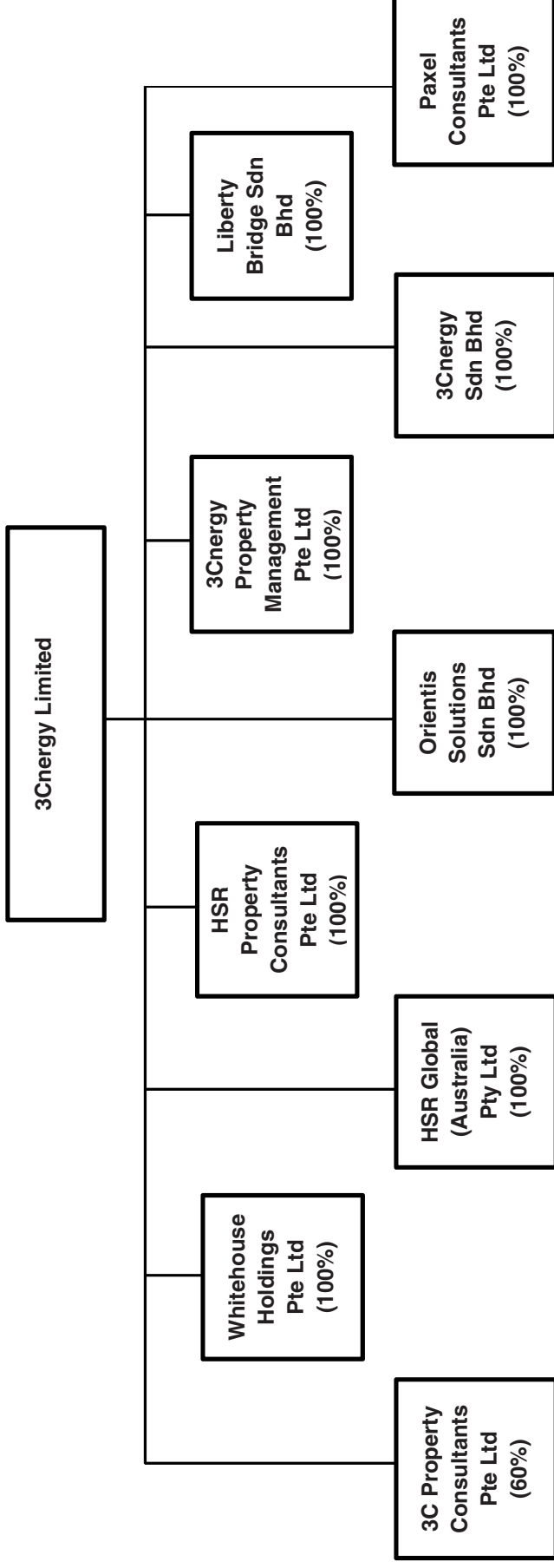
The following diagrams illustrate the structure of the Group as at the date of this Circular and that of the Enlarged Group immediately after completion of the Proposed Acquisition.

As at the date of this Circular





After the Proposed Acquisition



## Subsidiaries

The details of the subsidiaries of the Enlarged Group after the Proposed Acquisition are as follows:

<b>Name of Company</b>	<b>Date and place of incorporation</b>	<b>Principal place of business</b>	<b>Principal activity</b>	<b>Effective equity interest by the Company (%)</b>
Whitehouse Holdings Pte Ltd	21 June 1990, Singapore	Singapore	Property management	100
Orientis Solutions Sdn Bhd	10 April 2013, Malaysia	Malaysia	Providing architectural design, project financial feasibility assessment, engineering expertise and construction management services	100
Liberty Bridge Sdn Bhd	11 January 2011, Malaysia	Malaysia	Property development	100
HSR Global (Australia) Pty Ltd	22 May 2012, Australia	Australia	Dormant	100
HSR Property Consultants Pte Ltd	9 July 1994, Singapore	Singapore	Dormant	100
3C Property Management Pte Ltd	3 September 2009, Singapore	Singapore	Dormant	100
3Cnergy Sdn Bhd	4 September 2013, Malaysia	Malaysia	Management services <sup>(1)</sup>	100
Paxel Consultants Pte Ltd	15 November 2007, Singapore	Singapore	Dormant	100

**Note:**

(1) *This relates to the provision of management services to the Group.*

Other than the subsidiaries disclosed above, the Enlarged Group has a 60% interest in the ownership and voting rights in a joint venture, 3C Property Consultants Pte Ltd. The joint venture is incorporated in Singapore and is in the business of real estate valuation and appraisal. The Enlarged Group jointly controls the venture with another partner under a contractual agreement which requires unanimous consent for all major decisions over the activities of 3C Property Consultants Pte Ltd.

Save as disclosed, the Enlarged Group will not have any other subsidiaries or associated companies at completion of the Proposed Acquisition.

## 8.9

### Shareholding Structure

Pursuant to the Proposed Acquisition, the Company will be issuing 955,223,880 Consideration Shares to the Vendors (or their nominee(s) as they may direct). For the purposes of meeting the Minimum Free Float after completion of the Proposed Acquisition, the Company proposes to undertake the Proposed Compliance Placement which will comprise a placement of up to 75,000,000 Compliance Placement Shares.

For illustrative purposes only and on the assumption that 75,000,000 Compliance Placement Shares are issued pursuant to the Proposed Compliance Placement, the shareholding structure of the Company after completion of the Proposed Transactions will be as follows:

	Before the Proposed Acquisition and the Proposed Compliance Placement			Immediately after the Proposed Acquisition but before the Proposed Compliance Placement			Immediately after the Proposed Acquisition and the Proposed Compliance Placement		
	Direct Interest	Deemed Interest	% of issued Shares (%)	Direct Interest	Deemed Interest	% of issued Shares (%)	Direct Interest	Deemed Interest	% of issued Shares (%)
<b>Directors:</b>									
Datuk Tong <sup>(1)</sup>	–	65,368,500	54.51	–	542,980,440	50.50	–	542,980,440	47.21
Yii Hung Due @ Bill Yii	10,000	–	0.008	10,000	–	n.m.	10,000	–	n.m.
<b>Existing Controlling Shareholders:</b>									
Phileo Capital	65,368,500 <sup>(13)</sup>	–	54.51	65,368,500 <sup>(13)</sup>	477,611,940 <sup>(2)</sup>	50.50	65,368,500 <sup>(13)</sup>	477,611,940 <sup>(2)</sup>	47.21
Datuk Tong <sup>(1)</sup>	–	65,368,500	54.51	–	542,980,440	50.50	–	542,980,440	47.21
TMF Trustees <sup>(3)</sup>	–	65,368,500	54.51	–	542,980,440	50.50	–	542,980,440	47.21
Lim Sook Lin <sup>(4)</sup>	13,000,000	2,000,000	12.51	13,000,000	2,000,000	1.39	13,000,000	2,000,000	1.30
Liew Siow Gian Patrick <sup>(5)</sup>	2,000,000	13,000,000	12.51	2,000,000	13,000,000	1.39	2,000,000	13,000,000	1.30
Medeva Venture Limited	21,348,571	–	17.80	21,348,571	–	1.99	21,348,571	–	1.86
Ong Chou Wen <sup>(6)</sup>	–	21,348,571	17.80	–	21,348,571	1.99	–	21,348,571	1.86
Tung Shao Yin <sup>(7)</sup>	–	21,348,571	17.80	–	21,348,571	1.99	–	21,348,571	1.86
<b>Vendors:</b>									
Icon Ventures <sup>(8)</sup>	–	–	–	477,611,940	–	44.42	477,611,940	–	41.53
Golden Ring	–	–	–	119,402,985	–	11.11	119,402,985	–	10.38
Metra <sup>(9)</sup>	–	–	–	119,402,985	–	11.11	119,402,985	–	10.38
Champion Brave	–	–	–	238,805,970	–	22.21	238,805,970	–	20.76
<b>Other Shareholders:</b>	18,194,291	–	15.17	18,194,291	–	1.69	93,194,291	–	8.10
<b>Total:</b>	119,921,362	–	100.00	1,075,145,242	–	100.00	1,150,145,242	–	100.00
<b>Public Shareholders:</b>									
							125,257,148 <sup>(10)(12)</sup>		10.89 <sup>(11)</sup>

**Notes:**

- (1) *By virtue of Section 4 of the SFA, Datuk Tong is deemed interested in the Shares held by Icon Ventures and Phileo Capital as Icon Ventures is wholly owned by Phileo Capital, and Datuk Tong is the sole ultimate beneficial owner of Phileo Capital through TMF Trustees, the trustee of a family trust of which Datuk Tong is the sole beneficiary.*
- (2) *By virtue of Section 4 of the SFA, Phileo Capital is deemed interested in the Shares held by Icon Ventures as it is the sole registered shareholder of Icon Ventures.*
- (3) *By virtue of Section 4 of the SFA, TMF Trustees is deemed interested in the Shares held by Icon Ventures and Phileo Capital as it is the sole registered shareholder of the entire issued and paid up share capital of Phileo Capital and Icon Ventures is wholly owned by Phileo Capital.*
- (4) *Ms. Lim Sook Lin is the spouse of Mr. Liew Siow Gian Patrick and is deemed to be interested in the Shares held directly by Mr. Liew Siow Gian Patrick.*
- (5) *Mr. Liew Siow Gian Patrick is the spouse of Ms. Lim Sook Lin and is deemed to be interested in the Shares held directly by Ms. Lim Sook Lin.*
- (6) *By virtue of Section 4 of the SFA, Ong Chou Wen is deemed interested in the Shares held by Medeva Venture Limited as he holds 50% of the issued and paid up share capital of Medeva Venture Limited.*
- (7) *By virtue of Section 4 of the SFA, Tung Shao Yin is deemed interested in the Shares held by Medeva Venture Limited as she holds 50% of the issued and paid up share capital of Medeva Venture Limited.*
- (8) *The Company understands from Icon Ventures that it intends to appoint UOB Kay Hian Pte Ltd as its nominee to hold the Consideration Shares issued and allotted to it pursuant to the Proposed Acquisition.*
- (9) *Meira holds the Shares as nominee for Casi.*
- (10) *This number excludes 10,714,286 Shares held by Medeva Venture Limited which are, as at the date of this Circular, under a moratorium pursuant to the Medeva Undertaking. For the period from 1 July 2016 to 30 June 2017 (both dates inclusive), the number of Shares held by Medeva Venture Limited which are under moratorium pursuant to the Medeva Undertaking would be reduced to 4,285,714 Shares. Please refer to Section 3.2 of this Circular for more information on the Medeva Undertaking.*
- (11) *This percentage excludes 10,714,286 Shares held by Medeva Venture Limited which are, as at the date of this Circular, under a moratorium pursuant to the Medeva Undertaking. For the period from 1 July 2016 to 30 June 2017 (both dates inclusive), the number of Shares held by Medeva Venture Limited which are under moratorium pursuant to the Medeva Undertaking would be reduced to 4,285,714 Shares. Please refer to Section 3.2 of this Circular for more information on the Medeva Undertaking.*
- (12) *The number of Shares held in public hands post the Proposed Transactions is 125,257,148 (approximately 10.89%) of the enlarged share capital after completion of the Proposed Transactions. This comprises (1) 18,194,291 Shares held by existing public Shareholders; (2) the 75,000,000 Compliance Placement Shares; (3) the 15,000,000 Shares held by Mr. Liew Siow Gian Patrick and Ms. Lim Sook Lin; and (4) 17,062,857 Shares held by Medeva Venture Limited that are not subject to moratorium pursuant to the Medeva Undertaking (please refer to footnote 10 for more details).*
- (13) *The entire 65,368,500 shares are held in the name of CIMB Securities (Singapore) Pte Ltd.*

## 8.10 Dividend Policy

### Group

No dividend has been paid or proposed by the Company for FY2013, FY2014 and FY2015.

The Group does not currently have a formal dividend policy.

The declaration and payment of future dividends will be determined at the sole discretion of the Directors, subject to the approval of the Shareholders. The Directors may also declare an interim dividend without the approval of the Shareholders. The Company must pay all dividends out of its profits pursuant to the Companies Act. In making recommendations, the Directors will consider factors such as the Enlarged Group's retained earnings and expected future earnings, operations, cash flow, capital requirements and general financing condition, as well as general business conditions and other factors which the Directors may determine appropriate.

Shareholders and potential investors should note that all the foregoing statements are statements of intention of the Directors and shall not constitute legally binding statements in respect of future dividends which may be subject to modification in the Directors' sole and absolute discretion. No inference should be or can be made from any of the foregoing statements as to the actual future profitability of the Enlarged Group or its ability to pay dividends in the future.

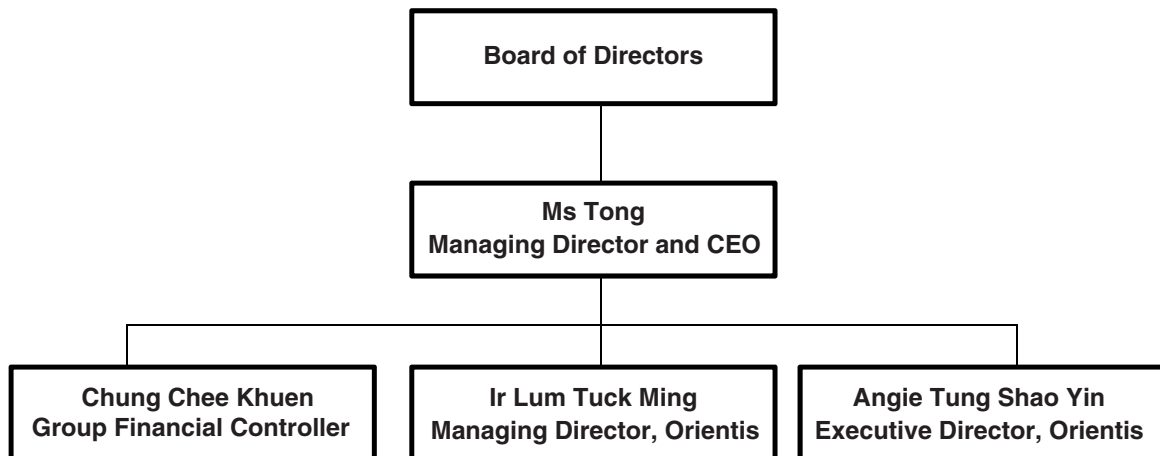
For information relating to taxes payable on dividends, please refer to Appendix H: Taxation of this Circular.

### Liberty

Please refer to the section entitled "Dividend Policy" in Appendix A: Information on Liberty at page 108 of this Circular for information on Liberty relating to dividends.

## 8.11 Management Reporting Structure

There will be no change to the management reporting structure of the Group pursuant to the Proposed Acquisition. After completion of the Proposed Acquisition, the management reporting structure of the Enlarged Group will remain as follows:



## 8.12 Board of Directors

No person will be appointed to the Board in connection with the Proposed Acquisition and no new service agreements in relation thereto will be entered into by the Company. As such, there will be no change to the Directors of the Company immediately after completion of the Proposed Acquisition.

None of the Independent Directors are appointed or will be appointed upon completion of the Proposed Acquisition to the boards of the principal subsidiaries (as defined in the Catalist Rules) of the Enlarged Group that are based in jurisdictions other than Singapore.

The particulars of members of the Board are set out below:

Name	Age	Address	Position
Datuk Tong	57	8 Nassim Hill #05-04 Singapore 258484	Non-Executive Chairman
Ms Tong	54	6 Sinaran Drive #05-13 Soleil @ Sinaran Singapore 307468	Managing Director and Chief Executive Officer
Mr Yii Hung Due @ Bill Yii	58	179 Chawan Road 93300 Kuching Sarawak Malaysia	Lead Independent Director
Mr Ong Pai Koo @ Sylvester	59	50A Toh Tuck Road #06-03 Singapore 597642	Independent Director

The office of each of the Directors will expire in accordance with the provisions of the Articles of Association.

Information on the business and working experience, educational and professional qualifications and areas of responsibilities of the Directors of the Company are set out below:

**Datuk Tong** is the Non-Executive Chairman of the Company and was appointed to the Board on 15 May 2013. He is a member of the Nominating Committee, the Remuneration Committee and the Audit Committee. Datuk Tong is a businessman with interests in media, property development, infrastructure-related industries, building materials and other businesses in Malaysia, Singapore and Canada. His media interests are in The Edge Media Group Pte Ltd, which publishes *The Edge Singapore*, *The Edge Malaysia* and *The Edge Financial Daily*. He is the Executive Chairman of UPP Holdings Ltd, and is on the board of M+S Pte Ltd, a joint venture between Khazanah Nasional Berhad and Temasek Holdings (Private) Ltd. He is also the Chairman of the Board of Directors of Taiga Building Products Ltd, a distributor of building products, listed on the Toronto Stock Exchange. Datuk Tong was the Executive Chairman of Sunrise Berhad (now a subsidiary of UEM Sunrise Berhad), a Bursa-listed property company, from 2003 to 2011. During his tenure with Sunrise Berhad, Datuk Tong was instrumental for the growth and transformation of the lifestyle property company from a niche product developer in Mont'Kiara to a multi-product and multi-market developer in different geographical locations. Sunrise also expanded its property development activities during the tenure of Datuk Tong in Sunrise Berhad. Some of the property projects which he was actively involved in during his term with Sunrise Berhad include Solaris Dutamas, Solaris Mont'Kiara, 10 and 11 Mont'Kiara, Mont'Kiara Residence, Solaris Towers in KL, Arcoris Mont'Kiara and Quintet in Richmond, Canada. Datuk Tong holds a Bachelor of Arts in Business Administration and a Master of Arts in Economics and Finance from Simon Fraser University, Canada. In 2002, he was bestowed his Doctor of Laws (Honoris Causa) from the same university.

**Ms Tong** is the Managing Director and CEO of the Company and was appointed to the Board on 17 June 2013. She is a Malaysian with over 20 years of corporate experience in various industries encompassing media, customer service, events management and property development. Prior to her appointment, she was the Head of Corporate Communications at The Edge Communications Sdn Bhd, publisher of The Edge, Malaysia's premier and best-selling business and investment newspaper. She is also a director of The Edge Galerie Sdn Bhd, a full-fledged art gallery launched by The Edge Media Group in June 2013. From 2008 to 2012, Ms Tong was the General Manager for Branding and Community Development of Sunrise Berhad (now a subsidiary of UEM Sunrise Berhad), a leading property developer in Malaysia famed for

its success in developing the Mont'Kiara/Dutamas neighbourhood in Kuala Lumpur, Malaysia. During her tenure with Sunrise Berhad, she was responsible for multiple portfolios including corporate communications, community development, customer relationship management, post-handover defects management and project marketing where she led the marketing and sales team in its project marketing efforts and in expanding Sunrise's customer base. Her active involvement in various stages of the property development process has helped to develop her insights and passion towards the property industry. Ms Tong holds a Bachelor of Arts, majoring in Commerce, from the University of Toronto, Canada.

**Mr Yii Hung Due @ Bill Yii** is the Lead Independent Director of the Company and was appointed as independent director of the Company on 15 May 2013. He also serves as the Chairman of the Audit Committee and Remuneration Committee and is a member of the Nominating committee. Mr Yii began his career in finance and in 1991, he co-founded Welcojaya Sdn Bhd, a real estate development company based in Malaysia. He is actively involved in managing the company and its various projects. Mr Yii holds a Bachelor of Business Administration from Simon Fraser University, Canada.

**Mr Ong Pai Koo @ Sylvester** is an independent director of the Company and was appointed to the Board on 15 September 2015. He also serves as the Chairman of the Nominating Committee and is a member of the Remuneration Committee and the Audit Committee. Mr Ong has over 32 years of finance experience in various industries in both Malaysia and Singapore. He is currently the Senior General Manager of an earthworks, infrastructure and other related construction works company in Malaysia. Mr Ong holds a Double Major Bachelor Degree in Economics and Business Administration and a MBA from Simon Fraser University, Canada.

Ms Tong is the sister of Datuk Tong. Save as disclosed in this Circular, as at the Latest Practicable Date, none of the Directors are related to each other and/or the Executive Officers and/or the Company's Substantial Shareholders by blood or marriage, and to the best of the Company's knowledge and belief, there are no arrangements or understandings with any Substantial Shareholder, client, customer, or supplier of the Company or other person, pursuant to which any Director was appointed.

### 8.13 Executive Officers

No new Executive Officer will be appointed to the Group in connection with the Proposed Acquisition and no new service agreements in relation thereto will be entered into by the Group. As such, there will be no change to the Executive Officers of the Group immediately after completion of the Proposed Acquisition.

The particulars of the Executive Officers are as follows:

Name	Age	Address	Position
Mr Chung Chee Khuen	48	88 Jalan PJU 3/20C Tropicana Indah 47410 Petaling Jaya Malaysia	Group Financial Controller
Ir Lum Tuck Ming	60	AB-08-01, 10 Mont'Kiara Jalan Kiara 1, Mont'Kiara, 50480 Kuala Lumpur Malaysia	Managing Director, Orientis
Ms Angie Tung Shao Yin	41	A-10-06, Endah Puri Condominium 15 Jalan 3/149E Sri Petaling 57000 Kuala Lumpur Malaysia	Executive Director, Orientis



Information on the business and working experience, educational and professional qualifications and areas of responsibilities of the Executive Officers are set out below:

**Mr Chung Chee Khuen** was appointed as Group Financial Controller of the Group on 15 May 2015. As Group Financial Controller, he is responsible for the accounting, finance and reporting functions of the Group. He has more than 23 years' experience in audit, accounting and finance in the financial services, property development, postal and courier services, media and real estate industries. His property development experience started in 2007 when he joined Sunrise Berhad (now a subsidiary of UEM Sunrise Berhad) as its Head of Internal Audit. In mid-2009, he moved into operations and was appointed the Head of Solaris Dutamas Assets Management where he led and managed the entire operations in Solaris Dutamas until he left the group in 2012. He was a director of the group's property management subsidiary, SCM Properties Sdn. Bhd. Mr Chung is a Fellow Chartered Certificate Accountant registered with the Association of Chartered Certified Accountants in the United Kingdom, and a Chartered Accountant, CA (Malaysia), registered with the Malaysian Institute of Accountants.

**Ir Lum Tuck Ming** is the Managing Director of Orientis. He has worked as an Engineer in the engineering consultancy industry for more than 10 years and in the property development industry for almost 25 years. He began his property development experience in 1991 when he joined Sunrise Berhad, one of the top property companies in Malaysia as Project Manager and continued his career progress to be the Executive Director and Chief Operating Officer in 2005. With the acquisition of Sunrise Berhad by UEM Sunrise Berhad by end 2010, he was designed as the Chief Operating Officer of UEM Sunrise Berhad in 2011. While in UEM Sunrise Berhad, he was nominated as a director to more than 10 joint-venture companies with other developers and as a director of more than 10 active wholly-owned subsidiary companies. He has extensive experience covering a variety of property development from township, high-rise residential, mixed development, industrial, infrastructural and commercial development. He has also been part of the team, winning many international and national property awards during his career in Sunrise Berhad and UEM Sunrise Berhad. He graduated with a Bachelor of Science (Honours) Degree in Civil Engineering from the University of Leeds, United Kingdom. He is also a Professional Engineer registered with the Board of Engineers, Malaysia and a corporate member of the Institute of Engineers, Malaysia.

**Ms Angie Tung Shao Yin** is the Executive Director of Orientis. She spearheads the development division in managing deliverables to the clients from all aspects of development management. This entails project feasibility studies, product research, creation and development, business collaboration ventures and timeliness in delivery. She also oversees the day-to-day operations of the organisation. Prior to Orientis, she was the Deputy Senior Manager of the Development Division in UEM Sunrise Berhad, where she was involved in a few award-winning residential and mixed-use developments, namely Mont'Kiara Aman, 10 Mont'Kiara and AngkasaRaya @ KLCC, Jalan Ampang. During her 11 years tenure there, her experience covers procurement and development management. She holds a Bachelor's Degree in Quantity Surveying from Universiti Teknologi Malaysia (UTM).

Save as disclosed in this Circular, as at the Latest Practicable Date, none of the Executive Officers are related to each other and/or the Directors and/or the Company's Substantial Shareholders by blood or marriage, and to the best of the Company's knowledge and belief, there are no arrangements or understandings with any Substantial Shareholder, client, customer, or supplier of the Company or other person, pursuant to which any Executive Officer was appointed.

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the members of the Audit Committee to cause them to believe that Mr Chung Chee Khuen does not have the competence, character and integrity expected of the Group Financial Controller of a listed company.

#### **8.14 Related Employees**

Save as disclosed in this Circular, as at the Latest Practicable Date, there is no employee in the Enlarged Group who is an immediate family member of a Director, CEO or Substantial Shareholder of the Company and whose remuneration exceeds S\$50,000 per year.

## 8.15 Directorships of Directors and Executive Officers

The present and past directorships of each of the Directors and Executive Officers of the Enlarged Group held in the five (5) years preceding the Latest Practicable Date, excluding directorships held in the Company, are as follows:

### Directors

<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships</b>
Datuk Tong	3Cnergy Property Management Pte Ltd; HSR Property Consultants Pte Ltd; Whitehouse Holdings Pte Ltd; UPP Holdings Ltd; UPP Greentech Pte Ltd; UPP Investment Pte Ltd; M+S Pte Ltd; Marina South Investments Pte Ltd; Ophir-Rochor Investments Pte Ltd; Asia Analytica Pte Ltd; Insider Asia Pte Ltd; Menchies Singapore Pte Ltd; Moresby Central Pte Ltd; Phileo Group Pte Ltd; The Edge Markets Pte Ltd; TKO Concepts Pte Ltd; The Edge Media Group Pte Ltd; The Edge Publishing Pte Ltd; The Edge Review Pte Ltd; Asia Analytica Sdn Bhd; Capai Bumi Sdn Bhd; Lojing Highland Resort Development Sdn Bhd; Maha Vivajaya Sdn Bhd; Reverse Mortgage Sdn Bhd; United Overseas Venture Sdn Bhd; CT Nominees Ltd; IT Nominees Ltd; Taiga Building Products Limited; and financialzoo Limited;	Hastor Property Services Pte Ltd; HSR International Realtors Pte Ltd; The Edge Property Pte Ltd; 3Cnergy Sdn Bhd; Big Data Research Sdn Bhd; Creative Destroyer Sdn Bhd; Edge Insider Sdn Bhd; Emerwood Sdn Bhd; Foxcraft Sdn Bhd; Fz Sdn Bhd; Net Edge Online Sdn Bhd; Orientis Solutions Sdn Bhd; Phileo Sdn Bhd; Phileo Group Sdn Bhd; Phileo Spring Sdn Bhd; Prima Fajar Sdn Bhd; Publiq Development Group Sdn Bhd; Red Riches Sdn Bhd; Seed2tree Sdn Bhd; The Edge Communications Sdn Bhd; The Edge Communications Network Sdn Bhd; The Edge Markets Sdn Bhd; The Edge Property Sdn Bhd; The Edge TV Sdn Bhd; TKO Concepts Sdn Bhd; UPP Capital (M) Sdn Bhd; Phileo Development Ltd; and Phileo Investments Ltd
Ms Tong	3C Property Consultants Pte Ltd; 3Cnergy Property Management Pte Ltd; HSR Property Consultants Pte Ltd; Paxel Consultants Pte Ltd; Whitehouse Holdings Pte Ltd; The Edge Publishing Pte Ltd 3Cnergy Sdn Bhd; Chiling Falls Records Sdn Bhd; Orientis Solutions Sdn Bhd; and Red Riches Sdn Bhd.	Hastor Property Services Pte Ltd; HSR International Realtors Pte Ltd; HSR Realtors (Malaysia) Sdn Bhd; Foxcraft Sdn Bhd; Kemboja Manja Sdn Bhd; Konsotium Perkasa Sdn Bhd; Lanjut Kurnia Sdn Bhd; Pepper Events Sdn Bhd; Phileo Sdn Bhd; Prima Fajar Sdn Bhd; and The Edge Galerie Sdn Bhd

<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships</b>
Mr Yii Hung Due @ Bill Yii	Budget Homes Sdn Bhd; C.C.Y. Enterprise Sdn Bhd; City Point Sdn Bhd; Excel Work Sdn Bhd; Jitramas Jaya Sdn Bhd; Melia Gateway Sdn Bhd; Pleasant Vista Sdn Bhd; Qualistar Sdn Bhd; SQ Timur Sdn Bhd; Urban Villa Sdn Bhd; Tranquil Icon Sdn Bhd; Welcojaya Sdn Bhd; Welcojaya Homes Sdn Bhd; Welcojaya Homess Sdn Bhd; and Welcojaya Properties Sdn Bhd	Distinctive Features Sdn Bhd; Exclusive Pattern Sdn Bhd; Maxtown Development Sdn Bhd; Mykinsu Sdn Bhd; and Welcojaya Construction Sdn Bhd
Mr Ong Pai Koo @ Sylvester	King Fraser International Pte Ltd; PKS Jaya Sdn Bhd; and Liberal Monies Sdn Bhd	Wall Steel Engineering Sdn Bhd; Liberty Bridge Sdn Bhd; Golden Ring Worldwide Ltd; Seed2Tree.com Pte Ltd; Phileo Capital Pte Ltd; and The Edge Media Group Pte Ltd

#### Executive Officers

<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships</b>
Mr Chung Chee Khuen	3Cnergy Sdn Bhd; Big Data Research Sdn Bhd; Bizinfo Consulting Sdn Bhd; Bytes Review Sdn Bhd; Creative Destroyer Sdn Bhd; Chiling Falls Records Sdn Bhd; Emerwood Sdn Bhd; Foxcraft Sdn Bhd; Fz Sdn Bhd; Fzbiz Sdn Bhd; Jed Zaman Sdn Bhd; Kemboja Manja Sdn Bhd; Konsotium Perkasa Sdn Bhd; Lanjut Kurnia Sdn Bhd; Net Edge Online Sdn Bhd; Phileo Sdn Bhd; Phileo Group Sdn Bhd; Phileo Spring Sdn Bhd; Prima Fajar Sdn Bhd; Season Paradise Sdn Bhd; TKO Concepts Sdn Bhd; The Edge Communications Network Sdn Bhd; The Tortoise Express Sdn Bhd; and Edgewiz Pte Ltd	Liberty Bridge Sdn Bhd; SCM Property Services Sdn Bhd; and 3Cs Investment Limited

Name	Present Directorships	Past Directorships
Ir Lum Tuck Ming	Orientis Solutions Sdn Bhd	<p>Arcoris Sdn Bhd (formerly known as Sunrise Foster at Mont'Kiara Sdn Bhd, formerly known as Sunrise KHP Sdn Bhd);</p> <p>Ascot Assets Sdn Bhd;</p> <p>Aston Star Sdn Bhd;</p> <p>Aurora Tower at KLCC Sdn Bhd;</p> <p>Laser Tower Sdn Bhd;</p> <p>Lembah Suria Sdn Bhd (formerly known as MK Property Sdn Bhd);</p> <p>Lucky Bright Star Sdn Bhd;</p> <p>Milik Harta Sdn Bhd;</p> <p>New Planet Trading Sdn Bhd;</p> <p>Saga Centennial Sdn Bhd;</p> <p>Solid Performance Sdn Bhd;</p> <p>Sunrise Alliance Sdn Bhd;</p> <p>Sunrise Assets Sdn Bhd;</p> <p>Sunrise Benchmark Sdn Bhd;</p> <p>Sunrise Berhad;</p> <p>Sunrise Century Sdn Bhd;</p> <p>Sunrise dotCom Sdn Bhd;</p> <p>Sunrise Innovations Sdn Bhd;</p> <p>Sunrise Millennium Sdn Bhd;</p> <p>Sunrise Oscar Sdn Bhd;</p> <p>Sunrise Paradigm Sdn Bhd;</p> <p>Sunrise Pioneer Sdn Bhd;</p> <p>Sunrise Project Services Sdn Bhd;</p> <p>Sunrise Quality Sdn Bhd;</p> <p>Sunrise Region Sdn Bhd;</p> <p>Sunrise REIT Management Sdn Bhd (formerly known as Sunrise Future Sdn Bhd);</p> <p>UEM Land Berhad;</p> <p>Bandar Nusajaya Development Sdn Bhd;</p> <p>Symphony Hills Sdn Bhd;</p> <p>Clear Dynamic Sdn Bhd;</p> <p>Desaru North Course Residences Sdn Bhd;</p> <p>Desaru South Course Residences Sdn Bhd;</p> <p>Desaru South Course Land Sdn Bhd;</p> <p>Horizon Hills Development Sdn Bhd;</p> <p>Ibarat Duta Sdn Bhd;</p> <p>Nusajaya Consolidated Sdn Bhd;</p> <p>Nusajaya Lifestyle Sdn Bhd;</p> <p>Nusajaya Premier Sdn Bhd;</p> <p>Nusajaya Tech Park Sdn Bhd;</p>

Name	Present Directorships	Past Directorships
		Sime Darby Sunrise Development Sdn Bhd (formerly known as Baywood Avenue Sdn Bhd); Sunrise MCL Land Sdn Bhd; Canada Sunrise Development Corp (British Columbia, Canada); Canada Sunrise Developments (Richmond) Ltd (British Columbia, Canada); 0757422 B.C. Ltd (British Columbia, Canada); Sunrise Holdings S.ar.1 (The Grand Duchy of Luxembourg); Sunrise International Development Ltd (The Cayman Islands); and Sunrise Overseas (S) Pte Ltd (The Republic of Singapore).
Ms Angie Tung Shao Yin	Orientis Solutions Sdn Bhd; Trnco Sdn Bhd; and Medeva Venture Limited	

## 8.16 Remuneration

The remuneration (including salary, bonus, contributions to CPF, directors' fees, allowances and benefits-in-kind, where applicable) paid or payable to the Directors and the Executive Officers of the Enlarged Group in bands<sup>(1)</sup> of S\$250,000 per annum for services rendered in all capacities to the Enlarged Group for FY2014 and FY2015 and an estimate of the amount of compensation expected to be paid for the whole of the current FY2016 were or are as follows:

	FY2014	FY2015	FY2016 (estimated) <sup>(4)</sup>
<b>Directors</b>			
Datuk Tong	A	A	–
Ms Tong	B	B	B
Mr Yii Hung Due @ Bill Yii	A	A	A
Mr Ong Pai Koo @ Sylvester	–	A	A
<b>Executive Officers</b>			
Mr Chung Chee Khuen	A <sup>(2)</sup>	A <sup>(3)</sup>	A
Ir Lum Tuck Ming	–	A	A
Ms Angie Tung Shao Yin	A	A	A

### Notes:

- (1) Band "A" refers to remuneration of up to S\$250,000 per annum. Band "B" refers to remuneration from S\$250,001 to S\$500,000 per annum.
- (2) Mr Chung Chee Khuen's remuneration by the Enlarged Group for FY2014 was in respect of his appointment as an employee of 3Cnergy Sdn Bhd, a subsidiary of the Company.
- (3) Mr Chung Chee Khuen's remuneration by the Enlarged Group for FY2015 was in respect of his appointment as executive director of Liberty from 1 March 2015 to 30 April 2015, and as Group Financial Controller of the Group from May 2015 to December 2015.
- (4) In respect of FY2016, the estimated remuneration in the table above includes salary, contributions to CPF and benefits-in-kind but does not include any estimated amount of compensation that is to be paid pursuant to any bonus or profit-sharing plan or other profit-linked agreement or arrangement, but which has not been paid.

As at the Latest Practicable Date, no portion of the compensation disclosed above was paid or is to be paid:

- (a) pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement; and
- (b) in the form of stock options.

Other than in respect of contributions which are mandated by the relevant laws, no amounts have been set aside or accrued to provide for pension, retirement or similar benefits to the Directors and Executive Officers.

Other than as disclosed in Section 8.17 of this Circular, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements or arrangements involving the issue or grant of options or Shares or any other securities of the Company in place for any of the Directors, Executive Officers or employees of the Company as at the Latest Practicable Date.

### **8.17 Performance Share Plan**

The Company obtained approval from Shareholders at an extraordinary general meeting held on 19 January 2011 for the Performance Share Plan. Under the Performance Share Plan, the Remuneration Committee may select directors and employees of the Group and/or the Company's associated companies at its absolute discretion to participate in the Performance Share Plan, in accordance with the approved guidelines of the Performance Share Plan.

The share awards granted under the Performance Share Plan allow a participant to receive fully-paid Shares free of consideration upon the participant achieving the performance target(s) as prescribed by the Remuneration Committee at its absolute discretion.

A member of the Remuneration Committee would not be involved in any deliberations in respect of any Shares awarded to him or her pursuant to the Performance Share Plan.

The Performance Share Plan shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of ten (10) years commencing on the date on which the Performance Share Plan was adopted on 19 January 2011.

No share award has been granted under the Performance Share Plan from 19 January 2011 to the Latest Practicable Date.

For more details on the Performance Share Plan, please refer to the Company's circular to Shareholders dated 27 December 2010.

### **8.18 Service Agreements**

As disclosed in Sections 8.12 and 8.13 of this Circular, no new service agreements will be entered into by the Group in connection with the Proposed Acquisition.

There are no existing service agreements entered into by the Group with any of the Directors which provide for benefits upon the termination of employment.

Ms Tong's existing service agreement with the Company for the position of CEO is for a fixed term of three (3) years, from 1 January 2015 to 31 December 2017, and shall thereafter continue for such period and on such terms to be agreed between Ms Tong and the Company.

### **8.19 Corporate Governance**

#### **8.19.1 Board Practices**

The Board recognises the importance of corporate governance to Shareholders, and will continue to exert best efforts to implement the good practices recommended in the Code of Corporate Governance 2012.



The Board is assisted by three (3) committees, namely the Audit Committee, Nominating Committee and Remuneration Committee. The functions of these committees remain unchanged from the functions as described in the annual report of the Company for FY2015.

The members of the Audit Committee, Nominating Committee and Remuneration Committee will remain unchanged upon completion of the Proposed Acquisition and will be as follows:

Audit Committee

Mr Yii Hung Due @ Bill Yii (Chairman)  
Mr Ong Pai Koo @ Sylvester  
Datuk Tong

Nominating Committee

Mr Ong Pai Koo @ Sylvester (Chairman)  
Mr Yii Hung Due @ Bill Yii  
Datuk Tong

Remuneration Committee

Mr Yii Hung Due @ Bill Yii (Chairman)  
Mr Ong Pai Koo @ Sylvester  
Datuk Tong

The Board, with the concurrence of the Audit Committee, is of the opinion that the internal controls of the Enlarged Group are adequate to address financial, operational and compliance risks.

#### **8.19.2 Information Disclosure**

Following completion of the Proposed Acquisition, the Enlarged Group will continue to implement a policy of providing full disclosure of material corporate information as commercially appropriate through announcements, press releases and shareholders' circulars as well as through the statutory interim and annual financial results announcements.

#### **8.20 Material Background Information on the Directors, Executive Officers and Controlling Shareholders of the Enlarged Group**

Save as disclosed below, none of the Directors, Executive Officers or Controlling Shareholders of the Enlarged Group as at the Latest Practicable Date:

- (a) has at any time during the last ten (10) years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two (2) years from the date he ceased to be a partner;
- (b) has at any time during the last ten (10) years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
- (c) has any unsatisfied judgement against him;
- (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

- (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
- (f) has at any time during the last ten (10) years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty been made on his part, or has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
- (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
- (j) has, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
  - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
  - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
  - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
  - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and/or
- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory body, exchange, professional body or government agency, whether in Singapore or elsewhere.

In respect of Section 8.20(j), Datuk Tong had disclosed the following:

- (a) in July 2015, the publication permits for The Edge Malaysia Business and Financial Weekly and The Edge Financial Daily that belonged to The Edge Communications Sdn. Bhd. (of which Datuk Tong was a director at the material time) were suspended by the Malaysian Home Ministry for allegedly publishing articles (concerning 1 Malaysia Development Berhad (“1MDB”)) that breached the directions, conditions of the publication permits. Upon application by The Edge Communications Sdn. Bhd. for judicial review of the suspension, the High Court of Malaysia quashed the suspension. The matter is now on appeal by the Home Ministry to the Court of Appeal;

- (b) in March 2015, five editorial personnel of Edge Insider Sdn. Bhd. (of which Datuk Tong was a director at the material time) were arrested and questioned by the Malaysian police in connection with an article published in *The Malaysian Insider* concerning implementation of hudud law. They were also questioned by officers from the Malaysian Communications & Multimedia Commission (“MCMC”). They were released subsequently and were never charged for any offences; and
- (c) in February 2016, the MCMC blocked the access to *The Malaysian Insider*. Several reporters of *The Malaysian Insider* were also questioned by the Malaysian police and officers of the MCMC. However, Datuk Tong had resigned as a director of Edge Insider Sdn. Bhd. in December 2015.

In respect of Section 8.20(k), Datuk Tong had disclosed that he had been investigated by the Malaysian police allegedly under section 124C of the Malaysian Penal Code for exposing information involving 1MDB.

## 8.21 Interested Person Transactions and Relevant Person Transactions

### 8.21.1 Interested Persons

In general, transactions between the Enlarged Group and any of its Interested Persons (namely, the Directors, CEO, Controlling Shareholders and/or their respective Associates) are known as “**Interested Person Transactions**” under Chapter 9 of the Catalist Rules. This section sets out details of the material Interested Person Transactions for FY2013, FY2014 and FY2015 and for the period commencing from 1 January 2016 up to the Latest Practicable Date (the “**Relevant Period**”).

The following persons or companies are considered “**Interested Persons**” for the purposes of this section:

- (a) Datuk Tong, Phileo Capital and certain of their Associates

#### Datuk Tong, Phileo Capital and Icon Ventures

Datuk Tong is the Non-Executive Chairman of the Company and a deemed Controlling Shareholder of the Company and as at the Latest Practicable Date, Datuk Tong is deemed interested in 65,368,500 Shares representing approximately 54.51% of the issued and paid-up share capital of the Company held by Phileo Capital. Datuk Tong is the sole ultimate beneficial owner of Phileo Capital through TMF Trustees, the trustee of a family trust of which Datuk Tong is the sole beneficiary. Immediately upon completion of the Proposed Acquisition, Datuk Tong will be deemed interested in an additional 477,611,940 Shares (being the Consideration Shares allotted and issued to Icon Ventures, a wholly owned subsidiary of Phileo Capital pursuant to the SPA) and his aggregate deemed shareholding interest in the Company immediately after completion of the Proposed Acquisition and the Proposed Compliance Placement<sup>(1)</sup> will decrease from approximately 54.51% to 47.21% of the enlarged issued share capital of the Company.

#### Publiq Development Group

Publiq Development Group is a company incorporated in Malaysia and its principal activity is property development. As at the Latest Practicable Date, Publiq Development Group is jointly owned by Datuk Tong and an independent third party, each holding 50% of the issued and paid-up capital of Publiq Development Group.

#### Liberty

As at the Latest Practicable Date, Icon Ventures holds 50% of the issued share capital of Liberty.

(b) Champion Brave

As at the Latest Practicable Date, Champion holds 25% of the issued share capital of Liberty. Immediately upon completion of the Proposed Acquisition, Champion Brave will own 238,805,970 Shares (being the Consideration Shares allotted and issued to Champion Brave pursuant to the SPA) and its shareholding interest in the Company immediately after completion of the Proposed Acquisition and the Proposed Compliance Placement<sup>(1)</sup> will constitute approximately 20.76% of the enlarged issued share capital of the Company.

Save as disclosed in this Section and Sections 4.2, 8.16 and 9 of this Circular, none of the Directors, CEO, Controlling Shareholders and/or their respective associates was or is interested, whether directly or indirectly, in any material transaction proposed or undertaken by the Enlarged Group during the Relevant Period.

### 8.21.2 Relevant Persons

Purely for the purposes of disclosure to Shareholders, apart from the Interested Person Transactions as defined under the Listing Manual, this Section also sets out material transactions between the Enlarged Group and the following persons or companies (the “**Relevant Persons**” and such transactions with the Relevant Persons, the “**Relevant Person Transactions**”):

(a) Golden Ring

As at the Latest Practicable Date, Golden Ring holds 12.5% of the issued share capital of Liberty. Immediately upon completion of the Proposed Acquisition, Golden Ring will own 119,402,985 Shares (being the Consideration Shares allotted and issued to Golden Ring pursuant to the SPA) and its shareholding interest in the Company immediately after completion of the Proposed Acquisition and the Proposed Compliance Placement<sup>(1)</sup> will constitute approximately 10.38% of the enlarged issued share capital of the Company.

(b) Metra and Casi

As at the Latest Practicable Date, Metra holds 12.5% of the issued share capital of Liberty as nominee for Casi. Immediately upon completion of the Proposed Acquisition, Metra will own 119,402,985 Shares (being the Consideration Shares allotted and issued to Metra pursuant to the SPA) and its shareholding interest in the Company immediately after completion of the Proposed Acquisition and the Proposed Compliance Placement<sup>(1)</sup> will constitute approximately 10.38% of the enlarged issued share capital of the Company.

**Note:**

(1) Assuming 75,000,000 Compliance Placement Shares are issued pursuant to the Proposed Compliance Placement.

### 8.21.3 Past Interested Person Transactions

(a) Loans from Icon Ventures to Liberty

The aggregate of the unsecured interest free loans owed by Liberty to Icon Ventures was RM65 million (approximately S\$21.65 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date). Icon Ventures first extended an unsecured and interest free loan of RM44 million (approximately S\$14.65 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date) to Liberty prior to it becoming a shareholder of Liberty. The other loans from Icon Ventures to Liberty were acquired by Icon Ventures from outgoing shareholders (“**Outgoing Liberty Shareholders**”) when Icon Ventures purchased both the shareholder loans and the shares in Liberty from the Outgoing Liberty Shareholders. The said loans from Icon Ventures to Liberty were not on an arm’s length basis and not on normal commercial terms as they were unsecured, interest-free and had no fixed terms of repayment. They were however beneficial and not prejudicial to Liberty.

The details of the aggregate amounts owing from Liberty to Icon Ventures for the Relevant Period are as follows:

As at 31 December 2013 (RM'000)	As at 31 December 2014 (RM'000)	As at 31 December 2015 (RM'000)	As at the Latest Practicable Date (RM'000)
36,000	36,000	136	–

The largest outstanding amount due to Icon Ventures pursuant to the said loans during the Relevant Period, based on the amounts outstanding at the end of each calendar month, was approximately RM49.16 million.

The said loans from Icon Ventures have been substantially capitalised<sup>(1)(2)</sup> and the remaining portion has been repaid to Icon Ventures by Liberty. As such, as at the Latest Practicable Date, there are no shareholder loans owing by Liberty to Icon Ventures.

The said loans from Icon Ventures were used by Liberty for the acquisition of the CN Lands and for working capital.

(b) Shareholder loans from Champion Brave to Liberty

The aggregate of the unsecured interest free shareholder loans owed by Liberty to Champion Brave was RM30 million (approximately S\$9.99 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date). Champion Brave first extended an unsecured and interest free shareholders' loan of RM24 million (approximately S\$7.99 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date) to Liberty when it also increased its shareholding in Liberty. The remaining RM6 million was acquired by Champion Brave from one of the Outgoing Liberty Shareholders when Champion Brave purchased both the shareholder loan and the shares in Liberty from the Outgoing Liberty Shareholder. The said shareholder loans from Champion Brave to Liberty were not on an arm's length basis and not on normal commercial terms as they were unsecured, interest-free and had no fixed terms of repayment. They were however beneficial and not prejudicial to Liberty.

The details of the aggregate amounts owing from Liberty to Champion Brave for the Relevant Period are as follows:

As at 31 December 2013 (RM'000)	As at 31 December 2014 (RM'000)	As at 31 December 2015 (RM'000)	As at the Latest Practicable Date (RM'000)
24,000	24,000	59	–

The largest outstanding amount due to Champion Brave pursuant to the said shareholder loans during the Relevant Period, based on the amounts outstanding at the end of each calendar month, was approximately RM29.98 million.

The said shareholder loans have been substantially capitalised<sup>(2)</sup> and the remaining portion has been repaid to Champion Brave by Liberty. As such, as at the Latest Practicable Date, there are no shareholder loans owing by Liberty to Champion Brave.

The said shareholder loans from Champion Brave were used by Liberty for the acquisition of the CN Lands and for working capital.

#### 8.21.4 Past Relevant Person Transactions

(a) Golden Ring

The aggregate of the unsecured interest free shareholder loans owned by Liberty to Golden Ring was RM30 million (approximately S\$9.99 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date). Golden Ring first extended an unsecured and interest free shareholders' loan of RM24 million (approximately S\$7.99 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date) to Liberty when it also increased its shareholding in Liberty. The remaining RM6 million was acquired by Golden Ring from one of the Outgoing Liberty Shareholders when Golden Ring purchased both the shareholder loan and the shares in Liberty from the Outgoing Liberty Shareholder. The said shareholder loans from Golden Ring to Liberty were not on an arm's length basis and not on normal commercial terms as they were unsecured, interest-free and had no fixed terms of repayment. They were however beneficial and not prejudicial to Liberty.

The details of the aggregate amounts owing from Liberty to Golden Ring for the Relevant Period are as follows:

As at 31 December 2013 (RM'000)	As at 31 December 2014 (RM'000)	As at 31 December 2015 (RM'000)	As at the Latest Practicable Date (RM'000)
24,086	24,086	96	–

The largest outstanding amount due to Golden Ring pursuant to the said shareholder loans during the Relevant Period, based on the amounts outstanding at the end of each calendar month, was approximately RM30.06 million.

The said shareholder loans have been substantially acquired by Icon Ventures and the remaining portion has been repaid to Golden Ring by Liberty. As such, as at the Latest Practicable Date, there are no shareholder loans owing by Liberty to Golden Ring.

The said shareholder loans from Golden Ring were used by Liberty for the acquisition of the CN Lands and for working capital.

(b) Casi<sup>(3)</sup>

The aggregate of the unsecured interest free shareholder loans extended by Casi to Liberty was RM15 million (approximately S\$5 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date). Casi first extended an unsecured and interest free shareholders' loan of RM6 million (approximately S\$2 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date) to Liberty when it also increased its shareholding in Liberty. The remaining RM9 million was acquired by Casi from the Outgoing Liberty Shareholders<sup>(4)</sup> when Casi purchased both the shareholder loans and the shares in Liberty from the Outgoing Liberty Shareholders. The said shareholder loans from Casi to Liberty were not on an arm's length basis and not on normal commercial terms as they were unsecured, interest-free and had no fixed terms of repayment. They were however beneficial and not prejudicial to Liberty.

The details of the aggregate amounts owing from Liberty to Casi for the Relevant Period are as follows:

As at 31 December 2013 (RM'000)	As at 31 December 2014 (RM'000)	As at 31 December 2015 (RM'000)	As at the Latest Practicable Date (RM'000)
12,000	12,000	29	–



The largest outstanding amount due to Casi pursuant to the said shareholder loans during the Relevant Period, based on the amounts outstanding at the end of each calendar month, was approximately RM14.99 million.

The said shareholder loans have been substantially capitalised<sup>(2)</sup> and the remaining portion has been repaid to Casi by Liberty. As such, as at the Latest Practicable Date, there are no shareholder loans owing by Liberty to Casi.

The said shareholder loans from Casi were used by Liberty for the acquisition of the CN Lands and for working capital.

**Notes:**

- (1) *By an option agreement dated 21 April 2013, Icon Ventures had on 31 October 2013 exercised the subscription option to subscribe for 20,000,000 new ordinary shares in Liberty at the total subscription price of RM20 million. RM20 million of the RM 44 million loan given to Icon Ventures was set off against the subscription price.*
- (2) *Substantially all of the remaining loans from Icon Ventures and substantially all of the shareholder loans from Champion Brave and Casi were capitalised around 23 December 2015.*
- (3) *Metra holds the shares in Liberty as nominee for Casi.*
- (4) *These include Tan Sri Dato' Surin Upatkoon, who has a 98.18% effective indirect interest in Casi.*

#### **8.21.5 Present and Ongoing Interested Person Transactions**

(a) Shareholder loan from Phileo Capital to the Company

Pursuant to the SH Loan Agreement, Phileo Capital agreed to advance to the Company an unsecured interest free shareholder loan of up to S\$5 million. Under the SH Loan Agreement, Phileo Capital agreed not to demand repayment of the loan before 30 June 2016 unless there are events of default (as described in the shareholder loan agreement). On 29 March 2016, Phileo Capital agreed via a letter to the Company ("**Extension Letter**") to extend the repayment date of the loan provided under the SH Loan Agreement to the earlier of (i) twelve (12) months from the date of approval of the FY2015 financial statements of the Group at the Company's annual general meeting that was convened on 29 April 2016; or (ii) such time when the Company is able to raise the necessary funds for the Group to meet its financial obligations when they fall due so that the Group can continue to operate as a going concern for a period of at least twelve (12) months from the date of approval of the FY2015 financial statements of the Group. On 10 May 2016, Phileo Capital executed a supplemental deed in favour of the Company (which supersedes the Extension Letter) whereby it agreed to extend the repayment date of the loan provided under the SH Loan Agreement until the earlier of (i) 31 December 2017; or (ii) such time when the Company has raised the necessary funds for the Group to meet its financial obligations when they full due so that the Group can continue to operate as a going concern for a period up to 31 December 2017. The shareholder loan from Phileo Capital to the Company is not on an arm's length basis and not on normal commercial terms as it is unsecured and interest-free. It is however beneficial and not prejudicial to the Company.

The outstanding amounts owing by the Company to Phileo Capital as at the end of FY2015 and as at the Latest Practicable Date are S\$2.85 million and S\$3.79 million respectively.

During the Relevant Period, the largest amount owing to Phileo Capital by the Company is S\$3.79 million.



(b) Provision of project management services by Orientis to Publiq Development Group (“**Publiq Development Services**”)

By a letter of award dated 22 April 2014, Orientis agreed to provide to Publiq Development Group, project management services in relation to the procurement, accounting, credit control and marketing functions for the Daiman Development undertaken by Publiq Development Group through a 50-50 joint venture with Daiman Development Berhad, a Malaysia-based property development company listed on the Main Market of Bursa Malaysia.

The estimated total fees for the Publiq Development Services is RM9.8 million (approximately S\$3.26 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date), of which RM1.2 million (approximately S\$0.4 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date) is to be paid annually between the years 2014 and 2018 while the remainder of approximately RM3.5 million (approximately S\$1.17 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date) is to be paid in year 2019. The fees paid by Publiq Development Group to Orientis for FY2014, FY2015 and from 1 January 2016 to the Latest Practicable Date are RM1.59 million, RM1.27 million and RM0.53 million respectively (approximately S\$0.53 million, S\$0.42 million, and S\$0.18 million respectively based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date). The fees for the Publiq Development Services will be adjusted based on the final development costs of the Daiman Development upon completion.

The Publiq Development Services are provided pursuant to a specific mandate obtained by the Company from Shareholders on 30 June 2014. For more information, please refer to the circular to Shareholders from the Company dated 13 June 2014.

The Independent Directors are of the view that provision of Publiq Development Services are provided on an arm’s length basis and based on normal commercial terms. Furthermore, Asiasons WFG Capital Pte Ltd, the independent financial adviser to the independent directors of the Company in relation to the Publiq Development Services was of the opinion that the Publiq Development Services are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. For more information, please refer to the circular to Shareholders from the Company dated 13 June 2014.

(c) Provision of project management services by Orientis to Liberty (“**PMSA Services**”)

**Shareholders are to take note that the PMSA Services will cease to be an Interested Person Transaction upon completion of the Proposed Acquisition as Liberty will become a wholly owned subsidiary of the Company.**

By a project management services agreement dated 31 January 2014 (“**PMSA Agreement**”), Orientis was appointed by Liberty as the project manager to undertake the entire development of the CN Lands. For its services, Liberty agreed to pay Orientis a fixed lump sum fee of RM47 million (approximately S\$15.65 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date), of which 15% shall be paid to Orientis upon the approval of the master plan by Malaysian authorities for the development of the CN Lands and the remainder 85% to be paid in stages based on the completion of the prescribed phases of the development of the CN Lands. In addition, Orientis will also receive an additional fee from Liberty equivalent to 5% of the difference between the actual gross profit for each development phase and the projected gross profit set by Liberty pursuant to the PMSA Agreement. The fees paid to Orientis for FY2014, FY2015 and from 1 January 2016 to the Latest Practicable Date are RM3.39 million, RM3.19 million and RM0.89 million respectively (approximately S\$1.13 million, S\$1.06 million, and S\$0.3 million respectively based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date).

The PMSA Services is provided pursuant to a specific mandate obtained by the Company from Shareholders on 30 June 2014. For more information, please refer to the circular to Shareholders from the Company dated 13 June 2014.

The Independent Directors are of the view that provision of PMSA Services are provided on an arm's length basis and based on normal commercial terms. Furthermore, Asiasons WFG Capital Pte Ltd, the independent financial adviser to the independent directors of the Company in relation to the PMSA Services was of the opinion that the PMSA Services are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. For more information, please refer to the circular to Shareholders from the Company dated 13 June 2014.

- (d) Provision of book-keeping and accounting services by Orientis to Liberty ("**Book-Keeping Services**")

**Shareholders are to take note that the Book-Keeping Services will cease to be an Interested Person Transaction upon completion of the Proposed Acquisition as Liberty will become a wholly owned subsidiary of the Company.**

In conjunction with the PMSA Services provided by Orientis to Liberty pursuant to the PMSA Agreement, Orientis has also been providing book-keeping and accounting services to Liberty since 31 January 2014. The Book-Keeping Services were intended by Orientis and Liberty to be one of the services to be provided under the PMSA Agreement but were inadvertently left out in the drafting of the PMSA Agreement. As such, the service fee paid by Liberty to Orientis under the PMSA Agreement was intended to include the Book-Keeping Services. Be that as it may, the Book-Keeping Services provided or to be provided by Orientis for FY2014, FY2015 and FY2016 are valued by Orientis as being less than S\$100,000 per financial year.

The value of Book-Keeping Services provided or to be provided by Orientis to Liberty for FY2014, FY2015 and FY2016 are valued by Orientis to be RM60,465, RM69,996 and RM146,860 respectively (approximately S\$20,138, S\$23,312, and S\$48,911 respectively based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date).

Accordingly, the Book-Keeping Services fall within the exemption under Rules 905(3) and 906(2) of the Catalist Rules and as such are not subject to Rules 905(1) or 906(1) of the Catalist Rules.

In view of the fact that the Book-Keeping Services were intended by Orientis and Liberty to be one of the services to be provided under the PMSA Agreement but were inadvertently left out in the drafting of the PMSA Agreement, as well as the value of the Book-Keeping Services provided or to be provided by Orientis for FY2014, FY2015 and FY2016 being less than S\$100,000 per financial year, the Independent Directors are of the view that provision of Book-Keeping Services are provided on an arm's length basis and based on normal commercial terms.

## **8.22 Potential Conflicts of Interest**

### **8.22.1 General**

This section sets out the potential conflicts of interests which may arise from the interests of the Directors, Executive Officers, Controlling Shareholders and/or their respective associates.

All Directors have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest. Upon such disclosure, such Directors will not participate in any proceedings of the Board and shall abstain from voting in respect of any such transaction where the conflict arises.

Save as disclosed in this Circular:

- (a) none of the Directors, Executive Officers or Controlling Shareholders of the Enlarged Group or their respective associates has any interest, direct or indirect, in any transaction to which the Enlarged Group was or is to be a party;
- (b) none of the Directors, Executive Officers or Controlling Shareholders of the Enlarged Group or their respective associates has any interest, direct or indirect, in any company carrying on the same business or carrying on a similar trade as the Enlarged Group;<sup>(1)</sup> and
- (c) none of the Directors, Executive Officers or Controlling Shareholders of the Enlarged Group or their respective associates has any interest, direct or indirect, in any company that is a client of, or a supplier of goods or services to, the Enlarged Group.

Under its terms of reference, the Audit Committee is responsible for reviewing and resolving any conflict of interest which may arise from the interests of the Directors, Executive Officers, Controlling Shareholders and/or their respective associates in any company carrying on a similar or competing business as the Enlarged Group.

For the purposes of conflicts of interest in this Section 8.22, any interest (direct or indirect) of less than 5% in the securities of any corporation where such securities are listed on a stock exchange shall be disregarded and accordingly will not be disclosed in this Circular.

**Note:**

- (1) Please refer to Section 8.1 of this Circular for the Enlarged Group Business.

#### **8.22.2 Datuk Tong**

Datuk Tong, the Non-Executive Chairman and the deemed Controlling Shareholder of the Company, is a businessman and an investor. Datuk Tong has invested in, *inter alia*, Publiq Development Group Sdn. Bhd. ("**Publiq Development Group**") and Potensi Laris Sdn Bhd ("**Potensi Laris**").

Publiq Development Group is a company incorporated in Malaysia and its principal activity is property development. Publiq Development Group is jointly owned by Datuk Tong and an independent third party, each holding 50% of the issued and paid-up capital of Publiq Development Group.

Publiq Development Group has entered into a 50-50 joint venture with Daiman Development Berhad, a Malaysia-based property development company listed on the Main Market of Bursa Malaysia to undertake a mixed use development on a parcel of land held by Daiman Development Berhad under H.S.(D) 252345, Lot No. PTD 115723, Mukim Plentong, Daerah Johor Bahru, Negeri Johor, Malaysia measuring approximately 49,816.7974 sq m (the "**Daiman Development**").

Potensi Laris is a company incorporated in Malaysia and its principal activity is investment holding. Datuk Tong is beneficially interested in 48.125% of the total issued share capital of Potensi Laris. As at the Latest Practicable Date, an independent third party owns 48.125% shareholding and the remaining shareholding of 3.75% is owned by three other third party shareholders. Potensi Laris owns four (4) parcels of undeveloped land in Tempat Tebing Runtuh, Mukim Pulai, Daerah Johor Bahru, Negeri Johor, Malaysia (lot numbers 705, 710, 742 and 576) measuring in aggregate approximately 48,171 sq m ("**Potensi Laris Land**"). The four parcels of Potensi Laris Land are not adjoining to each other and are zoned as agricultural land. As at the Latest Practicable Date, Datuk Tong has informed the Company that Potensi Laris has no immediate plans to develop the Potensi Laris Land.

The Potensi Laris Land is located in the State of Johor and is approximately 1.1 km outside Iskandar Malaysia.

Datuk Tong has informed the Company that he may subsequently increase his shareholding in Potensi Laris to a percentage up to but not exceeding 50% shareholding in Potensi Laris.

Pursuant to a deed of undertaking dated 21 June 2016 ("**Non-Compete Undertaking**"), Datuk Tong has undertaken to the Company and CIMB that:

- (a) Subject to sub-paragraphs (b) and (c) below, for so long as he remains directly or indirectly a Controlling Shareholder or a Director of the Company (unless he has obtained the prior written consent of the Board and Datuk Tong and his Associates who sit on the Board have abstained from voting on the matter):
  - (i) he will not directly or indirectly, carry on or be engaged or concerned or interested economically in any manner whatsoever in any property development in the State of Johor, Malaysia and Singapore ("**Restricted Area**"); and
  - (ii) he shall disclose to the Board any investment that he has made in property development projects within the Restricted Area which may be in competition with those of the Enlarged Group.
- (b) Datuk Tong will offer to the Company any business opportunity relating to property development within the Restricted Area on the same or no less favourable terms as that was made available to him and/or his Associates ("**Offered Business Opportunity**"). The Board (Datuk Tong and his Associates who sit on the Board shall abstain from voting on the matter) shall have one (1) month from the date of the offer ("**Offer Period**") to determine if it wishes to participate wholly or partly in the Offered Business Opportunity. If the Board does not notify Datuk Tong of its decision within the Offer Period, Datuk Tong may at any time thereafter proceed with the Offered Business Opportunity on terms equal to or no more favourable than what was offered to the Company.
- (c) The undertakings in sub-paragraphs (a)(i) and (b) above shall not apply to the following matters:
  - (i) where Datuk Tong (either personally or through nominees) is or becomes engaged or concerned or interested economically or otherwise in any property development in the Restricted Area without having any executive role (either personally or through a nominee) and where Datuk Tong's direct and indirect interest in the property development is less than 5%;
  - (ii) Datuk Tong's current interest and involvement in Publiq Development Group and in the Daiman Development; and
  - (iii) Subject to sub-paragraph (d) below, Datuk Tong's current and future interest and involvement in Potensi Laris and the potential development of the Potensi Laris Land. For the avoidance of doubt, Datuk Tong may increase his interest in Potensi Laris to a percentage up to but not exceeding 50% without the Board's prior written consent and without offering such opportunity to the Company.

For the avoidance of doubt, Datuk Tong will have to comply with the undertaking in sub-paragraph (a)(ii) in respect of the excluded matters in this sub-paragraph (c).

- (d) In the event Potensi Laris submits any application to the relevant local planning authority for a planning permission pursuant to section 21 of the Town and Country Planning Act 1976 of Malaysia to carry out development on the Potensi Laris Land that is in conflict with the business of the Enlarged Group, Datuk Tong will offer all his shares in Potensi Laris to the Company based on an independent valuation by a valuer to be appointed by the Company and subject to compliance with the Catalist Rules and the constitution of Potensi Laris.

The Independent Directors noted that the Non-Compete Undertaking was provided by Datuk Tong on a voluntary basis.

In view that:

- (a) Datuk Tong does not have sole control over Publiq Development Group in that Publiq Development Group is a company in which Datuk Tong and an independent third party have equal control and the Daiman Development is in turn a 50-50 joint venture between Daiman Development Berhad and Publiq Development Group;
- (b) Daiman Development Berhad is a company listed on the Main Market of Bursa Malaysia and the board of directors of Daiman Development Berhad would have to make decisions in respect of the Daiman Development having regard to the applicable rules of Bursa Malaysia and the interest of its shareholders;
- (c) Datuk Tong does not have sole control over Potensi Laris (including in the situation where Datuk Tong increases his shareholding in Potensi Laris as such increase will only be up to but not exceeding 50%) in that there are other shareholders in Potensi Laris and there is also an independent third party shareholder who as at the Latest Practicable Date owns 48.125% shareholding in Potensi Laris;
- (d) The 4 parcels of the Potensi Laris Land are not adjoining to each other and the current agricultural zoning for the said land is agricultural. Datuk Tong has informed the Company that there is currently no development potential for the Potensi Laris Land in the near future;
- (e) As stated in Section 8.6.3 of this Circular, the development of the CN Lands will be a long term business proposition for the Enlarged Group as the development will take place over a period of ten years or more. As such, the Directors contemplate that the Enlarged Group will focus on the development of the CN Lands following completion of the Proposed Acquisition and the Directors do not currently contemplate that the Enlarged Group will undertake any other property development other than of the CN Lands;
- (f) Iskandar, Malaysia covers 221,634 hectares (2,217 sq km) of land area within the southern-most part of Johor. The development region of Iskandar, Malaysia encompasses an area of about 3 times the size of Singapore and 2 times the size of Hong Kong. Iskandar, Malaysia covers the entire district of Johor Bahru (including the island within the district), and Mukim Jeram Batu, Mukim Sungai Karang, Mukim Serkat and Kukup Island in Mukim Ayer Masin, all within the district of Pontian;<sup>(1)</sup> and
- (g) Datuk Tong has provided the Non-Compete Undertaking,

the Independent Directors are of the view that there are no potential conflicts of interest relating to Datuk Tong's interests in Publiq Development Group and Potensi Laris.

In the event that a conflict of interest arises in the future, Datuk Tong will disclose his interest to the Board and Datuk Tong and his associate(s) who sit on the Board will abstain from participating in discussions involving, and voting in, matters in which Datuk Tong may be interested. Datuk Tong has affirmed his duties as a Director of the Company and is bound by the same duties of good faith, diligence, confidentiality and to act in the interest of the Company as the rest of the Directors.

**Note:**

- (1) *This information is derived from the website of the IRDA at <<http://iskandarmalaysia.com.my/faq/>> accessed on 26 April 2016. IRDA has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Liberty Directors, and the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*



### 8.22.3 Mr Yii Hung Due @ Bill Yii

Mr Yii Hung Due @ Bill Yii, the Lead Independent Director of the Company, is involved in some property developments in Kuching, Sarawak.

In view that the scope of the Enlarged Group Business in relation to property development is only in the State of Johor, Malaysia and Singapore, the Board (excluding Mr Yii Hung Due @ Bill Yii) is of the view that there are no potential conflicts of interest relating to Mr Yii Hung Due @ Bill Yii's involvement in property development in Kuching, Sarawak.

### 8.22.4 Tan Sri Lee<sup>(1)</sup>

Tan Sri Lee is a 99.99% majority shareholder of Champion Brave. As at the Latest Practicable Date, Champion Brave holds 25% of the issued share capital of Liberty. Immediately upon completion of the Proposed Acquisition, Champion Brave will own 238,805,970 Shares (being the Consideration Shares allotted and issued to Champion Brave pursuant to the SPA) and its shareholding interest in the Company immediately after completion of the Proposed Acquisition and the Proposed Compliance Placement<sup>(2)</sup> will constitute approximately 20.76% of the enlarged issued share capital of the Company. As such, Tan Sri Lee will be a deemed 20.76% Shareholder immediately after completion of the Proposed Acquisition and the Proposed Compliance Placement. Tan Sri Lee is not a director of Liberty but his nominee, Mr Lee Jia Zhang (who is his son), is a director of Liberty as at the Latest Practicable Date.

Rule 803 of the Catalist Rules provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. Assuming that 238,805,970 Consideration Shares are allotted and issued to the Champion Brave, Champion Brave will hold approximately 20.76% of the enlarged share capital of the Company immediately after completion of the Proposed Acquisition and the Proposed Compliance Placement.<sup>(2)</sup> Accordingly, the issue of the Consideration Shares to the Champion Brave will constitute a transfer of controlling interest in the Company and is subject to the approval of the Shareholders for the purposes of Rule 803 of the Catalist Rules.

Tan Sri Lee is interested (direct and deemed)<sup>(3)</sup> in 46.62% of the issued share capital of Kuala Lumpur Kepong Berhad ("**KLK**"). KLK is listed on the Main Market of Bursa Malaysia. As at the Latest Practicable Date, Tan Sri Lee is the Chief Executive Officer and Executive Director of KLK.

As at the Latest Practicable Date, KLK has three business divisions namely its core business i.e. plantations (oil palm and rubber), resource-based manufacturing (oleochemicals, derivatives and specialty chemicals) and property development (capitalising on the strategic location of its land bank in Peninsular Malaysia). The property division is operated through KLK Land Sdn Bhd, a wholly owned subsidiary of KLK. In around February 2014, KLK through KLK Land Sdn Bhd acquired a 60% interest in Scope Energy Sdn Bhd ("**SESB**") to acquire and develop 500 acres of freehold land located in Mukim Tanjung Kupang, District of Johor Bahru, Johor ("**Gerbang Land**"). KLK had disclosed that SESB is expected to develop the Gerbang Land into a proposed mixed residential and commercial development over a period of eight (8) years. In addition, KLK through KLK Land Sdn Bhd also acquired a 40% interest in Aura Muhibah Sdn Bhd ("**AMSB**") in around February 2014 to acquire and develop 2,500 acres of freehold land located in Mukim Senai, District of Kulai Jaya, Johor ("**Fraser Land**"). KLK had disclosed that AMSB is expected to develop the Fraser Land into a mixed residential, commercial and industrial development over a period of fifteen (15) years.

In view that:

- (a) following completion of the Proposed Acquisition, Tan Sri Lee will become merely an investor of the Company and he currently does not intend to be appointed a Director nor nominate any representative to be a Director;
- (b) KLK is listed on the Main Market of Bursa Malaysia and the board of directors of KLK would have to make decisions in respect of KLK's business activities (including that of KLK Land) having regard to the applicable rules of Bursa Malaysia and the interest of its shareholders;

- (c) Tan Sri Lee as the CEO of KLK will be under the direction of the board of directors of KLK; and
- (d) Iskandar Malaysia covers 221,634 hectares (2,217 sq km) of land area within the southern-most part of Johor. The development region of Iskandar Malaysia encompasses an area of about 3 times the size of Singapore and 2 times the size of Hong Kong. Iskandar Malaysia covers the entire district of Johor Bahru (including the island within the district), and Mukim Jeram Batu, Mukim Sungai Karang, Mukim Serkat and Kukup Island in Mukim Ayer Masin, all within the district of Pontian,<sup>(4)</sup>

the Independent Directors are of the view that there are no potential conflicts of interest relating to Tan Sri Lee arising from Tan Sri Lee's current interest and position as the CEO of KLK.

In the event that after completion of the Proposed Acquisition, Tan Sri Lee wishes either by himself or through a nominee to seek representation on the Board, such nomination will be subject to the approval and review of the Nominating Committee who will have regard to all relevant matters including evaluation of any potential conflicts of interest. In that event, the Nominating Committee will make such recommendation to the Board including safeguards to address any potential conflicts of interest where applicable.

**Notes:**

- (1) *The information relating to KLK in this Section 8.22.4 is derived from publicly available information on Bursa Malaysia as at the Latest Practicable Date. Bursa Malaysia and KLK have not consented to the inclusion of such information for the purposes of Section 249 of the SFA, and are therefore not liable for such information under Sections 253 and 254 of the SFA. While the Directors, the Liberty Directors, and the Sponsor and Financial Adviser have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of such information.*
- (2) *Assuming 75,000,000 Compliance Placement Shares are issued pursuant to the Proposed Compliance Placement.*
- (3) *Tan Sri Lee holds 0.01% of KLK directly and 46.61% of KLK through intermediaries.*
- (4) *This information is derived from the website of the IRDA at <<http://iskandarmalaysia.com.my/faq/>> accessed on 26 April 2016. IRDA has not consented to the inclusion of this statement, table, information or compilation, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, the Liberty Directors, and the Sponsor and Financial Adviser have taken reasonable actions to ensure that the information has been reproduced in its proper form and context and that the information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of the above information.*

## **8.22.5 Relevant Persons**

### **Tan Sri Dato' Surin Upatkoon<sup>(1)</sup>**

Tan Sri Dato' Surin Upatkoon has a 98.18% effective indirect interest in Casi. Metra holds all the shares in Liberty as nominee for Casi. As at the Latest Practicable Date, Metra holds 12.5% of the issued share capital of Liberty. Immediately upon completion of the Proposed Acquisition, Metra will own 119,402,985 Shares (being the Consideration Shares allotted and issued to Metra pursuant to the SPA) and its shareholding interest in the Company immediately after completion of the Proposed Acquisition and the Proposed Compliance Placement<sup>(2)</sup> will constitute approximately 10.38% of the enlarged issued share capital of the Company. As such, Tan Sri Dato' Surin Upatkoon will be a deemed 10.38% Shareholder immediately after completion of the Proposed Acquisition and the Proposed Compliance Placement. Tan Sri Dato' Surin Upatkoon is also a director of Liberty as at the Latest Practicable Date.

As at the Latest Practicable Date, Tan Sri Dato' Surin Upatkoon is a 36.63% shareholder and the managing director of MPH Capital Berhad, a company listed on the Main Market of Bursa Malaysia. MPH Capital Berhad and its subsidiaries ("**MPHB Group**") are mainly involved in the businesses of insurance and credit and investments. The MPH Group manages, *inter alia*, an oil palm plantation in Pengerang, Johor. The MPH Group has also entered into several joint venture agreements with third party developers ("**MPHB JVs**") to develop land owned by the



MPHB Group. However, under the MPHB JVAs, the MPHB Group as the owner of the lands does not have joint control and significant influence nor substantive rights over the relevant activity of these MPHB JVAs, and is only economically interested in a portion of the revenue from the developments.

In view that:

- (i) following completion of the Proposed Acquisition, Tan Sri Dato' Surin Upatkoon will become merely an investor of the Company and he currently does not intend to be appointed a Director nor nominate any representative to be a Director; and
- (ii) Tan Sri Dato' Surin Upatkoon will not be a Controlling Shareholder of the Company following completion of the Proposed Acquisition,

the Independent Directors are of the view that there are no potential conflicts of interest relating to Tan Sri Dato' Surin Upatkoon arising from Tan Sri Dato' Surin Upatkoon's current interest and position as the managing director of MPHB Capital Berhad.

In the event that after completion of the Proposed Acquisition, Tan Sri Dato' Surin Upatkoon wishes either by himself or through a nominee seek representation on the Board, such nomination will be subject to the approval and review of the Nominating Committee who will have regard to all relevant matters including evaluation of any potential conflicts of interest. In that event, the Nominating Committee will make such recommendation to the Board including safeguards to address any potential conflicts of interest where applicable.

**Notes:**

- (1) *The information relating to the MPHB Group in this Section 8.22.5 is derived from publicly available information on Bursa Malaysia as at the Latest Practicable Date. Bursa Malaysia and the MPHB Group have not consented to the inclusion of such information for the purposes of Section 249 of the SFA, and are therefore not liable for such information under Sections 253 and 254 of the SFA. While the Directors, the Liberty Directors, and the Sponsor and Financial Adviser have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information has been extracted accurately and fairly, none of the Directors, the Liberty Directors, the Sponsor and Financial Adviser or any other party, and their respective officers, agents and employees has conducted an independent review, or verified the accuracy of the contents, of such information.*
- (2) *Assuming 75,000,000 Compliance Placement Shares are issued pursuant to the Proposed Compliance Placemnt.*

## **8.23 Material Contracts**

### Group

Save for the following agreements, the Group has not entered into any contracts, other than contracts entered into in the ordinary course of business, within two (2) years preceding the date of this Circular, which are or may be material:

- (a) the deed of undertaking provided by Medeva Venture Limited to the Company on 7 July 2014 in relation to a moratorium on specified percentages of the Orientis Consideration Shares in three (3) tranches (for more information on the Medeva Undertaking, please refer to Section 3.2 of this Circular); and
- (b) the SH Loan Agreement dated 8 January 2015 between the Company and Phileo Capital in relation to Phileo Capital providing an interest-free loan of a principal sum of up to S\$5 million to the Company to be disbursed in one or more advances, each for such amount as the Company may require to meet its day-to-day operational expenses and working capital needs;
- (c) the novation agreement dated 3 February 2015 between the Company, HSR Realtors Pte Ltd and GB Global Pte Ltd in relation to the novation by HSR Realtors Pte Ltd to the Company of the joint venture agreement dated 11 November 2014 between HSR Realtors Pte Ltd and GB Global Pte Ltd in respect of the participation in a joint venture under the name of 3C Property Consultants Pte Ltd;

- (d) the sale and purchase agreement dated 11 May 2015 between the Company and Liew Siow Gian, Patrick in relation to the sale by the Company to Liew Siow Gian, Patrick of all ordinary shares in HSR International Realtors Pte Ltd for a consideration of S\$1.00;
- (e) the Independent Consultant Agreement dated 1 October 2015 between Orientis Solutions Sdn Bhd and Southville City Sdn Bhd in relation to the appointment of Orientis Solutions Sdn Bhd to provide project consulting services for a fee of RM60,000 per month for a term of two (2) years;
- (f) the SPA (please refer to Sections 1 and 2 of this Circular for more details on the SPA);
- (g) the letter dated 29 March 2016 from Phileo Capital to the Company in relation to the extension of the repayment date of the loan provided by Phileo Capital to the Company pursuant to the SH Loan Agreement to the earlier of (i) twelve (12) months from the date of approval of the FY2015 financial statements of the Group at the Company's annual general meeting that was convened on 29 April 2016; or (ii) such time when the Company is able to raise the necessary funds for the Group to meet its financial obligations when they fall due so that the Group can continue to operate as a going concern for a period of at least twelve (12) months from the date of approval of the FY2015 financial statements of the Group. The letter dated 29 March 2016 is superseded by the supplemental deed executed by Phileo Capital on 10 May 2016 in favour of the Company whereby Phileo Capital agreed to extend the repayment date of the loan provided under the SH Loan Agreement until the earlier of (i) 31 December 2017; or (ii) such time when the Company has raised the necessary funds for the Group to meet its financial obligations when they fall due so that the Group can continue to operate as a going concern for a period up to 31 December 2017;
- (h) The moratorium undertakings provided by (1) Icon Ventures, Phileo Capital, Golden Ring, Tan Sri Wan Azmi Bin Wan Hamzah and TMF Trustees on 10 June 2016; (2) Champion Brave and Tan Sri Lee on 13 June 2016; and (3) Metra, Casi, Hanton Capital Limited and Tan Sri Dato' Surin Upatkoon on 23 June 2016, in favour of, *inter alia*, the Company in connection with the Proposed Acquisition as described in Section 3.1 of this Circular; and
- (i) the Non-Compete Undertaking provided by Datuk Tong on 21 June 2016 in favour of, *inter alia*, the Company as described in Section 8.22.2 of this Circular.

#### Liberty

Please refer to the section entitled "Material Contracts" in Appendix A: Information on Liberty from pages 107 to 108 of this Circular for information on material contracts in relation to Liberty.

## **8.24 Material Litigation**

#### Group

The Group is not engaged, in the last 12 months before the date of this Circular, in any litigation or arbitration proceedings, either as plaintiff or defendant, which may have a material effect on its financial position or profitability of the Group, and the Directors have no knowledge of any proceedings pending or known to be contemplated against the Group or any information likely to give rise to any litigation, claims or proceedings which may have a material effect on the financial position or the profitability of the Group.

#### Liberty

Please refer to the section entitled "Material Litigation" in Appendix A: Information on Liberty at page 108 of this Circular for information on material litigation in relation to Liberty.

## 9 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 9.1 Interests of Directors and Substantial Shareholders in Shares

The interests of the Directors and Substantial Shareholders of the Company (both direct and deemed) in the Shares as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders' shareholdings kept by the Company are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Directors</b>						
Datuk Tong <sup>(1)</sup>	–	–	65,368,500	54.51	65,368,500	54.51
Yii Hung Due @ Bill Yii <sup>(2) (10)</sup>	10,000	0.008	–	–	10,000	0.008
<b>Substantial Shareholders</b>						
Phileo Capital <sup>(3)</sup>	65,368,500	54.51	–	–	65,368,500	54.51
TMF Trustees <sup>(4)</sup>	–	–	65,368,500	54.51	65,368,500	54.51
Lim Sook Lin <sup>(5)</sup>	13,000,000	10.84	2,000,000	1.67	15,000,000	12.51
Liew Siow Gian Patrick <sup>(6)</sup>	2,000,000	1.67	13,000,000	10.84	15,000,000	12.51
Medeva Venture Limited <sup>(7)</sup>	21,348,571	17.80	–	–	21,348,571	17.80
Ong Chou Wen <sup>(8)</sup>	–	–	21,348,571	17.80	21,348,571	17.80
Tung Shao Yin <sup>(9)</sup>	–	–	21,348,571	17.80	21,348,571	17.80

#### Notes:

- (1) By virtue of Section 4 of the SFA, Datuk Tong is deemed interested in the 65,368,500 Shares held by Phileo Capital as he is the sole ultimate beneficial owner of Phileo Capital through TMF Trustees, the trustee of a family trust of which Datuk Tong is the sole beneficiary.
- (2) The entire 10,000 Shares are held in the name of RHB Securities Singapore Pte Ltd.
- (3) The entire 65,368,500 Shares are held in the name of CIMB Securities (Singapore) Pte Ltd.
- (4) By virtue of Section 4 of the SFA, TMF Trustees is deemed interested in the 65,368,500 Shares held by Phileo Capital as it is the sole registered shareholder of the entire issued and paid up share capital of Phileo Capital.
- (5) The entire 13,000,000 Shares are held in the name of Raffles Nominees (Pte) Ltd. Ms. Lim Sook Lin is the spouse of Mr. Liew Siow Gian Patrick and is deemed to be interested in the 2,000,000 Shares held directly by Mr. Liew Siow Gian Patrick.
- (6) Mr. Liew Siow Gian Patrick is the spouse of Ms. Lim Sook Lin and is deemed to be interested in the 13,000,000 Shares held directly by Ms. Lim Sook Lin.
- (7) The entire 21,348,571 Shares are held in the name of UOB Kay Hian Pte Ltd.
- (8) By virtue of Section 4 of the SFA, Ong Chou Wen is deemed interested in the 21,348,571 Shares held by Medeva Venture Limited as he holds 50% of the issued and paid up share capital of Medeva Venture Limited.
- (9) By virtue of Section 4 of the SFA, Tung Shao Yin is deemed interested in the 21,348,571 Shares held by Medeva Venture Limited as she holds 50% of the issued and paid up share capital of Medeva Venture Limited.
- (10) Mr. Yii Hung Due @ Bill Yii is the lead independent Director of the Company.

### 9.2 Interests of Directors and Substantial Shareholders in the Proposed Transactions

Save as disclosed in this Circular, none of the Directors and, as far as the Directors are aware, none of the Controlling Shareholders, has any interest, direct or indirect, in the Proposed Transactions.

## 10 DIRECTORS' RECOMMENDATIONS

### 10.1 Abstention

In view of Datuk Tong's interest in the Proposed Acquisition as described in Section 4.2 above, Datuk Tong and Ms Tong (who is Datuk Tong's sister) will abstain, as Directors, from making any recommendation to the Shareholders on the Proposed Acquisition.

## 10.2 Recommendations

Having considered and reviewed, among other things, the advice from the IFA, the terms and conditions, rationale and financial effects of the Proposed Acquisition, the valuation of Liberty and the CN Lands by the Liberty Valuer and the Land Valuer, the Group's Remaining Businesses and all other relevant information set out in this Circular, the Independent Directors are unanimously of the opinion that the Proposed Acquisition is in the best interests of the Company, and accordingly, they recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Acquisition.

Having considered and reviewed, among other things, the terms and conditions, rationale and financial effects of the Proposed Compliance Placement and all other relevant information set out in this Circular, the Directors are unanimously of the opinion that the Proposed Compliance Placement is in the best interests of the Company, and accordingly, they recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Compliance Placement.

## 10.3 No Regard to Specific Objectives

Shareholders, in deciding whether to vote in favour of the resolutions, should consider carefully the advice of the IFA with respect to the ordinary resolution relating to the Proposed Acquisition (in particular, the various factors highlighted by the IFA in its IFA Letter) and read carefully the terms and conditions, rationale and financial effects of the Proposed Transactions. In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

## 11 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 216 to 217 of this Circular, will be held on 14 July 2016 at 10.00 a.m. at 3 Lorong 6 Toa Payoh #01-01, Singapore 319378 for the purpose of considering and, if thought fit, passing, with or without any modifications, the ordinary resolutions set out in the Notice of EGM.

**Shareholders should note that the Ordinary Resolutions 1 and 2 (relating to the Proposed Acquisition and the Proposed Compliance Placement) as set out in the Notice of EGM are inter-conditional. This means that if any one of the resolutions is not approved, the other resolution would not be duly passed.**

## 12 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the proxy form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible at the Company's registered office at 3 Lorong 6 Toa Payoh #01-01, Singapore 319378 not less than 48 hours before the time fixed for the EGM. The completion and return of the proxy form by such Shareholder will not prevent him from attending and voting in person at the EGM in place of his proxy should he subsequently wish to do so.

A Depositor is not regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears of the Depository Register as certified by CDP, not less than 48 hours before the EGM.

Phileo Capital's shareholding in the Company as at the Latest Practicable Date constitutes approximately 54.51% of the Company's total issued Shares. In view of Phileo Capital's interest in the Proposed Acquisition as described in Section 4.2 above, Phileo Capital will abstain, and has undertaken to ensure that its Associates will abstain, from voting in respect of the ordinary

resolution relating to the Proposed Acquisition. Further, Phileo Capital shall decline, and shall ensure that its Associates decline, to accept appointment as proxy(ies) to vote in respect of the ordinary resolution relating to the Proposed Acquisition for other Shareholders unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast in respect of the ordinary resolution relating to the Proposed Acquisition.

## **13 RESPONSIBILITY STATEMENTS**

### **13.1 Board of Directors**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (save for information relating to the Vendors, Ultimate Vendor Owners, and Liberty (other than information relating to Liberty known to the Company as a result of the PMSA Services and Book-Keeping Services as specified in footnote (1) below)) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

### **13.2 Liberty Directors**

The Liberty Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular relating to the Proposed Acquisition, Liberty (save for financial information relating to Liberty as specified in footnote (2) below), the Vendors, and the Ultimate Vendor Owners, and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, Liberty, the Vendors, and the Ultimate Vendor Owners, and the Liberty Directors are not aware of any facts the omission of which would make any statement in respect of the Proposed Acquisition, Liberty, the Vendors, and the Ultimate Vendor Owners in this Circular misleading.

Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Liberty Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

### **13.3 Sponsor and Financial Adviser**

CIMB, the Sponsor and Financial Adviser to the Company, confirms that to the best of its knowledge and belief, having made reasonable enquiries, and based on the information provided by or on behalf of the Company, Vendors and Liberty Directors, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and it is not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Sponsor and the Financial Adviser has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

#### **Notes:**

- (1) *Information relating to Liberty in this Circular which is known to the Company as a result of the PMSA Services and Book-Keeping Services in Sections 2.1, 2.2, 7, 8.1, 8.6.1, 8.6.2, 8.7, 8.21.3, 8.21.4, and 8.21.5 of this Circular and paragraphs 1.1, 1.2, 2 to 8, 10 to 21, 23, 25, and 26.4 of Appendix A: Information on Liberty. Please refer to Sections 8.21.5(c) and (d) of this Circular for more details on the PMSA Services and Book-Keeping Services.*
- (2) *The financial information is set out in Sections 2.2 and 7 of this Circular and paragraphs 3 to 5 and 7 of Appendix A: Information on Liberty.*

## 14 MISCELLANEOUS

### 14.1 Consents

- (a) CIMB, the Sponsor and Financial Adviser to the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.
- (b) David Lim & Partners LLP, the Legal Adviser to the Company as to Singapore Law, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.
- (c) Rahmat Lim & Partners, the Legal Adviser to the Company as to Malaysia Law, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.
- (d) Deloitte, Singapore, the Auditors to the Company for FY2015 and Reporting Accountants to the Company in respect of Liberty and the Enlarged Group, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of:
  - (i) its name and all references thereto;
  - (ii) the Independent Auditors' Report on the Financial Statements of Liberty for FY2015, FY2014 and FY2013 set out in Appendix E of this Circular; and
  - (iii) the Report on the Compilation of Unaudited Pro Forma Financial Information of the Enlarged Group set out in Appendix F of this Circular,in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.
- (e) Deloitte, Malaysia, the Auditors to Liberty for FY2014 and FY2015, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto, in the form and context in which they are included in this Circular.
- (f) Ernst & Young LLP, the Auditors to the Company for FY2013 and FY2014, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto, in the form and context in which they are included in this Circular. Ernst & Young LLP has also indicated that the auditor's reports on the consolidated financial statements for FY2013 and FY2014 have been prepared solely for the purpose and in the context of the Company's statutory filing requirements with the Accounting and Corporate Regulatory Authority at that point in time and have not been prepared for the specific purpose of inclusion in this Circular. As such, Ernst & Young LLP's consent to the issue of this Circular with the inclusion herein of its name and all references thereto, should not be construed in any way as updating or refreshing the aforementioned auditor's report. The aforementioned auditor's report was intended for, and only for, the benefit of those to whom it was addressed to and for no other purpose. Ernst & Young LLP does not accept or assume responsibility to anyone except to those whom the report was addressed at the date of issue.
- (g) Kwong & Wong (AF 001908), the Auditors to Liberty for FY2013, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto, in the form and context in which they are included in this Circular.



- (h) Xandar, the IFA in respect of the Proposed Acquisition, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of:
- (i) its name and all references thereto; and
  - (ii) the IFA Letter set out in Appendix B of this Circular,
- in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.
- (i) Mazars, the Liberty Valuer, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of:
- (i) its name and all references thereto; and
  - (ii) the Valuation Report on Liberty set out in Appendix C of this Circular,
- in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.
- (j) Raine & Horne, the Land Valuer, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of:
- (i) its name and all references thereto; and
  - (ii) the Valuation Report on the CN Lands set out in Appendix D of this Circular,
- in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

Each of the Legal Adviser to the Company as to Singapore Law, the Legal Adviser to the Company as to Malaysia Law, the Principal Bankers to the Group, the Principal Banker to Liberty and the Share Registrar of the Company does not make, or purport to make, any statement in this Circular or any statement upon which a statement in this Circular is based and makes no representation express or implied regarding, and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for, any statements, information or opinions in or any omissions from this Circular.

#### **14.2 Documents Available for Inspection**

Copies of the following documents may be inspected at the Company's registered office at 3 Lorong 6 Toa Payoh #01-01, Singapore 319378 during normal business hours for a period of six (6) months from the date of this Circular:

- (a) the SPA;
- (b) the material contracts referred to in Section 8.23 of this Circular and the section entitled "Material Contracts" in Appendix A: Information on Liberty from pages 107 to 108 of this Circular;
- (c) the IFA Letter set out in Appendix B of this Circular;
- (d) the Valuation Report on Liberty set out in Appendix C of this Circular;
- (e) the Valuation Report on the CN Lands set out in Appendix D of this Circular and the full valuation report dated 10 March 2016 on the CN Lands;
- (f) the Independent Auditors' Report on the Financial Statements of Liberty for FY2015, FY2014 and FY2013 set out in Appendix E of this Circular;



- (g) the Report on the Compilation of Unaudited Pro Forma Financial Information of the Enlarged Group set out in Appendix F of this Circular;
- (h) the audited financial statements of Liberty for FY2013, FY2014 and FY2015 prior to restatement to IFRS;
- (i) the Memorandum and Articles of Association of the Company; and
- (j) the letters of consent referred to in Section 14.1 of this Circular.

**14.3 Additional Information**

Your attention is drawn to the additional information set out in the Appendices to this Circular.

Yours faithfully

For and on behalf of the Board of Directors of  
**3Cnergy Limited**

## APPENDIX A: INFORMATION ON LIBERTY

### 1. Background and History

Liberty (Company Registration Number 929176-U) is a private company limited by shares incorporated in Malaysia on 11 January 2011. As at the Latest Practicable Date, Liberty has an issued and paid-up share capital of RM178,440,000 comprising 178,440,000 ordinary shares of RM1.00 each. Liberty does not have any subsidiaries or associated companies.

#### 1.1 CN Lands

On 4 July 2013, Liberty completed the acquisition of twelve (12) parcels of undeveloped lands in Puteri Harbour, Johor Bahru, Malaysia from UEM Land Berhad and Bandar Nusajaya Development Sdn Bhd for an aggregate consideration of approximately RM400 million, using substantially borrowings from PBB and loans from its shareholders.

Liberty subsequently sold two (2) parcels of the lands that it had acquired to Flair Venture Sdn Bhd on 8 April 2014 for a consideration of approximately RM80.66 million ("**Liberty Land Disposal**"). The Liberty Land Disposal completed on 21 January 2015.

The remaining ten (10) parcels of undeveloped lands measure in aggregate approximately 37.4 acres. For the purpose of developing the lands, Liberty applied to the State Government of Johor and obtained its approval for the surrender and re-alienation of the ten (10) parcels of land, which also entailed acquisition of additional land from the State Government of Johor ("**Surrender and Re-alienation**"). Upon re-alienation, Liberty will receive three (3) new parcels of land that will measure in aggregate approximately 42.7 acres. As at the Latest Practicable Date, Liberty has paid the requisite land premium and surrendered the ten (10) parcels of land for re-alienation, and is awaiting the issuance of the new land titles for the three (3) new parcels of land. The new land titles for the three (3) new parcels of land will likely be issued by the fourth quarter of 2016.

For more details on the CN Lands before and after the Surrender and Re-alienation, please refer to paragraph 15.1 of this Appendix A.

#### 1.2 Plans for development of the CN Lands

Liberty intends to develop the CN Lands into a mixed-use development featuring the largest tropical "Rambla" in Nusajaya, Malaysia. It consists of SOHO, serviced apartments, condominium, office lots, office tower, hotel, street front retail and activity retail, a mixed development with predominantly residential components and complemented with retail and commercial developments. Please refer to Section 8.6.3 of the Circular for details on the Company's plans for development of the CN Lands.

#### 1.3 Shareholders and Directors of Liberty

The shareholders of Liberty (and their respective shareholdings in brackets) as at the Latest Practicable Date are as follows:

- (a) Icon Ventures (50.0%);
- (b) Champion Brave (25.0%);
- (c) Golden Ring (12.5%); and
- (d) Metra (12.5%, shares held as nominee for Casi),

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

The ultimate owners of the Vendors ("**Ultimate Vendor Owners**") are as follows:

- (a) Icon Ventures – Datuk Tong;
- (b) Champion Brave – Tan Sri Lee;
- (c) Golden Ring – Tan Sri Wan Azmi bin Wan Hamzah; and
- (d) Metra<sup>(1)</sup> – Tan Sri Dato' Surin Upatkoon<sup>(2)</sup>

Please refer to Annex 1 to this Appendix A for a brief background of the profile of the Ultimate Vendor Owners.

The directors of Liberty as at the Latest Practicable Date are as follows:

- (a) Tan Sri Wan Azmi bin Wan Hamzah;
- (b) Mr Lee Jia Zhang;
- (c) Tan Sri Dato' Surin Upatkoorn; and
- (d) Mr Edward Lee Eng Chew.

**Notes:**

- (1) *Metra is holding all the shares in Liberty as nominee for Casi.*
- (2) *Tan Sri Dato' Surin Upatkoorn's total effective indirect interest in Casi is approximately 98.18%.*

## 2. Principal Business

Liberty owns the CN Lands, and is a vehicle for the Vendors to jointly develop the CN Lands.

On 31 January 2014, Liberty appointed Orientis, a wholly owned subsidiary of the Company, as the project manager to undertake the entire development of the CN Lands. Pursuant to the engagement, Orientis has undertaken preparatory work necessary for the development of the CN Lands, including but not limited to applications for master planning approvals, the Surrender and Re-alienation, as well as the appointment of and liaison with relevant professionals and consultants.

As at the Latest Practicable Date, save for the preparatory work as described above, Liberty has not commenced any other business activities since its incorporation.

## 3. Selected Financial Information of Liberty

The following selected financial information of Liberty should be read in conjunction with the full text of the Circular, including this Appendix A and Appendix E: Independent Auditors' Report on the financial statements of Liberty for FY2015, FY2014 and FY2013.

### Audited Statements of Comprehensive Income of Liberty

RM'000	FY2013	FY2014	FY2015
Revenue	–	–	–
Cost of Sales	–	–	–
Gross Profit	–	–	–
Interest income	371	14	443
Other operating expenses	(1,199)	(147)	(664)
Staff costs	–	–	(100)
Finance costs	(683)	(1,890)	(60)
<b>Loss before tax</b>	<b>(1,511)</b>	<b>(2,023)</b>	<b>(381)</b>
Tax credit	–	–	–
<b>Loss for the financial year representing total comprehensive loss for the financial year</b>	<b>(1,511)</b>	<b>(2,023)</b>	<b>(381)</b>
<b>Loss per share attributable to the owners of the Company (sen per share)</b>			
Basic	(2.25)	(2.02)	(0.37)
Diluted	(2.25)	(2.02)	(0.37)

## Audited Statements of Financial Position of Liberty

<b>RM'000</b>	<b>As at 31 December 2015</b>
<b>ASSETS</b>	
<b>Current Asset</b>	
Cash and bank balances	513
<b>Non-Current Asset</b>	
Land held for property development	409,246
<b>Total Assets</b>	<b>409,759</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Current Liabilities</b>	
Trade and other payables	2,240
Bank borrowings	33,000
Total Current Liabilities	<b>35,240</b>
<b>Net Current Liabilities</b>	<b>(34,727)</b>
<b>Non-Current Liability</b>	
Bank borrowings	200,000
<b>Total Liabilities</b>	<b>235,240</b>
<b>Net Assets</b>	<b>174,519</b>
<b>Capital and Reserves</b>	
Share Capital	178,440
Accumulated losses	(3,921)
<b>Total Equity</b>	<b>174,519</b>

#### **4. Management's Discussion and Analysis of Financial Condition and Results of Operation of Liberty**

##### **Overview**

Liberty is a Malaysia-based company that owns the CN Lands and is a vehicle for the Vendors to develop the CN Lands. As at the Latest Practicable Date, save for preparatory work necessary for the development of the CN Lands as described in paragraph 2 of this Appendix A, Liberty has not commenced any other business activities since its incorporation.

##### **Revenue**

As at the Latest Practicable Date, Liberty has not launched the sale of the CN Lands and no revenue is recognised.

Liberty will recognise revenue from property development when each distinct performance obligation promised in the contract with customer is satisfied and the control of the properties is transferred to the customer. Should there be sales relating to the properties, the revenue will be recognised in accordance with the relevant financial reporting standards and these will range from progress billing methods to completion methods.

Liberty's future revenue will be dependent on the following factors:

- (a) Demand and sales volume of the CN Lands development;
- (b) Sale price of the units in the CN Lands development;

- (c) Changes in government policies in Malaysia;
- (d) The availability of mortgage financing available to the purchasers of the CN Lands development;
- (e) Timing and duration of the development of the CN Lands; and
- (f) Market sentiment, market competition and general economic conditions.

Please refer to Section 8.7 entitled “Risk Factors” of this Circular for other factors which may affect Liberty’s revenue and financial performance.

### **Cost of sales**

As at the Latest Practicable Date, Liberty has not launched the sales of the CN Lands and no cost of sales is incurred.

Liberty’s cost of sales will comprise costs incurred in relation to the development of the CN Lands. Currently, the costs incurred in relation to the development are capitalised as development costs and will be charged out as cost of sales when the project is launched.

Liberty’s cost of sales which will be mainly dependent on the following factors:

- (a) Liberty’s ability to secure main contractors or sub-contractors with the requisite skills at competitive costs;
- (b) Changes made by Liberty to subsisting development plans which may result in Liberty incurring government levies;
- (c) Changes in labour costs;
- (d) Changes in the construction costs or the supply of skilled workers in the property and construction sector; and
- (e) Liberty’s ability to manage the project costs of the development of the CN Lands and avoid cost overruns.

### **Gross profit**

Gross profit is determined after deducting cost of sales from Liberty’s revenue.

### **Interest income**

Interest income from placements of excess funds in fixed deposits and from the money market. Interest income amounted to approximately RM0.37 million, RM0.01 million and RM0.44 million in FY2013, FY2014 and FY2015, respectively.

### **Other operating expenses and staff costs**

Other operating costs and staff costs that will be incurred by Liberty mainly comprises (i) sales and distribution expenses when the CN Lands development is launched and (ii) administrative expenses. Liberty’s total operating costs and staff costs amounted to approximately RM1.20 million, RM0.15 million and RM0.76 million in FY2013, FY2014 and FY2015 respectively.

### Sales and distribution expenses

Liberty’s sales and distribution expenses will consist primarily of (i) advertising expenses and (ii) other expenses related to the sales and marketing of the CN Lands development, such as showroom expenses.

No sales and distribution expenses were incurred by Liberty in FY2013, FY2014 and FY2015 as it has not commenced development of the CN Lands.

#### Administrative expenses

Liberty's administrative expenses will consist primarily of (i) depreciation charges of assets; (ii) staff salaries and employee-related expenses including remuneration payable to directors and administrative staff and staff training costs; (iii) professional fees such as audit fees, tax fees and legal fees; (iv) business administration expenses such as travel and transport claims and expenses; and (v) other general administrative office expenses.

Liberty's administrative expenses amounted to approximately RM1.20 million, RM0.15 million and RM0.76 million in FY2013, FY2014 and FY2015 respectively.

#### **Finance costs**

Liberty's finance costs mainly comprises interest expense on bank borrowings obtained to finance the acquisition of the land held for development which was subsequently disposed of in January 2015 pursuant to the Liberty Land Disposal.

Finance costs incurred amounted to approximately RM0.68 million, RM1.89 million and RM0.06 million in FY2013, FY2014 and FY2015 respectively.

#### **Taxation**

Liberty was subject to income tax in Malaysia for FY2013, FY2014 and FY2015. The statutory corporate tax rate in Malaysia for FY2013, FY2014 and FY2015 was 25%, which will be reduced to 24% with effect from the year of assessment 2016 onwards.

Liberty was in a loss-making position for FY2013, FY2014 and FY2015 and hence did not incur any current tax expense in FY2013, FY2014 and FY2015. Accordingly, there is no estimated tax payable in FY2015.

#### **Seasonality of Liberty's Business**

Liberty's business will not generally be affected by seasonal changes in demand. However, Liberty's financial performance may fluctuate from year to year, depending on, *inter alia*, factors such as timing of construction milestones, future developments in the property market in Malaysia, and changes to existing policies and regulations governing the property development sector in Malaysia. For a non-exhaustive summary of applicable laws and regulations in Malaysia governing the property development sector, please refer to Appendix G: Summary of Applicable Laws and Regulations in Malaysia, as well as Appendix H: Taxation.

### **RESULTS OF OPERATIONS**

#### **Breakdown of past performance by business divisions and geographical markets**

Liberty has not launched any projects or generated any revenue in FY2013, FY2014 and FY2015. Accordingly, a segmentation of the financial performance of Liberty by business division or by geographical region will not be meaningful.

### **REVIEW OF PAST PERFORMANCE**

#### **FY2014 vs FY2013**

##### Revenue

Liberty has not launched any project in FY2013 and FY2014 and did not recognise any revenue for FY2013 and FY2014 respectively.



#### Cost of sales

Liberty has not launched any project in FY2013 and FY2014 and did not incur any costs of sales for FY2013 and FY2014 respectively.

#### Gross profit and gross profit margin

Liberty did not recognise any revenue and incur any costs of sales for FY2013 and FY2014.

#### Interest income

Interest income of Liberty decreased by approximately RM0.36 million or 97%, from approximately RM0.37 million in FY2013 to approximately RM0.01 million in FY2014 mainly due to the absence of additional short term interest income Liberty had earned from the placements of funds earmarked for the purchase of land in FY2013.

#### Other operating expenses

Liberty's total other operating expenses decreased by approximately RM1.05 million or 88%, from RM1.20 million in FY2013 to approximately RM0.15 million in FY2014 mainly due to a decrease in administrative expenses of approximately RM1.05 million in FY2014.

#### Administrative expenses

Liberty's administrative expenses decreased by approximately RM1.05 million or 88%, from RM1.20 million in FY2013 to approximately RM0.15 million in FY2014. The decrease in administrative expenses was mainly attributable to the payment of stamp duty for TL 1 and TL 2 amounting to approximately RM1.0 million in FY2013.

#### Finance costs

Liberty's finance costs increased by approximately RM1.21 million or 178% from approximately RM0.68 million in FY2013 to RM1.89 million in FY2014. This is mainly due to additional interest costs arising from the portion of interest from TL 1 and TL 2 in relation to acquisition of the two parcels of land held for development in 2013 which were subsequently disposed of in January 2015 pursuant to the Liberty Land Disposal. A full year finance costs was incurred in FY2014 as compared to four months finance costs in FY2013.

#### Loss before tax

Liberty's loss before tax increased by approximately RM0.51 million or 34%, from approximately RM1.51 million in FY2013 to approximately RM2.02 million in FY2014. This was mainly attributable to increases in finance costs of approximately RM1.21 million, a decrease of interest income of approximately RM0.36 million, offset by a decrease in other operating expenses of approximately RM1.05 million.

### **FY2015 vs FY2014**

#### Revenue

Liberty has not launched any project in FY2014 and FY2015 and did not recognise any revenue for FY2014 and FY2015 respectively.

#### Cost of sales

Liberty has not launched any project in FY2014 and FY2015 and did not incur any costs of sales for FY2014 and FY2015 respectively.

#### Gross profit and gross profit margin

Liberty did not recognise any revenue and incur any costs of sales for FY2014 and FY2015.

### Interest income

Interest income of Liberty increased by approximately RM0.43 million or 4,300%, from approximately RM0.01 million in FY2014 to approximately RM0.44 million in FY2015 due to interest income earned from the placement of funds from the proceeds of the Liberty Land Disposal which was completed in January 2015.

### Other operating expenses and staff costs

Liberty's total other operating expenses and staff costs increased by approximately RM0.61 million or 407% from approximately RM0.15 million in FY2014 to approximately RM0.76 million in FY2015 due to increases in administrative expenses of approximately RM0.61 million in FY2015.

### Administrative expenses

Liberty's administrative expenses increased by approximately RM0.61 million or 407%, from RM0.15 million in FY2014 to approximately RM0.76 million in FY2015. The increase in administrative expenses was mainly attributable to a loss on disposal of RM0.30 million arising from the Liberty Land Disposal, salaries and employee-related expenses paid to director of RM0.10 million and payment of stamp duty for RC 2 and RC 3 amount to approximately RM0.18 million.

### Finance costs

Liberty's finance costs decreased by approximately RM1.83 million or 97%, from approximately RM1.89 million in FY2014 to RM0.06 million in FY2015. This was mainly due to portion of interest expenses from TL 1 and TL 2 in relation to the two parcels of land held for development no longer being incurred subsequent to the Liberty Land Disposal.

### Loss before tax

Liberty's loss before tax decreased by approximately RM1.64 million or 81%, from approximately RM2.02 million in FY2014 to approximately RM0.38 million in FY2015. This was mainly attributable to a decrease in finance costs of approximately RM1.83 million, an increase in other interest income of approximately RM0.43 million, partially offset by an increase in other operating expenses and staff costs approximately RM0.61 million.

## **REVIEW OF FINANCIAL POSITION**

### **As at 31 December 2015**

#### Non-current assets

As at 31 December 2015, the non-current assets of Liberty amounted to approximately RM409.24 million and accounted for approximately 100% of total assets. Non-current assets refers to land held for property development which represented land costs of approximately RM357.67 million, stamp duty of approximately RM9.60 million, interest on loan of approximately RM20.47 million, consultancy fees of approximately RM7.62 million and other development expenditures.

#### Current assets

As at 31 December 2015, the current assets of Liberty amounted to RM0.51 million and it comprised cash and bank balances. Please refer to the section entitled "Liquidity and Capital Resources" on page 97 in this Appendix A for a summary of the cash flows of Liberty for FY2013, FY2014 and FY2015.

#### Non-current liability

As at 31 December 2015, Liberty had term loan facilities of RM200 million from PBB which accounted for approximately 85% of the total liabilities. The interest rate for the term loans is 1.1% per annum over PBB's cost of funds. These term loans were secured by a charge over the CN Lands and a general debenture that created a fixed and floating charge over the assets of Liberty.

### Current liabilities

As at 31 December 2015, the current liabilities of Liberty Bridge amounted to RM35.24 million constituting approximately 15% of the total liabilities. Liberty's current liabilities mainly comprised the following:

- (a) Trade and other payables of approximately RM2.24 million which mainly comprised (i) trade payables of approximately RM1.06 million; (ii) amount due to shareholders of approximately RM0.32 million which arose mainly from unsecured advances and expenses paid on behalf of Liberty; and (iii) accrued expenses of RM0.86 million relating to accrued finance costs amounting to approximately RM0.82 million and accrued professional fees such as audit and tax fees, costs to increase the authorised share capital and other general administrative expenses of approximately RM0.04 million; and
- (b) Bank borrowings of RM33 million which accounted for approximately 14% of total liabilities, and comprised several revolving credit facilities from PBB for interest rates of either 1.1% or 1.2% per annum over PBB's cost of funds. The revolving credit facilities were secured by a charge over the CN Lands and a second general debenture that created a fixed and floating charge over the assets of Liberty.

Please refer to the sections entitled "Capitalisation and Indebtedness" and "Borrowings" at paragraphs 7 and 8 of this Appendix A for more details on Liberty's borrowings.

### Total Equity

As at 31 December 2015, the total equity of Liberty amounted to approximately RM174.52 million which comprised share capital of approximately RM178.44 million and accumulated losses of approximately RM3.92 million.

## **LIQUIDITY AND CAPITAL RESOURCES**

The following table sets forth a summary of the cash flows of Liberty for FY2013, FY2014 and FY2015.

<b>(RM'000)</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Net cash flows used in operating activities	(394,108)	(8,888)	(5,215)
Net cash flows used in investing activities	–	(123)	(4)
Net cash flows generated from financing activities	369,020	7,103	5,536
Net (decrease)/increase in cash and bank balances	(25,088)	(1,908)	317
Cash and cash equivalents at beginning of the year	27,065	1,977	69
Cash and cash equivalents at end of the year	1,977	69	386

### **FY2015**

In FY2015, Liberty recorded a net cash outflow from operating activities of approximately RM5.22 million, which was a result of operating loss before changes in working capital of approximately RM0.47 million, adjusted for net working capital outflows of approximately RM4.75 million. The net working capital outflows were mainly due to the following:

- (a) Cash outflows for expenditure on land held for property development of approximately RM44.39 million; and
- (b) Cash outflows from a decrease in trade and other payables of approximately RM2.93 million.

The aforesaid working capital cash outflows were partially offset by:

- (a) Proceeds from disposal of land held for property development of approximately RM42.13 million; and
- (b) Interest income of approximately RM0.44 million.

Net cash outflow from investing activities amounted to approximately RM4,000, which was mainly due to increase in fixed deposits pledged with PBB arising from interest earned.

Net cash inflows from financing activities amounted to approximately RM5.54 million, which were mainly attributable to cash inflows of approximately RM34.70 million from bank borrowings drawn down, offset by cash outflows of approximately RM18.65 million used for the repayment of term loan, and approximately RM10.36 million used for the repayment of bank interest.

#### **FY2014**

In FY2014, Liberty recorded a net cash outflow from operating activities of approximately RM8.89 million, which was a result of operating losses before changes in working capital of approximately RM0.15 million, adjusted for net working capital outflows of approximately RM8.74 million. The net working capital outflows were mainly due to the following:

- (a) Cash outflows for development costs of approximately RM12.08 million; and
- (b) Cash outflows of approximately RM0.14 million of expenditure on land held for property development.

The aforesaid working capital cash outflows were partially offset by:

- (a) Cash inflows from an increase in trade and other payables of approximately RM3.48 million; and
- (b) Interest income of approximately RM0.01 million.

Net cash outflows from investing activities amounted to approximately RM0.12 million, which were mainly due to cash outflows for fixed deposits pledged with PBB of approximately RM0.12 million.

Net cash inflows from financing activities amounted to approximately RM7.10 million, which were mainly attributable to cash inflows of approximately RM16.95 million from bank borrowings drawn down and offset by cash outflows of approximately RM9.85 million used for the repayment of bank interests.

#### **FY2013**

In FY2013, Liberty recorded a net cash outflow from operating activities of approximately RM394.11 million, which was a result of operating losses before changes in working capital of approximately RM1.20 million, adjusted for net working capital outflows of approximately RM392.91 million. The net working capital outflows were mainly due to the following:

- (a) Cash outflows for development costs of approximately of RM311.32 million; and
- (b) Cash outflow of approximately RM83.32 million of expenditure on land held for property development.

The aforesaid outflows were partially offset by cash inflows from an increase in trade and other payables of approximately RM1.36 million and interest income of approximately RM0.37 million.

There was no net cash flow movement from investing activities.

Net cash inflows from financing activities amounted to approximately RM369.02 million, which were mainly attributable to the following:

- (a) Cash inflows of approximately RM200 million from bank borrowings drawn down;
- (b) Proceeds of approximately RM80 million from the issuance of 79,999,800 shares in year 2013; and
- (c) Increase in amount due to shareholders amounted to approximately RM91.91 million.

The aforesaid cash inflows from financing activities were partially offset by approximately RM2.89 million utilised for the repayment of bank interest.

## SIGNIFICANT ACCOUNTING POLICY CHANGES

Please refer to the section “Significant Accounting Policies” in the “Independent Auditors’ Report on the Financial Statements of Liberty for FY2015, FY2014 and FY2013 as set out in Appendix E of this Circular for details on Liberty’s accounting policies.

There has been no significant change in the accounting policies of Liberty from FY2013 to FY2015.

## 5. Capital Expenditure, Divestments and Commitments

### 5.1 Capital Expenditures and Divestments

Capital expenditure and divestments made by Liberty in FY2013, FY2014, FY2015, and for the period from 1 January 2016 to the Latest Practicable Date were as follows:

RM'000	FY2013	FY2014	FY2015	From 1 January 2016 to the Latest Practicable Date
<b>Expenditures</b>				
Land held for property development	83,320	83,467	409,246	415,322
Property development cost	334,648	354,691	–	–
Total expenditures	417,968	438,158	409,246	415,322
<b>Divestments</b>				
Land held for property development	–	–	83,603	–
Total divestments	–	–	83,603	–

During the periods under review, the capital expenditure and divestments were mainly due to land held for property development.

The above capital expenditures above were primarily financed by share capital, shareholders’ loan and bank borrowings.

As at the Latest Practicable Date, there is no material expenditure and divestment of capital investment by Liberty which is in progress.

### 5.2 Capital Commitments

As at the Latest Practicable Date, Liberty does not have any capital commitments.

### 5.3 Operating Lease Commitments

As at the Latest Practicable Date, Liberty does not have any operating lease commitments.

## 6. Foreign Exchange Exposure and Exchange Controls

### 6.1 Foreign Exchange Exposure

The accounting records of Liberty are maintained in RM as it is Liberty’s country of domicile. Liberty’s reporting currency is also in RM. Liberty’s revenue and purchases are denominated almost entirely in RM.

At present, Liberty's revenue and purchases are denominated almost entirely in RM and therefore, Liberty deems it is not necessary to have a formal foreign currency hedging policy with respect to its foreign exchange exposure, and it has not used any financial hedging instruments to manage its foreign exchange risks as the exposure is deemed to be insignificant. Liberty will continue to monitor its foreign exchange exposure in future and will consider use of hedging instruments to manage its foreign exchange exposure should the need arise.

## 6.2 Foreign Exchange Controls

For a brief summary of exchange controls in Malaysia, please refer to Appendix G: Summary of Applicable Laws and Regulations in Malaysia.

## 7. **Capitalisation and Indebtedness**

The following table shows the cash and cash equivalents as well as the capitalisation and indebtedness of Liberty:-

- (a) as at 31 December 2015 based on Liberty's audited financial statements for FY2015; and  
 (b) as at 31 May 2016 based on Liberty's unaudited management accounts as at 31 May 2016.

	<b>As at 31 December 2015 (RM'000)</b>	<b>As at 31 May 2016 (RM'000)</b>
<b>Cash and cash equivalents</b>	513	885
<b>Indebtedness</b>		
Current		
Secured and guaranteed	-	-
Secured and non-guaranteed	33,000	43,000
Unsecured and guaranteed	-	-
Unsecured and non-guaranteed	321	-
Non-current		
Secured and guaranteed	-	-
Secured and non-guaranteed	200,000	200,000
Unsecured and guaranteed	-	-
Unsecured and non-guaranteed	-	-
Total indebtedness	233,321	243,000
Total shareholders' equity	174,519	174,520
Total capitalisation and indebtedness	407,840	417,520

Save as disclosed in paragraph 4 of this Appendix A entitled "Management's Discussion and Analysis of Financial Condition and Results of Operation of Liberty", Liberty does not have any material unused sources of liquidity.

As at the Latest Practicable Date, Liberty does not have any outstanding contingent liabilities.

As at the Latest Practicable Date, there were no material changes to the total capitalisation and indebtedness as disclosed above, save for changes in Liberty's working capital arising from day-to-day operations in the ordinary course of its business.



## 8. Borrowings

As at the Latest Practicable Date, Liberty has banking facilities aggregating approximately RM255 million, of which RM243 million has been utilised. Such banking facilities taken up by Liberty comprise five (5) subsisting facilities procured from PBB, details of which are as follows:

Nature of facility	Facility amount (RM'000)	Utilised amount (RM'000)	Unutilised amount (RM'000)	Interest rate	Maturity profile
Term Loan ("TL 1") <sup>(1)</sup>	105,180	105,180	Nil	1.1% p.a. over the bank's cost of funds	10.5 years
Term Loan ("TL 2") <sup>(2)</sup>	94,820	94,820	Nil	1.1% p.a. over the bank's cost of funds	10.5 years
Revolving Credit ("RC 1") <sup>(3)</sup>	20,000	20,000	Nil	1.1% p.a. over the bank's cost of funds	Payable on demand
Revolving Credit ("RC 2") <sup>(4)</sup>	10,000	10,000	Nil	1.2% p.a. over the bank's cost of funds	Payable on demand
Revolving Credit ("RC 3") <sup>(4)</sup>	25,000	13,000	12,000	1.2% p.a. over the bank's cost of funds	Payable on demand
<b>Total</b>	<b>255,000</b>	<b>243,000</b>	<b>12,000</b>		

### Notes:

- (1) To finance the purchase of 8 parcels of land.
- (2) To finance the purchase of 4 parcels of land.
- (3) For working capital purposes in relation to the CN Lands.
- (4) For working capital requirements of Liberty.

As at the Latest Practicable Date, save as disclosed above, there are no loans or borrowings or banking facilities taken up by Liberty.

As at the Latest Practicable Date, Liberty is seeking confirmations from PBB in respect of certain terms and conditions or covenants of the banking facilities (as set out above in this paragraph 8 of Appendix A), the breach of which could materially affect Liberty's financial position and results or business operations, or the investments of its shareholders. Shareholders are to note that it is a condition precedent in the SPA (please refer to Section 2.7(a)(iv) of the Circular) that the abovementioned confirmations from PBB are obtained. Accordingly, if the abovementioned confirmations from PBB are not obtained, completion of the Proposed Acquisition will not occur.

## 9. Working Capital

The Liberty Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into consideration Liberty's cash and cash equivalents and the amounts available under Liberty's existing banking facilities, the working capital available to Liberty is adequate to meet its present requirements as at the date of this Circular and for at least 12 months after completion of the Proposed Acquisition.

## 10. Competition and Competitive Strengths

### 10.1 Competition

To the best of the Liberty Directors' belief at the Latest Practicable Date, Liberty's main competitors in the property development industry in the Iskandar region of Johor, Malaysia are as follows:

- (a) UEM Sunrise Berhad;
- (b) Country Garden Pacificview Sdn Bhd;

- (c) Eco World Development Group Berhad;
- (d) Sunway Berhad; and
- (e) UM Land Berhad.

## 10.2 Competitive strengths

Liberty believes that it is able to compete effectively in the property development industry in the Iskandar region of Johor, Malaysia with the following competitive strengths:

### (a) Location

The CN Lands development is located within a maturing neighbourhood which comprises developments such as Estuari, Emerald Bay and Kota Iskandar (Johor State New Administrative Centre) and is in close proximity to the clusters of development with excellent amenities such as education (e.g. Educity) and healthcare (e.g. Affiat Healthpark). The Urban Design Guidelines<sup>(1)</sup> as at the Latest Practicable Date, provides for the construction of the tallest two towers in Puteri Harbour. The zoning of one of the tallest towers is located on the CN Lands. As such, Liberty is allowed to build one of the two tallest towers in Puteri Harbour.

**Note:**

(1) Information extracted from the "Puteri Harbour Urban Design Guidelines (Version 2, January 2015)"

### (b) Diversified products

The CN Lands development covers an area measuring approximately 42.7 acres. The massive area will become the setting of a mixed-use development comprising of diversified products ranging from commercial and residential components. The varied components may be integrated within a single development thus creating a mini township-like unique lifestyle.

### (c) Ownership Value

The developments in Puteri Harbour have been granted waivers on Bumiputera quota and consent on foreign purchase. The CN Lands being part of Puteri Harbour will therefore enjoy these benefits as well.

## 11. Major Customers of Liberty

As at the Latest Practicable Date, Liberty does not have any major customers as Liberty has not commenced any other business activities since its incorporation save for certain preparatory work as described in paragraph 2 of this Appendix A.

However, in view of the Company's future plans for development of the CN Lands as described in Section 8.6.3 of this Circular, Liberty's customers in the future will likely comprise individuals and/or businesses or companies acquiring residential property or acquiring or leasing commercial or retail spaces either for their own use or for investment.

## 12. Major Suppliers of Liberty

For FY2013, FY2014 and FY2015, the major suppliers to Liberty mainly comprised Orientis as the project manager appointed to undertake the entire development of the CN Lands, as well as other professionals and consultants appointed in connection with the development of the CN Lands.

The suppliers who accounted for 5% or more of Liberty's total costs and expenses for FY2013, FY2014 and FY2015 are set out below:

Major Suppliers	Products/Services Provided	Total costs and expenses (%)		
		FY2013	FY2014	FY2015
Orientis	Project Management Services	4	30	–
DRTAN LM Architect	Architectural Consultancy Services	–	7	2

Save for Orientis and the PMSA Agreement, the Liberty Directors believe that the business and profitability of Liberty will not be materially affected by the loss of any single supplier and are currently not dependent on any particular industrial, commercial or financial contract with any supplier.

### 13. Credit Management

As at the Latest Practicable Date, Liberty does not have any major customers as Liberty has not commenced any other business activities since its incorporation save for certain preparatory work as described in paragraph 2 of this Appendix A.

The payment terms granted to Liberty by its suppliers vary depending on the length of business relationships. In general the credit terms granted by Liberty's suppliers are usually between 30 days to 90 days.

The average trade payables' turnover days for FY2013, FY2014 and FY2015 are as follows:

	FY2013	FY2014	FY2015
Average trade payables' turnover (days) <sup>(1)</sup>	9	45	17

**Note:**

(1) *The average trade payables' turnover days is calculated based on the average of the opening and closing trade payables balances of the relevant financial year divided by development costs and multiplied by 365 days for FY2013, FY2014 and FY2015.*

Average trade payables' turnover days has been maintained at around 30 days to 90 days during the period under review.

### 14. Marketing Activities

As at the Latest Practicable Date, Liberty has not engaged in any marketing activities as Liberty has not commenced any other business activities since its incorporation save for certain preparatory work as described in paragraph 2 of this Appendix A.

### 15. Properties and Fixed Assets

#### CN Lands

Particulars of the ten (10) parcels of lands prior to Surrender and Re-alienation

	Location	Tenure	Approximate gross area (acres)	Encumbrances	Usage
1.	H.S.(D) 519348, PTD 189077, Mukim Pulai, Daerah Johor Bahru, Negeri Johor Darul Takzim, Malaysia	Freehold	3.81	Charge in favour of PBB	Building
2.	H.S.(D) 519349, PTD 189078, Mukim Pulai, Daerah Johor Bahru, Negeri Johor Darul Takzim, Malaysia	Freehold	3.79	Charge in favour of PBB	Building
3.	H.S.(D) 519350, PTD 189079, Mukim Pulai, Daerah Johor Bahru, Negeri Johor Darul Takzim, Malaysia	Freehold	4.89	Charge in favour of PBB	Building

	<b>Location</b>	<b>Tenure</b>	<b>Approximate gross area (acres)</b>	<b>Encumbrances</b>	<b>Usage</b>
4.	H.S.(D) 519351, PTD 189080, Mukim Pulai, Daerah Johor Bahru, Negeri Johor Darul Takzim, Malaysia	Freehold	4.89	Charge in favour of PBB	Building
5.	H.S.(D) 519352, PTD 189081, Mukim Pulai, Daerah Johor Bahru, Negeri Johor Darul Takzim, Malaysia	Freehold	2.50	Charge in favour of PBB	Building
6.	H.S.(D) 519353, PTD 189082, Mukim Pulai, Daerah Johor Bahru, Negeri Johor Darul Takzim, Malaysia	Freehold	3.20	Charge in favour of PBB	Building
7.	H.S.(D) 519354, PTD 189083, Mukim Pulai, Daerah Johor Bahru, Negeri Johor Darul Takzim, Malaysia	Freehold	2.30	Charge in favour of PBB	Building
8.	H.S.(D) 519355, PTD 189084, Mukim Pulai, Daerah Johor Bahru, Negeri Johor Darul Takzim, Malaysia	Freehold	3.60	Charge in favour of PBB	Building
9.	H.S.(D) 519356, PTD 189085, Mukim Pulai, Daerah Johor Bahru, Negeri Johor Darul Takzim, Malaysia	Freehold	4.32	Charge in favour of PBB	Building
10.	H.S.(D) 519357, PTD 189086, Mukim Pulai, Daerah Johor Bahru, Negeri Johor Darul Takzim, Malaysia	Freehold	4.10	Charge in favour of PBB	Building

Particulars of the three (3) new parcels of land after Surrender and Re-alienation

	<b>Location</b>	<b>Tenure</b>	<b>Approximate gross area (acres)</b>	<b>Encumbrances</b>	<b>Usage</b>
1.	PTD 201580, Mukim Pulai, Daerah Johor Bahru, Negeri Johor Darul Takzim, Malaysia	Freehold	15.38	Charge in favour of PBB	Building
2.	PTD 201581, Mukim Pulai, Daerah Johor Bahru, Negeri Johor Darul Takzim, Malaysia	Freehold	17.70	Charge in favour of PBB	Building
3.	PTD 201582, Mukim Pulai, Daerah Johor Bahru, Negeri Johor Darul Takzim, Malaysia	Freehold	9.62	Charge in favour of PBB	Building

To the best of the Liberty Directors' knowledge, there are no regulatory requirements or environmental issues that may materially affect Liberty's utilisation of the CN Lands, save as disclosed in Appendix G: Summary of Applicable Laws and Regulations in Malaysia, as well as Appendix H: Taxation.

**16. Insurance**

As at the Latest Practicable Date, Liberty does not have any subsisting insurance policies as it is only holding vacant, undeveloped land, and its present operations only comprise preparatory work for the development of the CN Lands. It also does not have any employees.

**17. Research and development**

The nature of Liberty's business does not require it to carry out extensive research and development and it had not carried out any research and development for FY2013, FY2014 and FY2015. Notwithstanding, in order to ensure that Liberty remains competitive, Liberty will from time to time and as where practicable, engage external consultants to perform market feasibility studies to allow Liberty to keep abreast of new concepts and trends in the property industry.

**18. Intellectual Property**

Liberty does not own or use any trademarks, patents or other intellectual property. Its business and profitability is not materially dependent on any patent, intellectual property licence or new manufacturing process.

**19. Employees**

As mentioned in paragraph 2 of this Appendix A above, Liberty has engaged Orientis as the project manager since 31 January 2014 to undertake the entire development of the CN Lands. In addition, Orientis also provides Book-Keeping Services to Liberty (please refer to Section 8.21.5(d) of the Circular for more details).

As such, Liberty did not have any employees in FY2013, FY2014 and FY2015, save for Mr Chung Chee Khuen who was appointed by Liberty as executive director from 1 March 2015 to 30 April 2015.

Details of Mr Chung Chee Khuen's remuneration by Liberty for the period from 1 March 2015 to 30 April 2015 are disclosed in Section 8.16 of the Circular.

Mr Chung Chee Khuen was not part of any labour union during his term of employment by Liberty.

As at the Latest Practicable Date, Liberty does not have any employees.

**20. Certification**

In April 2015, the CN Lands development obtained a Gold (Provisional) certification from Singapore's BCA Green Mark under the 'District' category.

**21. Licences, Permits and Approvals**

As at the Latest Practicable Date, save as disclosed in Appendix G: Summary of Applicable Laws and Regulations in Malaysia and Appendix H: Taxation, Liberty's business and operations are not subject to any special legislation or regulatory controls which have a material effect on its business and operations other than those generally applicable to companies and businesses operating in Malaysia.

For a non-exhaustive summary of the relevant laws and regulations applicable to the business of Liberty, please refer to Appendix G: Summary of Applicable Laws and Regulations in Malaysia.

The following are the material licences, permits, and approvals issued and/or granted to Liberty pursuant to the relevant laws and regulations applicable to Liberty and which are essential for the business operations of Liberty (apart from those pertaining to general business requirements):

<b>Holder</b>	<b>Date of grant</b>	<b>Permits/Approvals/Licences</b>	<b>Awarding organisation/ authority</b>
Liberty	20 October 2014	Planning permission for the master plan of the CN Lands development	Development Planning Department of Johor Bahru Tengah Municipal Council
Liberty	20 May 2015	Approval for the Surrender and Re-Alienation	Director of Land and Mines Office of Johor
Liberty	25 February 2016	Approval for master plan earthwork	Development Planning Department of Johor Bahru Tengah Municipal Council
Liberty	1 March 2016	Approval for Traffic Impact Assessment	Development Planning Department of Johor Bahru Tengah Municipal Council

In addition, the CN Lands development will also benefit from the following approvals granted to the master developer, UEM Land Berhad:

- (a) waiver of the bumiputera quota and consent for the purchase by foreign citizens for, *inter alia*, Puteri Harbour (of which the CN Lands are part) granted by the Johor State Economic Planning Unit; and
- (b) approval of the Environmental Impact Assessment Report for the proposed development of Phase 2 of the 'Waterfront' Nusajaya Precinct (of which the CN Lands development is part) granted by the Department of Environment, Johor.

To the best of the knowledge of the Liberty Directors, save for the following licences, permits or approvals which Liberty will be obtaining in due course, Liberty has obtained all necessary licences, permits and approvals required for its business and operations:

- (a) development order (which is the permission to carry out the development of the CN Lands according to the plan and conditions of the planning permission) pursuant to the Town and Country Planning Act 1976;
- (b) building plan approval pursuant to the Street, Drainage and Building Act 1974 in relation to the buildings to be constructed on the CN Lands;
- (c) advertising permit and developer's licence for components within the CN Lands development falling under the purview of the Housing Development (Control and Licensing) Act 1966;
- (d) certificate of proposed strata plan in relation to the CN Lands development; and
- (e) certificate of completion and compliance in relation to the CN Lands development pursuant to the Street, Drainage and Building Act 1974.

As at the Latest Practicable Date, none of the aforesaid permits, approvals and licences have been suspended, revoked or cancelled and to the best of the knowledge and belief of the Liberty Directors, they are not aware of any facts or circumstances which would cause such permits, approvals and licences to be suspended, revoked or cancelled, as the case may be, or any applications for or renewal of, any of these permits, approvals and licences to be rejected by the relevant authorities.



## 22. Government Regulations

Please refer to Appendix G: Summary of Applicable Laws and Regulations in Malaysia and Appendix H: Taxation for a non-exhaustive summary of the key laws and regulations in Malaysia applicable to Liberty.

As at the Latest Practicable Date, Liberty is in compliance with all applicable laws and regulations in Malaysia which are material to its business operations.

## 23. Material Contracts

Save for the following agreements, Liberty has not entered into any contracts, other than contracts entered into in the ordinary course of business, within two (2) years preceding the date of this Circular, which are or may be material:

- (a) three (3) revolving credits obtained from PBB to fund the working capital requirements of Liberty for up to the approved limits of RM20 million (through a supplemental agreement dated 22 December 2014 between PBB and Liberty), RM10 million (through a facilities agreement dated 25 March 2015 between PBB and Liberty) and RM25 million (through a facilities agreement dated 11 November 2015 between PBB and Liberty) respectively;
- (b) termination agreement dated 30 November 2015 between Liberty, Champion Brave, Golden Ring, Peak Sky Pte Ltd, Incanto Investments Limited and Tan Sri Dato' Surin Upatkoon in relation to the termination of the shareholders' agreement between them dated 21 April 2013;

*in relation to the acquisition of twelve (12) parcels of land from UEM Land Berhad:*

- (c) supplemental agreement dated 24 August 2015 between Liberty (as purchaser), UEM Land Berhad (as vendor) and Bandar Nusajaya Development Sdn Bhd (as proprietor) to amend, vary and/or supplement the terms and conditions of the sale and purchase agreement dated 14 December 2012 between Liberty (as purchaser), UEM Land Berhad (as vendor) and Bandar Nusajaya Development Sdn Bhd (as proprietor) in relation to the sale and purchase of eight land parcels of commercial land located at Mukim Pulau, Daerah Johor Bahru, Negeri Johor;
- (d) supplemental agreement dated 24 August 2015 between Liberty (as purchaser), UEM Land Berhad (as vendor) and Bandar Nusajaya Development Sdn Bhd (as proprietor) to amend, vary and/or supplement the terms and conditions of the sale and purchase agreement dated 8 January 2013 between Liberty (as purchaser), UEM Land Berhad (as vendor) and Bandar Nusajaya Development Sdn Bhd (as proprietor) in relation to the sale and purchase of four land parcels of commercial land located at Mukim Pulau, Daerah Johor Bahru, Negeri Johor;

*in relation to the Proposed Mixed-Used Development at Commercial North, Puteri Harbour, Nusajaya, Johor Bahru, Malaysia*

- (e) letters of appointment by Liberty to the following parties:
  - (i) dated 2 September 2014, to appoint RWDI Anemos Ltd. as the wind engineering consultant to provide wind engineering consultancy services for a fixed lump sum fee of RM601,800; and
  - (ii) dated 13 November 2014, to appoint Santa Fe Interior Architecture Sdn. Bhd. as the interior designer to provide interior design consultancy services for a fixed lump sum fee of RM390,000; and

- (f) letter of undertaking dated 10 February 2015 from Liberty to the Building & Construction Authority of Singapore for the CN Lands development Green Mark District Certification, where Liberty undertook to provide or implement certain features or strategies for the CN Lands development such as energy and water efficiency for infrastructure and public amenities, waste reuse and processing, green urban design guidelines, public awareness, education and community involvement.

## **24. Material Litigation**

Liberty is not engaged, in the last 12 months before the date of this Circular, in any litigation or arbitration proceedings, either as plaintiff or defendant, which may have a material effect on its financial position or profitability of Liberty, and the Liberty Directors have no knowledge of any proceedings pending or known to be contemplated against Liberty or any information likely to give rise to any litigation, claims or proceedings which may have a material effect on the financial position or the profitability of Liberty.

## **25. Dividend Policy**

No dividend has been paid or proposed by Liberty for FY2013, FY2014 and FY2015.

Liberty does not currently have a formal dividend policy.

Restrictive covenants exist under the banking facilities with PBB as described in paragraph 8 of this Appendix A whereby Liberty is prohibited, without the prior consent of PBB, from declaring, paying, or making any dividend or bonus issue or other distribution whether of an income or capital nature and whether in cash or in specie.

In the circumstances, there is no assurance that dividends will be paid by Liberty to the Company in the future or as to the amount or timing of any dividends that will be paid.

For information relating to taxes payable on dividends, please refer to Appendix H: Taxation.

## **26. Miscellaneous**

### **26.1 General Information**

The registered address of Liberty is Unit 506, Block B3, Leisure Commerce Square, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The telephone and facsimile numbers of Liberty's registered office are +603-7491 0691 and +603-7491 0693, respectively.

### **26.2 Share Capital of Liberty**

As at the Latest Practicable Date, the issued and paid-up share capital of Liberty was RM178,440,000 comprising 178,440,000 fully paid-up ordinary shares. Out of the 178,440,000 fully paid-up ordinary shares in the capital of Liberty, 98,440,000 ordinary shares were issued pursuant to the capitalisation of loans owing to Icon, Metra and Champion Brave. Save for the ordinary shares in the share capital of Liberty, there are no other classes of shares in the share capital of Liberty. None of the shares in the capital of Liberty are bearer shares and none of the shares in the capital of Liberty are held by or on behalf of Liberty itself or any of its subsidiaries.

As at the Latest Practicable Date, no person has, or has the right to be given, an option to subscribe for any of the securities of Liberty. Liberty does not have any share option scheme. There are no outstanding share options or other securities that are convertible into the shares of Liberty. There is no undertaking to increase the capital of Liberty.

Save as disclosed below, there were no changes in the issued and paid-up share capital of Liberty within the three (3) years preceding the Latest Practicable Date:

Date of issue	Number of shares issued	Consideration (RM)	Purpose of issue	Resultant issued and paid-up share capital (RM)
18 June 2013	32,000,000 <sup>(1)</sup>	32,000,000 satisfied in cash	Shareholders' equity to partly fund the purchase of the CN Lands	80,000,000
23 October 2013	20,000,000 <sup>(2)</sup>	20,000,000 satisfied by the capitalisation of existing loan	Partial settlement of advances made by Icon Ventures	100,000,000
23 December 2015	78,440,000 <sup>(3)</sup>	78,440,000 satisfied by the capitalisation of existing loan	Settlement of advances made by shareholders	178,440,000

**Notes:**

- (1) *Golden Ring and Champion Brave were allotted 8,000,000 shares each. 2,600,000 shares were allotted to Tan Sri Dato' Surin Upatkoorn, who subsequently transferred all his shares in Liberty to Metra. 13,400,000 shares were allotted to former shareholders of Liberty which were subsequently transferred to the Vendors.*
- (2) *All 20,000,000 shares were allotted to Icon Ventures.*
- (3) *Icon Ventures, Champion Brave and Metra were allotted 49,025,000, 19,610,000, and 9,805,000 shares respectively.*

There has not been any public take-over offer by a third party in respect of Liberty's shares or by Liberty in respect of the shares of another corporation or the units of a business trust, which has occurred between 1 January 2015 and the Latest Practicable Date.

Save as disclosed in the Circular including this Appendix A, to the extent known to the Liberty Directors, Liberty is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government as at the Latest Practicable Date.

### 26.3 Significant Changes in Percentage of Ownership of Liberty

Save as disclosed below, there has been no significant change in percentage of ownership of Liberty in the last three (3) years prior to the Latest Practicable Date:

Date	Shareholder of Liberty	Percentage of ownership of Liberty (%)
16 January 2013	Golden Ring	25.00
	Champion Brave	25.00
	Peak Sky Pte Ltd	25.00
	Incanto Investments Limited	20.00
	Tan Sri Dato' Surin Upatkoorn	5.00
18 June 2013	Golden Ring	25.00
	Champion Brave	25.00
	Peak Sky Pte Ltd	25.00
	Incanto Investments Limited	18.75
	Tan Sri Dato' Surin Upatkoorn	6.25
23 October 2013	Icon Ventures	20.00
	Golden Ring	20.00
	Champion Brave	20.00
	Peak Sky Pte Ltd	20.00
	Incanto Investments Limited	15.00
	Tan Sri Dato' Surin Upatkoorn	5.00

Date	Shareholder of Liberty	Percentage of ownership of Liberty (%)
15 November 2013	Icon Ventures	20.00
	Golden Ring	20.00
	Champion Brave	20.00
	Peak Sky Pte Ltd	20.00
	Incanto Investments Limited	15.00
	Metra	5.00
19 December 2013	Icon Ventures	30.00
	Golden Ring	20.00
	Champion Brave	20.00
	Peak Sky Pte Ltd	20.00
	Metra	10.00
	9 April 2015	Icon Ventures
Golden Ring		25.00
Champion Brave		25.00
Metra		12.50
13 November 2015	Icon Ventures	40.20
	Golden Ring	22.30
	Champion Brave	25.00
	Metra	12.50
23 December 2015	Icon Ventures	50.00
	Golden Ring	12.50
	Champion Brave	25.00
	Metra	12.50

#### 26.4 Order Book

As at the Latest Practicable Date, Liberty does not have an order book as save for the preparatory work as described in paragraph 2 of this Appendix A, Liberty has not commenced any other business activities since its incorporation.

#### 26.5 Articles of Association of Liberty

Liberty has adopted Table A in the Fourth Schedule of the Malaysian Companies Act 1965 as its Articles of Association, with the exception of Regulations 22, 48, 71 and 90. Below are the relevant Articles of Association of Liberty relating to, *inter alia*, share capital and variation of rights, alteration of capital, dividends, voting rights, remuneration and borrowing powers of the directors of Liberty.

##### Share Capital and Variation of Rights

###### *Regulation 2*

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Malaysian Companies Act 1965, shares in Liberty may be issued by the directors of Liberty and any such share may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise, as the directors, subject to any ordinary resolution of Liberty, determine.

###### *Regulation 3*

Subject to the Malaysian Companies Act 1965, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of Liberty are liable, to be redeemed.

#### *Regulation 4*

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not Liberty is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution Section 152 of the Malaysian Companies Act 1965 shall, with such adaptations as are necessary, apply.

#### *Regulation 5*

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

#### *Regulation 7*

Except as required by law, no person shall be recognised by Liberty as holding any share upon any trust, and Liberty shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future, or partial interest in any share or unit of a share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

#### *Regulation 8*

Every person whose name is entered as a member in the register of members shall be entitled without payment to receive a certificate under the Common Seal of Liberty in accordance with the Malaysian Companies Act 1965 but in respect of a share or shares held jointly by several persons Liberty shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

#### Alteration of Capital

##### *Regulation 40*

Liberty may from time to time by ordinary resolution:

- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) subdivide its shares or any of them into shares of smaller amount than is fixed by the memorandum – the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or
- (d) cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

##### *Regulation 41*

Subject to any direction to the contrary that may be given by Liberty in general meeting, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from Liberty 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 shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt

of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors of Liberty may dispose of those shares in such manner as they think most beneficial to Liberty. The directors of Liberty may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the directors of Liberty, be conveniently offered under this regulation.

*Regulation 42*

Liberty may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required by law.

Transfer of Shares

*Article 2(a)*

Liberty is a private company, and accordingly, the right to transfer shares is restricted in the manner hereinafter prescribed.

*Article 3*

The directors of Liberty may, in their absolute discretion and without assigning any reason therefore, decline to register any transfer if any share, whether or not it is fully paid shares.

*Regulation 20*

Subject to these regulations any member may transfer all or any of his shares by instrument in writing in any usual or common form or in any other form which the directors of Liberty may approve. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of members in respect thereof.

*Regulation 21*

The instrument of transfer must be left for registration at the registered office of Liberty together with such fee not exceeding RM1.00 as the directors from time to time may require accompanied by the certificate of the shares to which it relates and such other evidence as the directors of Liberty may reasonably require to show the right of the transferor to make the transfer, and thereupon Liberty shall, subject to the powers vested in the directors of Liberty by these regulations, register the transferee as a shareholder and retain the instrument of transfer.

*Regulation 22*

The directors of Liberty may decline to register any transfer of shares not being fully paid shares to a person of whom they do not approve and may also decline to register any transfer of shares on which Liberty has a lien.

*Regulation 23*

The registration of transfers may be suspended at such times and for such periods as the directors of Liberty may from time to time determine not exceeding in the whole thirty days in any year.

Dividends

*Regulation 98*

Liberty in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the directors of Liberty.

*Regulation 99*

The directors of Liberty may from time to time pay to the members such interim dividends as appear to the directors of Liberty to be justified by the profits of Liberty.

*Regulation 100*

No dividend shall be paid otherwise than out of profits or shall bear interest against Liberty.



#### *Regulation 101*

The directors of Liberty may, before recommending any dividend, set aside out of the profits of Liberty such sums as they think proper, as reserves which shall, at the discretion of the directors of Liberty, be applicable for any purpose to which the profits of Liberty may be properly applied, and pending any such application may, at the like discretion, either be employed in the business of Liberty or be invested in such investments (other than shares in Liberty) as the directors of Liberty may from time to time think fit. The directors of Liberty may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

#### *Regulation 102*

Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date that share shall rank for dividend accordingly.

#### *Regulation 103*

The directors of Liberty may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to Liberty on account of calls or otherwise in relation to the shares of Liberty.

#### *Regulation 104*

Any general meeting declaring a dividend or bonus may direct payment of the dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid-up shares, debentures or debenture stock of any other company or in any one or more of those ways and the directors of Liberty shall give effect to the resolution, and where any difficulty arises in regard to the distribution, the directors of Liberty may settle the same as they think expedient, and fix the value for distribution of the specific assets or any part thereof and may determine that cash payments shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the directors.

#### *Regulation 105*

Any dividend, interest, or other money payable in cash in respect of shares may be paid by cheque or warrant sent through post directed to the registered address of the holder or, in the case of joint holders, to the registered address of one of the joint holder who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other money payable in respect of the shares held by them as joint holders.

#### Restrictions on Directors' Voting Rights

##### *Regulation 81*

A director of Liberty shall not vote in respect of any contract or proposed contract with Liberty in which he is interested, or any matter arising thereout, and if he does so vote his vote shall not be counted.

#### Directors' Remuneration

##### *Regulation 70*

The remuneration of the directors of Liberty shall from time to time be determined by Liberty in a general meeting. Remuneration shall be deemed to accrue from day to day. The directors of Liberty may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors of Liberty or any committee of the directors of Liberty or general meetings of Liberty or in connection with the business of Liberty.

## Directors' Borrowing Powers

### *Article 74*

The directors of Liberty may exercise all the powers of Liberty to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of Liberty or of any third party.

## Retirement of Directors

### *Regulation 63*

At the first annual general meeting of Liberty all the directors of Liberty shall retire from office, and at the annual general meeting in every subsequent year one-third of the directors of Liberty for the time being, or, if their number is not three or a multiple of three, then the nearest one-third shall retire from office.

### *Regulation 64*

A retiring director shall be eligible for re-election.

### *Regulation 65*

The directors of Liberty to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors of Liberty on the same day those to retire shall (unless otherwise agree amongst themselves) be determined by lot.

### *Regulation 66*

Liberty at the meeting at which a director of Liberty so retires may fill the vacated office by electing a person thereto, and in default the retiring director shall if offering himself for re-election and not being disqualified under the Malaysian Companies Act 1965 from holding office as a director, be deemed to have been re-elected, unless at that meeting it is expressly resolved not to fill the vacated office unless a resolution for the re-election of that director is put to the meeting and lost.

### *Regulation 67*

Liberty may, from time to time by ordinary resolution passed at a general meeting, increase or reduce the number of its directors, and may also determine in what rotation the increased or reduced number is to go out of office.

### *Regulation 68*

The directors of Liberty shall have power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these regulations. Any director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

### *Regulation 69*

Subject to Section 128 of the Malaysian Companies Act 1965, Liberty may by ordinary resolution remove any director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead; the person so appointed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.

### *Regulation 72*

The office of a director of Liberty shall become vacant if the director:

- (i) ceases to be a director by virtue of the Malaysian Companies Act 1965;
- (ii) becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (iii) becomes prohibited from being a director by reason of any order made under the Malaysian Companies Act 1965;

- (iv) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
- (v) resigns his office by notice in writing to Liberty;
- (vi) for more than six months is absent without permission of the directors from meetings of the directors held during that period;
- (vii) without the consent of Liberty in general meeting holds any other office of profit under Liberty except that of managing director or manager; or
- (viii) is directly or indirectly interested in any contract or proposed contract with Liberty and fails to declare the nature of his interest in manner required by the Malaysian Companies Act 1965.

Others

Pursuant to the Articles of Association of Liberty:

- (a) there is no limitation on the right to own shares, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the shares of Liberty; and
- (b) there is no shareholding qualification for directors of Liberty.

**26.6 Significant Changes Affecting Financial Position and Results**

Save as disclosed in the Circular including this Appendix A, the Liberty Directors are not aware of any event which has occurred since 1 January 2016 and up to the Latest Practicable Date which may have a material effect on the financial position and results of Liberty.

## ANNEX 1: BRIEF BACKGROUND ON THE PROFILES OF THE ULTIMATE VENDOR OWNERS

- (1) **Tan Sri Wan Azmi bin Wan Hamzah** (ultimate shareholder of Golden Ring)

Tan Sri Azmi Wan Hamzah is a former banker and a businessman with an accounting qualification. He has significant interest in Syarikat Pengeluar Air Selangor Sdn Bhd, a water concessionaire in the State of Selangor, Malaysia. An active investor, he retains significant interests in PureCircle Limited and Steppe Cement Limited, both of which are listed on the London Stock Exchange.

- (2) **Tan Sri Lee** (ultimate shareholder of Champion Brave)

Tan Sri Lee Oi Hian is the CEO of KLK (a company listed on the Main Market of Bursa Malaysia) whose core business activity is plantations. He is also the non-independent non-executive chairman of Batu Kawan Berhad (a company listed on the Main Market of Bursa Malaysia), with diversified business activities.

Note: As disclosed in Section 8.22.4 of the Circular, the allotment and issuance of the 238,805,970 Consideration Shares to Champion Brave will constitute a transfer of a controlling interest in the Company pursuant to Rule 803 of the Catalist Rules which requires prior approval of shareholders in general meeting. As Tan Sri Lee is a 99.99% majority shareholder of Champion Brave, Tan Sri Lee will be a deemed 20.76% Shareholder immediately after completion of the Proposed Acquisition and the Proposed Compliance Placement.

- (3) **Tan Sri Dato' Surin Upatkoon** (ultimate shareholder of Casi (for whom Metra is holding shares in Liberty on trust))

Tan Sri Dato' Surin Upatkoon is the non-independent managing director of MPH Capital Berhad (a company listed on the Main Market of Bursa Malaysia) whose core business activity is general insurance.

Tan Sri Dato' Surin Upatkoon also sits on the board of MWE Holdings Berhad, Magnum 4D Berhad and several private limited companies in Malaysia.

- (4) **Datuk Tong** (ultimate owner of Icon Ventures)

Datuk Tong is the Non-Executive Chairman of the Company and was appointed to the Board on 15 May 2013.

Datuk Tong is a businessman with interests in media, property development, infrastructure-related industries, building materials and other businesses in Malaysia, Singapore, Myanmar and Canada. His media interests are in The Edge Media Group Pte Ltd, which publishes *The Edge Singapore*, *The Edge Malaysia* and *The Edge Financial Daily*.

He is the executive chairman of UPP Holdings Ltd, and is on the board of M+S Pte Ltd, a joint venture between Khazanah Nasional Berhad and Temasek Holdings (Private) Ltd. He is also the Chairman of the board of directors of Taiga Building Products Ltd, a distributor of building products, listed on the Toronto Stock Exchange.

## APPENDIX B: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RELATION TO THE PROPOSED ACQUISITION



28 June 2016

**3Cnergy Limited**  
3 Lorong 6 Toa Payoh  
#01-01  
Singapore 319378

**Attention: The Independent Directors**

Dear Sirs

### LETTER FROM XANDAR CAPITAL PTE LTD TO THE INDEPENDENT DIRECTORS OF 3CENERGY LIMITED (THE "COMPANY") IN RELATION TO THE PROPOSED ACQUISITION OF LIBERTY BRIDGE SDN BHD FROM VARIOUS VENDORS, INCLUDING AN INTERESTED PERSON

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to Shareholders of the Company dated 28 June 2016 (the "Circular").*

#### 1. INTRODUCTION

On 29 March 2016 (the "**Announcement Date**"), the board of directors (the "**Board**" or "**Directors**") of the Company (and together with its subsidiaries, the "**Group**") announced that the Company has entered into a conditional sale and purchase agreement (the "**SPA**") with (i) Icon Ventures Group Inc. ("**Icon Ventures**") (50.0%); (ii) Champion Brave Sdn Bhd ("**Champion Brave**") (25.0%); (iii) Golden Ring Worldwide Ltd ("**Golden Ring**") (12.5%); and (iv) Metra Nominees Sdn Bhd ("**Metra**") (12.5%) (collectively the "**Vendors**"), in relation to the acquisition of all the issued shares in Liberty Bridge Sdn Bhd ("**Liberty**") at the consideration of S\$64 million, to be satisfied by way of the allotment and issue of new ordinary shares in the capital of the Company ("**Consideration Shares**") at an issue price of S\$0.067 for each Consideration Share to the Vendors or their nominees (the "**Proposed Acquisition**").

As Icon Ventures is wholly-owned by Phileo Capital Limited, which holds approximately 54.51% of the issued share capital of the Company, the Proposed Acquisition of 50% of the total paid-up share capital of Liberty from Icon Ventures is an interested person transaction under Chapter 9 of the Listing Manual Section B: Rules of Catalyst (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The remaining Vendors, namely Champion Brave, Golden Ring and Metra are external third parties.

Under Chapter 9 of the Catalyst Rules, shareholders' approval is required for an interested person transaction of a value equal to, or exceeding, 5% of the Group's latest audited net tangible assets ("**NTA**"). As the consideration payable to Icon Ventures exceeds 5% of the Company's latest audited consolidated NTA as at 31 December 2015, the Proposed Acquisition is an interested person transaction subject to the approval of the Company's independent shareholders ("**Independent Shareholders**") pursuant to Chapter 9 of the Catalyst Rules. Pursuant to Catalyst Rule 921(4)(a), the Company has to obtain an opinion from an independent



financial adviser (“**IFA**”) stating whether the Proposed Acquisition is on normal commercial terms and whether the Proposed Acquisition is prejudicial to the interests of the Company and its minority shareholders.

Xandar Capital Pte Ltd (“**Xandar Capital**”) has been appointed as the IFA to Directors who are independent to the Proposed Acquisition (“**Independent Directors**”), to provide an opinion whether the Proposed Acquisition, as an interested person transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

This letter is addressed to the Independent Directors, and sets out *inter alia*, our evaluation and advice on the terms of the Proposed Acquisition (“**IFA Letter**”). This IFA Letter forms part of the Circular.

## 2. TERMS OF REFERENCE

We are not and were not involved in any aspect of the negotiations pertaining to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decisions on the part of the Directors to agree on the terms of the Proposed Acquisition. Accordingly, we do not, by this letter, warrant the merits of the Proposed Acquisition, other than to express an opinion on whether the Proposed Acquisition is prejudicial to the interests of the Company and its minority Shareholders.

We have not conducted a comprehensive review of the business, operations or financial condition of the Group or Liberty. We have also not evaluated the strategic or commercial merits or risks of the Proposed Acquisition or the future growth prospects, financial position or earnings potential of the enlarged Group following the Proposed Acquisition (the “**Enlarged Group**”). Accordingly, we do not express any view as to the prices at which the ordinary shares in the capital of the Company (“**Shares**”) may trade upon completion of the Proposed Acquisition or on the future growth prospects, financial position and earnings potential of the Enlarged Group after the completion of the Proposed Acquisition. We are also not addressing the relative merits of the Proposed Acquisition as compared to any alternative transaction previously considered by the Company or that may otherwise become available to the Company in the future. Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion and advice.

In the course of our evaluation and for the purpose of our opinion in relation to the Proposed Acquisition, we have held discussions with the Directors and the management of the Company (“**Management**”), the directors of Liberty (“**Liberty Directors**”) and their professional advisers, and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management, the Liberty Directors and their professional advisers, including information contained in the Circular. We have not independently verified such information or representations, 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 or representations. We have nevertheless made reasonable enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.





We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular (save for information relating to the Vendors, ultimate owners to the Vendors, and Liberty (other than information relating to Liberty known to the Company as a result of the provision of project management services (“**PMSA Services**”) and provision of book-keeping and accounting services (“**Book-Keeping Services**”) by Orientis Solutions Sdn Bhd (“**Orientis**”) to Liberty as specified in footnote (1) of Section 13 of the Circular)) and confirm, after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition and the Group, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Proposed Acquisition and the Group, are to the best of their knowledge and belief, fair and accurate in all material aspects.

We have also relied upon the assurance of the Liberty Directors that the Liberty Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular (save for financial information relating to Liberty as specified in footnote (2) of Section 13 of the Circular), the Vendors, and the ultimate owners to the Vendors and confirm, after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition and Liberty, and the Liberty Directors are not aware of any facts the omission of which would make any statement in the Circular misleading.

We have not made any independent evaluation or appraisal of the assets or liabilities (including without limitation, real property) of the Group or Liberty. The Company has commissioned independent valuers to value several parcels of undeveloped lands in Puteri Harbour, Johor Bahru, Malaysia held by Liberty (“**CN Lands**”) and also undertake a valuation of Liberty as a company. We have been furnished with the following:

- (a) independent valuation report by Mazars Risk Management Sdn Bhd (“**Mazars**” or the “**Liberty Valuer**”) on the indicative fair market value of 100% equity interest in Liberty as at 31 December 2015 (the “**Liberty Valuation Report**”) set out in Appendix C to the Circular; and
- (b) independent valuation report by Raine & Horne International Zaki + Partners Sdn Bhd (“**Raine & Horne**” or the “**Land Valuer**”) dated 10 March 2016 on the CN Lands (the “**Land Valuation Report**”), the summary of which in the form of valuation certificate is set out in Appendix D to the Circular,

collectively, the “**Valuation Reports**”.

We have placed sole reliance thereon for the valuation and/or information contained therein. We are not involved and assume no responsibility for the Valuation Reports. We have also not made any independent verification of the matters or bases set out in the Valuation Reports.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us as of the Latest Practicable Date. 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 Proposed Acquisition which may be released by the Company after the Latest Practicable Date.

**In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisers immediately.**

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

**Our opinion is for the use and benefit of the Independent Directors in their deliberation of the terms of the Proposed Acquisition and the recommendation made by the Independent Directors shall remain the responsibility of the Independent Directors.**

**Our opinion in relation to the Proposed Acquisition should be considered in the context of the entirety of this IFA Letter and the Circular.**

Whilst a copy of the IFA Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote the IFA Letter (or any part thereof) for any other purposes other than the Proposed Acquisition at any time and in any manner without our prior written consent.

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

### **3. THE PROPOSED ACQUISITION**

#### **3.1 ABOUT LIBERTY**

##### **(a) The Business of Liberty**

Liberty is a private company limited by shares incorporated in Malaysia on 11 January 2011. As at the Latest Practicable Date, Liberty has an issued and paid-up share capital of RM178,440,000 comprising 178,440,000 ordinary shares of RM1.00 each. Liberty does not have any subsidiary or associated company.

Liberty is engaged in the business of property development. As at the Latest Practicable Date, it has the in-principle titles to the CN Lands located in the Iskandar region of Johor, Malaysia.



Liberty is owned by four shareholders with their respective shareholdings as follows:

- (i) Icon Ventures (50.0%);
- (ii) Champion Brave (25.0%);
- (iii) Golden Ring (12.5%); and
- (iv) Metra (12.5%).

Liberty owns the legal and beneficial title to the CN Lands, is a vehicle for the Vendors to jointly develop the CN Lands. Liberty acquired the CN Lands using substantially bank borrowings and as well as capital contribution with loans from its shareholders.

Liberty has appointed Orientis, a wholly-owned subsidiary of the Company, as the project manager to undertake the entire development of the mixed-use development project on the CN Lands. Pursuant to the engagement, Orientis had undertaken preparatory work necessary for the development of the CN Lands, including but not limited to applications for master planning approvals and an application for the surrender and re-alienation of the CN Lands, as well as the appointment of and liaison with relevant professionals and consultants.

Save for the preparatory work as described above, Liberty has not commenced any other business activities since its incorporation.

**(b) The Financial Performance of the Liberty**

A summary of the financial information of Liberty based on the audited financial statements of Liberty for the financial year ended (“FY”) 31 December 2013, 31 December 2014 and 31 December 2015 is set out below:

<b>RM'000</b>	<b>FY2013<sup>(1)</sup></b>	<b>FY2014<sup>(2)</sup></b>	<b>FY2015<sup>(2)</sup></b>
Revenue	-	-	-
Gross profit	-	-	-
Other income	371	14	443
Loss before tax	(1,511)	(2,023)	(381)
Loss after tax	(1,511)	(2,023)	(381)

**Notes:**

- (1) Audited by Kwong & Wong
- (2) Audited by Deloitte Malaysia

As at the Latest Practicable Date, Liberty has not commenced the development of the CN Lands, thus no revenue has been recognised.

Other income consists mainly from interest income from placements of excess funds in fixed deposits and money market.



Liberty's losses for FY2013, FY2014 and FY2015 were attributed to administrative expenses (including professional fees, and employee-related expenses) and finance costs (which comprise mainly interest expenses).

Please refer to section 4 of Appendix A to the Circular for the discussion and analysis of financial condition and results of operation of Liberty by Liberty's management.

(c) **The Financial Position of Liberty**

RM'000	Audited 31 December 2015
Current assets	513
Non-current assets	409,246
<b>Total assets</b>	<b>409,759</b>
Current liabilities	35,240
Non-current liabilities	200,000
<b>Shareholders' equity</b>	<b>174,519</b>
<b>Total equity and liabilities</b>	<b>409,759</b>

As at 31 December 2015, the non-current assets of Liberty amounted to approximately RM409.25 million and accounted for approximately 99.87% of its total assets. The non-current assets comprise land held for property development which represents land costs of approximately RM357.67 million (namely, the CN Lands), stamp duty of approximately RM9.60 million, interest on loan of approximately RM20.47 million, consultancy fees of approximately RM7.62 million and other development expenditures.

Liberty has a term loan facility of RM200 million from Public Bank Berhad ("PBB") which accounted for approximately 85.02% of its total liabilities. The interest rate applicable is 1.1% per annum over PBB's cost of funds. The term loan is secured by a charge over the CN Lands, and a general debenture that created a fixed and floating charge over the assets of Liberty.

Since FY2013, the aggregate shareholders' loans extended by the Vendors to Liberty amounted to RM140 million (or approximately S\$46.63 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date).

On or around 23 December 2015, substantially all of the remaining loans from Icon Ventures and all of the shareholder loans from Champion Brave and Casi were capitalised. The remaining portion of the loans due to Icon Ventures, Champion Brave and Casi after the capitalisation were repaid. As such, as at the Latest Practicable Date, there is no shareholders' loan owing by Liberty to the Vendors.

Please refer to Appendix A: Letter to Shareholders from the Liberty Directors to the Circular for more information on Liberty and the CN Lands.



### 3.2 INFORMATION ON THE VENDORS

Icon Ventures is wholly-owned by Phileo Capital Limited ("**Phileo Capital**"). TMF Trustees Singapore Limited is the sole registered holder of all the issued shares in Phileo Capital. TMF Trustees Singapore Limited is a trustee of a family trust of which Datuk Tong Kooi Ong ("**Datuk Tong**") is the sole beneficiary.

As at the Latest Practicable Date, Phileo Capital owns approximately 54.51% of the issued share capital of the Company. Datuk Tong sits on the Board as the Non-Executive Chairman.

The ultimate owners of the other Vendors are as follows:

- (i) Golden Ring – Tan Sri Wan Azmi bin Wan Hamzah;
- (ii) Champion Brave – Tan Sri Lee Oi Hian; and
- (iii) Metra<sup>(1)</sup> – Tan Sri Surin Upatkoon<sup>(2)</sup>.

**Notes:**

- (1) Metra is holding all the shares in Liberty as nominee for Casi Management Sdn. Bhd. ("Casi").
- (2) Tan Sri Surin Upatkoon's total effective indirect interest in Casi is approximately 98.18%.

Save for Icon Ventures, the other Vendors, namely, Golden Ring, Metra and Champion Brave, and their respective associates, do not own any Shares in the Company. Kindly refer to Annex 1 to Appendix A of the Circular for a brief background on the profile of the ultimate vendor owners of the Vendors.

### 3.3 CONSIDERATION

The consideration for the purchase of all the issued shares in Liberty ("**Acquisition Consideration**") shall be S\$64 million, to be fully satisfied by way of allotment and issuance to the Vendors (or their nominee(s) as they may direct) an aggregate of 955,223,880 Consideration Shares at an issue price of S\$0.067 per Consideration Share ("**Issue Price**").

The Acquisition Consideration and the Issue Price of the Consideration Shares were arrived at on a willing buyer-willing seller basis taking into account, including but not limited to, the following factors:

- (a) the valuation of Liberty;
- (b) the valuation of the CN Lands;
- (c) the book value and the net tangible asset value of Liberty as set out in Section 2.2 of the Circular;
- (d) the rationale for the Proposed Acquisition, the Group's diversification and expansion plans and the Group's Remaining Businesses as set out in Section 2.5 of the Circular;
- (e) the prospects of Liberty and the CN Lands; and
- (f) the financial position of the Company.

The Issue Price of the Consideration Shares represents a discount of approximately 23.86% to the closing price of S\$0.088 per Share on the SGX-ST as of 28 March 2016, being the last trading day of the Shares on the SGX-ST before the announcement of the Proposed Acquisition, and a premium of approximately 1,240% to the latest audited NAV per Share of the Company. The Acquisition Consideration is at a discount of approximately 1.54% to Mazars' valuation and



0.98 times to Liberty's adjusted net asset value ("**NAV**") (as further detailed in paragraph 4.2 of this IFA Letter below).

### **3.4 CONDITIONS PRECEDENT**

The conditions precedent for the Proposed Acquisition are set out in Section 2.7 of the Circular, and Shareholders are advised to read the information carefully.

If any of the conditions precedent are not fulfilled or waived by 31 August 2016 (the "**Long Stop Date**"), the SPA will be terminated unless the Long Stop Date is extended by mutual agreement of the parties. The Long Stop Date can only be extended once. The Company has a right to waive in whole or in part and conditionally or unconditionally the conditions precedent set out in the SPA, except the condition precedent relating to the moratorium undertakings.

As at the Latest Practicable Date, all the Conditions Precedent set out in Section 2.7(a) of the Circular are pending fulfillment (or waiver).

### **3.5 TOTAL VALUE OF TRANSACTIONS WITH THE SAME INTERESTED PERSON**

Pursuant to Catalist Rules 906(1)(b) and 921, all other transactions (except for transaction(s) which has been approved by shareholders) entered into with the 'same interested person' (as such term is construed under Chapter 9 of the Catalist Rules) during the same financial year, shall be aggregated and be subject to Shareholders' approval.

The Company confirms that there is no transaction which is a subject of aggregation pursuant to Catalist Rule 906(1)(b).

## **4. EVALUATION OF THE PROPOSED ACQUISITION**

In our evaluation of the Proposed Acquisition, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our evaluation:

- (a) the Land Valuation Report;
- (b) the Liberty Valuation Report;
- (c) the revalued net asset value of Liberty;
- (d) the Issue Price of the Consideration Shares;
- (e) the rationale for and benefits of the Proposed Acquisition;
- (f) the financial performance of Group;
- (g) the financial position of the Group;
- (h) the proforma financial effects of the Proposed Acquisition;
- (i) comparison with recent similar transactions; and
- (j) other considerations.





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

#### 4.1 THE LAND VALUATION REPORT

The Group has commissioned Raine & Horne to provide an independent valuation of the CN Lands which are the main assets of Liberty.

Raine & Horne is an experienced team of property valuers providing independent property valuations to enable their clients to make an informed property decision. Raine & Horne valuations comply with Malaysian and international valuation standards and are recognized Board of Valuers, Appraisers and Estate Agents Malaysia, Royal Institution of Surveyors Malaysia and National Institute of Valuation. Raine & Horne offers valuation services that covers an extensive range of properties, commercial plant and machinery as well as chattels and vessels. We offer useful valuations for many different purposes such as mortgage financing, acquisitions / corporate restructuring, sale and purchase transaction, tax & rating, litigation, accounting, insurance purposes, and submission to authorities.

We set out certain extracts in *italics* below from the Land Valuation Report with regards to the basis and method of valuation employed by Raine & Horne:

##### Basis of Valuation

*Market Value is defined as the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.*

##### Method of Valuation

*In determining the Market Value, we have adopted the Comparison Method. This method of valuation seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent sale evidences involving other similar properties in the vicinity. Adjustments are being made to difference in time, location, tenure, category of land use, plot ratio, size, improvements made on the site and other value consideration.*

##### Key Assumptions used in the Valuation

- (i) *Comparison Method adopted is sufficient due to the nature of CN Lands being a vacant commercial land without any approved layout plan; and*
- (ii) *CN Lands are issued with freehold titles with vacant possession and free from all encumbrances.*

As at 10 March 2016, being the effective date of the valuation of the CN Lands by Raine & Horne, the value of the CN Lands is RM380 million (or approximately S\$126.56 million based on the exchange rate of S\$1.00 to RM3.0026 as at the Latest Practicable Date).

We note that the valuation is at a slight premium to the cost of CN Lands registered in the book of Liberty.

Please refer to Appendix D to the Circular for details of the valuation of the CN Lands.



## 4.2 THE LIBERTY VALUATION REPORT

The Company has also commissioned the Liberty Valuer to estimate the indicative fair market value of a 100% equity interest in Liberty.

Mazars is an international, integrated and independent organisation, specialising in audit, accountancy, tax, legal and advisory services. Their transaction advisory services include due diligence for mergers and acquisitions and business valuations.

We set out certain extracts in *italics* below from the Liberty Valuation Report with regards to the valuation approach employed by the Liberty Valuer:

*The valuation of Liberty was carried out on a "Fair Market Value" basis, which is defined as "the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts."*

*We have considered generally applicable valuation approaches, i.e market approach, income approach and net assets approach.*

*After considering the state and condition of Liberty Bridge as at the Valuation Date, and availability of information for purposes of valuation we have adopted Adjusted Net Assets method as the basis of this valuation. The Adjusted Net Assets approach involves deriving the fair value of equity interest by reference to the fair value of those assets and liabilities of a subject entity.*

*In estimating the indicative fair market value of the 100% equity interest in Liberty Bridge as of the Valuation Date, subject to assumptions and limitations set out in this letter, we estimated the fair value of assets and liabilities of Liberty Bridge as of Valuation Date and adjusted accordingly, where appropriate, the net assets as presented in the unaudited statement of financial position of Liberty as at 31 December 2015.*

*For the purpose of this valuation, we have obtained the following information:*

- a. *Unaudited financial statements of the Liberty Bridge for the financial year ended 31 December 2015 which including statement of financial position and statement of profit or loss and other comprehensive income as at and for the financial year ended on that date and related notes to the financial statements;*
- b. *Valuation Report issued by Raine & Horne International Zaki + Partners Sdn Bhd (the "Land Valuer") dated 10 March 2016;*
- c. *Publicly available information relevant to Liberty Bridge;*
- d. *Other information and analysis provided by management of 3Cnergy Limited and Liberty Bridge; and;*
- e. *Discussions with the management of 3Cnergy Limited and Liberty Bridge.*

As at 10 March 2016, being the effective date of the valuation of Liberty by the Independent Valuer, the estimated indicative fair value of 100% of Liberty is S\$65 million.



We note that the Acquisition Consideration represents 0.98 time (or a slight discount of approximately 1.54%) of the estimated indicative fair value of 100% of Liberty (“**Adjusted NAV**”).

**The Directors are advised to read the Liberty Valuation Report, especially the valuation approach, key assumptions and risk factors, in Appendix C to the Circular carefully.**

#### **4.3 THE FINANCIAL POSITION OF LIBERTY**

As set out in paragraph 3.1(b) of this IFA Letter, Liberty did not recognise any revenue in the last three completed financial years. Accordingly, the following analysis relates to the latest available audited financial position of Liberty.

As at 31 December 2015, Liberty had net assets of approximately RM174.50 million (or approximately S\$58.12 million based on the exchange rate of S\$1.00 to RM3.0026 as at Latest Practicable Date). Liberty has no intangible assets. Accordingly, the NAV of Liberty would be equal to its net tangible assets (“**NTA**”).

We have discussed the following factors that may affect NAV or NTA of the Liberty with the Directors and Liberty Directors:

##### **(a) CN Lands – Land held for property development**

As at 31 December 2015, Liberty recorded the CN Lands as land held for property development at cost of approximately RM357.67 million. Based on the Land Valuation Report, the value of the CN Lands is RM380 million which represents a slight premium of approximately RM22.33 million (or approximately S\$7.44 million based on the exchange rate of S\$1.00 to RM3.0026 as at Latest Practicable Date).

##### **(b) Current liabilities of Liberty**

The current liabilities of Liberty consist of (i) trade payables amounting to approximately RM1.06 million; (ii) amount due to shareholders amounting to approximately RM0.32 million which arose mainly from unsecured advances and expenses paid on behalf; (iii) accrued expenses of approximately RM0.86 million; and (iv) bank borrowings of RM33 million.

As at the Latest Practicable Date, Liberty is seeking confirmations from PBB in respect of certain terms and conditions or covenants of the banking facilities (as set out in Section 8 of Appendix A of the Circular), the breach of which could materially affect Liberty’s financial position and results or business operations, or the investments of its shareholders. Shareholders are to note that it is a condition precedent in the SPA (please refer to Section 2.7(a)(iv) of the Circular) that the abovementioned confirmations from PBB are obtained. Accordingly, if the abovementioned confirmations from PBB are not obtained, completion of the Proposed Acquisition will not occur.

##### **(c) Working capital of Liberty**

Based on Liberty’s latest financial position as at 31 December 2015, Liberty’s current liabilities exceeded its current assets and this may affect its ability to continue as going concern.



As set out in Section 9 of Appendix A of the Circular, the Liberty Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into consideration the Liberty’s cash and cash equivalents and the amounts available under Liberty’s existing banking facilities, the working capital available to Liberty is adequate to meet its present requirements as at the date of this Circular and for at least 12 months after completion of the Proposed Acquisition.

**(d) Revalued NAV of Liberty**

After taking into consideration the premium of approximately RM22.30 million (or approximately S\$7.43 million) from the value of the CN Lands as at 10 March 2016, the NAV of Liberty would have been revalued to approximately RM196.80 million (or approximately S\$65.54 million based on the exchange rate of S\$1.00 to RM3.0026 as at Latest Practicable Date).

The Acquisition Consideration of S\$64 million hence represents 0.98 time (or a slight discount of approximately 2.35%) of the revalued NAV of Liberty.

**4.4 THE ISSUE PRICE OF THE CONSIDERATION SHARES**

**(a) The Issue Price and the Market Performance of the Shares**

The historical price chart (based on closing prices and the number of Shares traded on a daily basis) for the Shares during the period commencing 12 months prior to the date of the SPA and ending on the Latest Practicable Date is set out below:



Source: Bloomberg L.P.



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

<b>Date</b>	<b>Event</b>
2 April 2015	The Company announced that its independent auditor, Ernst & Young LLP has without modifying their opinion, included in the Independent Auditor's Report an emphasis of matter in respect of the Group's ability to continue as a going concern on the audited financial statements of the Group for financial year ended 31 December 2014.
14 April 2015	The Company announced that it had on 14 April 2015 entered into a letter of intent (the " <b>LOI</b> ") with Mr. Ng Kai-Man for the disposal of its entire shareholding of 200,000 ordinary shares in the capital of HSR International Realtors Pte Ltd (" <b>HSR</b> " and together with its subsidiaries, the " <b>HSR Group</b> ") on the terms and subject to the conditions in the LOI for a consideration of S\$2 million (the " <b>Proposed Disposal</b> ").
15 April 2015	The Company announced the cessation of Mr Bernard Tong as Head of Operations of HSR International Realtors Pte Ltd.
24 April 2015	The Company held its Annual General Meeting.
11 May 2015	<p>The Company updated and notified its Shareholders that the parties did not reach an agreement on the terms of a definitive agreement in relation to the Proposed Disposal and accordingly, the LOI has lapsed.</p> <p>The Company announced that it has entered into a conditional sale and purchase agreement dated 11 May 2015 with Mr. Liew Siow Gian, Patrick (the "<b>Purchaser</b>") for the disposal of its entire shareholding in HSR Group ("the <b>Proposed Disposal 2</b>").</p>
15 May 2015	The Company announced the appointment of Mr Chung Chee Khuen as its Group Financial Controller following the resignation of Mr Mohamed Amanullah.
8 June 2015	The Company announced it has on 8 June 2015 entered into a supplemental deed with the Purchaser (the " <b>Supplemental Deed</b> ") to supplement and amend the terms of the agreement. In addition, the Purchaser and Ms Lim Sook Lin (" <b>Ms. Lim</b> ") had given a deed of undertaking dated 8 June 2015 in favour of the Company, that the Purchaser and Ms. Lim (a) will abstain from voting; and (b) shall decline to accept appointment as proxies to vote and attend on the ordinary resolution in relation to the Proposed Disposal 2 at the EGM to be convened by the Company.
10 June 2015	Extraordinary General Meeting in relation to the Proposed Disposal 2 and the change of auditors to Messrs Deloitte & Touche LLP, Singapore.
6 July 2015	The Company announced the completion of the Proposed Disposal 2.



<b>Date</b>	<b>Event</b>
28 July 2015	Resignation of Ms Tan Siew Hua as Joint Company Secretary.
12 August 2015	Announcement of the Company's unaudited financial results for the six-month ended 30 June 2015.
15 September 2015	The Company announced resignation of director and changes to the composition of its board of directors and board committees following the resignation of its independent director, Mr Eng Meng Leong.
24 November 2015	The Company announced the appointment of Mr Ong Pai Koo @ Sylvester as an independent director of the Company.
15 December 2015	The Company announced resignations of director and changes to the composition of its board of directors and board committees following the resignation of its independent director, Mr Tan Kok Hiang.
19 February 2016	Announcement of the Company's unaudited financial results for the financial year ended 31 December 2015.
29 March 2016	Announcement on the Proposed Acquisition.
6 April 2016	The Company announced that its independent auditor, Deloitte & Touche LLP has without modifying their opinion, included in the independent auditor's report an emphasis of matter in respect of the Group's ability to continue as a going concern on the audited financial statements of the Group for financial year ended 31 December 2015.
29 April 2016	The Company held its Annual General Meeting.

We have also tabulated below selected statistical information on the share price performance and trading liquidity of the Shares from 28 March 2015, being the 12-month period prior to the Announcement Date, up to the Latest Practicable Date:

	<b>Highest price<sup>(1)</sup> (S\$)</b>	<b>Lowest price<sup>(1)</sup> (S\$)</b>	<b>VWAP<sup>(2)</sup> (S\$)</b>	<b>Discount of Issue Price to VWAP (%)</b>	<b>Average daily trading volume<sup>(3)</sup></b>	<b>Average daily trading volume as a percentage of free float<sup>(4)</sup> (%)</b>
<b><u>Prior to the Announcement Date</u></b>						
Last 12 months	0.3500	0.0880	0.1940	65.47	8,913	0.05
Last 6 months	0.1030	0.0880	0.1006	33.37	4,214	0.02
Last 3 months	0.1010	0.0880	0.1006	33.40	8,000	0.04
Last 1 month	0.0880	0.0880	0.0880	23.86	500	.. <sup>(5)</sup>





	Highest price <sup>(1)</sup> (S\$)	Lowest price <sup>(1)</sup> (S\$)	VWAP <sup>(2)</sup> (S\$)	Discount of Issue Price to VWAP (%)	Average daily trading volume <sup>(3)</sup>	Average daily trading volume as a percentage of free float <sup>(4)</sup> (%)
14 March 2016, being the last traded day prior to the Announcement Date	0.0880	0.0880	0.0880	23.86	500	.. <sup>(5)</sup>
<b><u>After the Announcement Date to the Latest Practicable Date</u></b>						
From 30 March 2016 to the Latest Practicable Date	0.1000	0.0950	0.0983	31.82	4,833	0.03
As at the Latest Practicable Date <sup>(6)</sup>	0.1000	0.1000	0.1000	33.00	4,500	0.03

Source: Bloomberg L.P.

**Notes:**

- (1) The highest price refers to the highest transacted price during the relevant period. The lowest price refers to the lowest transacted price during the relevant period.
- (2) The volume weighted average price (“VWAP”) of the Shares over the relevant period.
- (3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded during the relevant period, divided by the number of days on which the Shares were traded during the relevant period.
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and the substantial shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float for the various periods, we have used the free float of 18,194,291 Shares as extracted from the Company’s annual report for FY2015, representing approximately 15.17% of the 119,921,362 total issued Shares.
- (5) Negligible.
- (6) There were no Shares traded on 21 June 2016. The last trading day prior to the Latest Practicable Date is 17 June 2016.



We noted that:

- (i) in the 12-month period leading up till the Announcement Date, the Shares had traded across a wide band, ranging from a high of S\$0.350 on 17 April 2015 to a low of S\$0.088 on 14 March 2016;
- (ii) the Issue Price is below the transacted price of the Shares for the period commencing 12 months prior to the date of the SPA and ending on the Latest Practicable Date and represents a discount of approximately 65.47% to VWAP of the Shares for the 12-month period prior to the Announcement Date although the discount quantum for the 1-month period prior to the Announcement Date decreased to approximately 23.86%;
- (iii) the trading volume of the Shares for the 12-month period leading up till the Announcement Date was low, with the Shares being traded on 16 days out of a possible 252 market days, or approximately 6.4% of market days during the period;
- (iv) despite having a free float of 18,194,291 Shares, a total of only 142,600 Shares were traded in the 12-month period leading up till the Announcement Date and the average daily trading volume of the Shares for the 12, 6, 3 and 1-month periods prior to the Announcement Date represented only approximately 0.05%, 0.02%, 0.04%, and 0.003% of the free float respectively. There had only been a trade of 500 Shares in the 1-month period prior to the Announcement Date;
- (v) for the period following the Announcement Date up to the Latest Practicable Date, only three trades totalling 14,500 Shares (representing approximately 0.08% of the free float) were made;
- (vi) the Issue Price represent a discount of approximately 31.82% to the VWAP of the Shares of S\$0.0983 for the period between the Announcement Date and the Latest Practicable Date; and
- (vii) the Issue Price represents a discount of approximately 33.00% to the VWAP of Shares of S\$0.1000 on the Latest Practicable Date.

**(b) The Issue Price versus the Net Asset Value of the Share**

Based on the Company's latest annual report dated 14 April 2016, the Company's assets and liabilities as at 31 December 2015 were as follows:

<b>S\$'000</b>	<b>Audited 31 December 2015</b>
Current assets	1,056
Current liabilities	(4,775)
Net current liabilities	(3,719)
Non-current assets	5,245
Non-current liabilities	(939)
<b>NAV</b>	<b>587</b>



<b>S\$'000</b>	<b>Audited</b>
	<b>31 December 2015</b>
<i>Less:</i>	
Other intangible assets	(2,537)
Goodwill	(1,839)
Add: Deferred tax liabilities	729
<b>NTA</b>	<b>(3,060)</b>

**(i) NAV per Share**

The NAV of the Group was S\$587,000 as at 31 December 2015. Based on the issued share capital of 119,921,362 Shares as at the Latest Practicable Date, the NAV per Share as at 31 December 2015 was S\$0.005. The Issue Price represents a premium of approximately 1,240% to the NAV per Share, or a P/NAV ratio of 13.4 times.

**(ii) Composition of Assets**

The Group had current assets of approximately S\$160.4 million and non-current assets of approximately S\$5.2 million as at 31 December 2015.

The current assets of the Group as at 31 December 2015 comprised mainly cash and bank balances of approximately S\$0.33 million, trade receivables of approximately S\$0.34 million, and other receivables and deposits of approximately S\$0.35 million. The non-current assets of the Group as at 31 December 2015 comprised mainly other intangible assets of approximately S\$2.54 million, goodwill of approximately S\$1.84 million and property, plant and equipment of approximately S\$0.73 million.

Trade and other receivables

As at 31 December 2015, the Group had trade receivables of approximately S\$0.34 million and other receivables of approximately S\$0.34 million which, in aggregate, represented approximately 10.9% of the total assets of the Group as at 31 December 2015.

The Company has confirmed that in their opinion, as at the Latest Practicable Date, no material provision for trade and other receivables is required.

Property, plant and equipment

The Group's property, plant and equipment of approximately S\$0.73 million represented approximately 11.5% of its total assets as at 31 December 2015. Property, plant and equipment comprised mainly computer and office equipment.

We note from the Company's annual report for FY2015 that the Company made impairment losses of S\$158,000 in FY2015 after its subsidiary carried out a review of the recoverable amount of its property, plant and equipment.



**(iii) Composition of Liabilities**

The Group had current liabilities of approximately S\$4.78 million and non-current liabilities of approximately S\$0.94 million as at 31 December 2015. The current liabilities of the Group as at 31 December 2015 comprised mainly shareholder loan of approximately S\$2.85 million, other payables and accruals of approximately S\$0.83 million and amount due to customers for project management contracts of approximately S\$0.40 million. The shareholder loan is extended by Phileo Capital (the major shareholder) to the Company under an agreement dated 8 January 2015 (the “**SH Loan Agreement**”) and supplemented by a letter dated 29 March 2016. Phileo Capital has agreed not to demand repayment of the shareholder loan until the earlier of (i) 31 December 2017; or (ii) such time when the Company has raised the necessary funds for the Group to meet its financial obligations when they fall due so that the Group can continue to operate as a going concern for a period up to 31 December 2017. As at the Latest Practicable Date, the Company has obtained a loan of approximately S\$3.79 million in aggregate from Phileo Capital pursuant to the SH Loan Agreement.

**(iv) NTA per Share**

After deducting goodwill and other intangible assets of approximately S\$4.38 million and adding back deferred tax liabilities of approximately S\$0.73 million, the Group had negative NTA of approximately S\$3.06 million as at 31 December 2015. Based on the issued share capital of 119,921,362 Shares as at the Latest Practicable Date, the NTA per Share as at 31 December 2015 was a negative S\$0.026.

The Company has confirmed that there have not been any events subsequent to 31 December 2015 which would materially affect the NAV or NTA of the Group as at the Latest Practicable Date.

#### **4.5 RATIONALE FOR THE PROPOSED ACQUISITION**

The rationale for the Proposed Acquisition is set out in Section 2.5 of the Circular and we recommend that the Directors advise the Shareholders to read the section carefully. We have reviewed the rationale for entering into the Proposed Acquisition and set out certain extracts in *italic* as follows:

*Following completion of the disposal of HSR International Realtors Pte Ltd, the remaining businesses of the Group are Orientis an integrated property development management firm, 3C Property Consultants Pte Ltd which provides real estate valuation and appraisal services and Whitehouse Holdings Pte Ltd, a property management company (“**Group’s Remaining Businesses**”).*

*The Proposed Acquisition is in line with the Group’s diversification and expansion plans, which allows the Group to leverage and expand on its existing property development management business (including, providing architectural design, project financial feasibility assessment, engineering expertise and construction management services). As such, the Company believes that the Proposed Acquisition will increase Shareholders’ value and will act as the catalyst of growth for the Group.*



The Proposed Acquisition of Liberty is in line with the Diversification Mandate to leverage on the Group's existing expertise in property development management business as well as to diversify geographically its revenue streams so as to be less susceptible to property cycles in Singapore.

Future plans of the Company in relation to CN Lands

The Company intends to continue with Liberty's existing plan to develop the CN Lands into a mixed-use development featuring the largest tropical "Rambla" in Nusajaya, Malaysia. It consists of SOHO, serviced apartments, condominium, office lots, office tower, hotel, street front retail and activity retail, a mixed development with predominantly residential components and complemented with retail and commercial components. The Company intends to fund the development of the CN Lands with, inter alia, bank borrowings, proceeds from the sale of units in the development, and/or the issuance of new Shares and/or other financial instruments.

**4.6 FINANCIAL PERFORMANCE OF THE GROUP**

The Group has disposed HSR Group in July 2015 and acquired Orientis in July 2014, hence it is not meaningful to analyse the Group's past three years financial statements. We set out its financial performance for the last two financial years as follows:

S\$'000	FY2014	FY2015
Revenue	381	1,325
Gross profit	63	260
Loss before tax from continuing operations	(3,023)	(5,387)
<b>Loss from continuing operations, net of tax</b>	<b>(3,022)</b>	<b>(5,436)</b>
Loss for the year from discontinued operation	(2,283)	(78)
<b>Loss for the year</b>	<b>(5,305)</b>	<b>(5,514)</b>

As set out above, the Group's continuing operations has been reporting losses for FY2014 and FY2015, and the losses (net of tax) had increased by approximately 80.13% from approximately S\$3.02 million in FY2014 to approximately S\$5.44 million in FY2015.

**4.7 Financial Position of the Group**

S\$'000	As at 31 December 2015
Current assets	1,056
Non-current assets	5,245
<b>Total assets</b>	<b>6,301</b>



<b>S\$'000</b>	<b>As at 31 December 2015</b>
Total current liabilities	(4,775)
Total non-current liabilities	(939)
<b>Total liabilities</b>	<b>(5,714)</b>
<b>Shareholders' equity</b>	<b>587</b>

As at the Latest Practicable Date, the Group does not have any banking facilities. As mentioned above, the Company has shareholder loan from Phileo Capital under the SH Loan Agreement. Under the SH Loan Agreement, Phileo Capital extends unsecured interest-free shareholder loan of up to S\$5 million to the Company, and as at the Latest Practicable Date, the Company has obtained a loan of approximately S\$3.79 million from Phileo Capital pursuant to the SH Loan Agreement.

Based on the Company's latest annual report dated 14 April 2016, the Company's independent auditor has without modifying their opinion include in the audit report an emphasis of matter in respect of the Group's ability to continue as going concern on the audited financial statements of the Group for FY2015. We set out certain extract from the independent auditor's report in *italics* below.

*The Group incurred a net loss of \$5,514,000 (2014: \$5,305,000) during the financial year ended 31 December 2015 and as at that date, the Group and the Company's current liabilities exceeded its current assets by \$3,719,000 (2014: \$747,000) and \$4,536,000 (2014: \$874,000) respectively. These conditions indicate the existence of a material uncertainty that may cast doubt about the Group's and Company's abilities to continue as going concerns. As stated in the report, the Group's and Company's abilities to continue as going concerns are dependent on the successful implementation of the business plan, ability to drawdown on the shareholder's loan and the sufficiency of the loan to pay their debts as and when they fall due.*

As mentioned in Section 8.3 of the Circular, Phileo Capital has agreed that it will not demand repayment of the shareholder loan extended pursuant to the SH Loan Agreement until the earlier of (i) 31 December 2017; or (ii) such time when the Company has raised the necessary funds for the Group to meet its financial obligations when they fall due so that the Group can continue to operate as a going concern for a period up to 31 December 2017.

Without the shareholder loan extended from Phileo Capital, the Group will not be able to be meet its financial obligations when they fall due so that the Group can continue to operate as a going concern.

We note that the Company proposes to undertake a compliance placement of up to 75,000,000 Compliance Placement Shares ("**Proposed Compliance Placement**") after the completion of the Proposed Acquisition, raising gross proceeds of S\$5,025,000. The net proceeds of the Proposed Compliance Placement after deducting expenses in relation to the Proposed Acquisition and the Proposed Compliance Placement of S\$4,264,000 will be utilised as general working capital for the enlarged group.





As set out in Section 8.4 of the Circular, the Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into consideration the enlarged group's cash and cash equivalents, the shareholder loan from Phileo Capital, the amounts available under Liberty's existing banking facilities, and the net proceeds attributable to the Company pursuant to the Proposed Compliance Placement, the working capital available to the enlarged group is adequate to meet its present requirements as at the date of this Circular and for at least 12 months after completion of the Proposed Acquisition and the Proposed Compliance Placement.

#### 4.8 PROFORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The full text of the proforma financial effects of the Proposed Acquisition is set out in Section 7 of the Circular. Shareholders are advised to read Section 7 of the Circular carefully. In summary, we note the following:

- (a) the NTA per Share will improve tremendously from a negative 3.16 cents to a positive 5.64 cents upon completion of the Proposed Acquisition;
- (b) the NAV per Share will improve from 0.49 cents to 6.04 cents upon the completion of the Proposed Acquisition;
- (c) the loss per Share will decrease from negative 7.22 cents to negative 0.69 cents upon the completion of the Proposed Acquisition; and
- (d) the gearing ratio will decrease from 4.86 times to 1.23 times upon the completion of the Proposed Acquisition.

Shareholders should note that the proforma financial effects of the Proposed Acquisition are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Proposed Acquisition.

#### 4.9 COMPARISON WITH RECENT SIMILAR TRANSACTIONS

As Liberty did not report any financial profit for the last three years, and has not commenced the development project of the CN Lands, it is not meaningful to compare Liberty with listed property development companies.

For the purpose of evaluation, we have compared the P/NAV ratio implied by the Acquisition Consideration vis-à-vis interested person transactions approved by independent shareholders of companies listed on the SGX-ST since 1 January 2015 which involve the acquisitions of a majority stake in private companies, excluding reverse takeovers (the "**Recent IPT Transactions**").

This analysis serves as a general indication of the premium over or discount to NAV, without having regard to specific industry characteristics or other relevant considerations. We wish to highlight that the list of Recent IPT Transactions is not exhaustive, and that the purchase consideration is dependent on various factors, including, *inter alia*, the rationale for the acquisition, then prevailing market conditions and sentiments, the mode of settlement of the purchase consideration, the nature of the business and/or assets acquired. Accordingly, any comparison made with respect to the Recent IPT Transactions is intended to serve as an illustrative guide only.



Name of company	Details of acquisition	Date of circular	Purchase consideration	P/NAV time(s)
Koh Brothers Eco Engineering Limited	100% of the issued and paid-up share capital of Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. (" <b>KBBCEC</b> ")	12 April 2016	S\$19.01 million	0.76 <sup>(1)</sup>
Midas Holdings Limited	100% of the issued and paid up share capital of Hui Cheng Capital Ltd	31 March 2016	S\$264.0 million	1.11 <sup>(2)</sup>
Rowsley Ltd.	50% of the issued and paid up share capital of GG Collections Private Limited (" <b>GG</b> "), 50% of the issued and paid up share capital of Orchid Leisure Limited (" <b>OLL</b> ") and 75% of the issued and paid up share capital of Café Football Limited (" <b>CFL</b> ")	29 October 2015	£5.55 million for GG, £23.10 million for OLL and £0.45 million for CFL <sup>(10)</sup>	0.68 for GG, 3.46 for OLL and 1.00 for CFL <sup>(3)</sup>
EMS Energy Limited	100% of the issued and paid up share capital of Windale Holding Ltd	30 September 2015	S\$150 million	0.80 <sup>(4)</sup>
Blue Sky Power Holdings Limited	100% of the issued and paid up share capital of Smart Rainbow Investments Limited	26 August 2015	HK\$100 million <sup>(10)</sup>	1.78 <sup>(5)</sup>
Avic International Maritime Holdings Limited	60% of the issued and paid up share capital of Avic Zhenjiang Shipyard Marine Pte. Ltd. (" <b>AZM</b> ")	21 July 2015	US\$3,630,921 <sup>(10)</sup>	1.18 <sup>(6)</sup>
Raffles United Holdings	51% of the issued and paid-up share capital of Raffles Capital Enterprise Pte. Ltd	16 July 2015	S\$7.98 million	1.00 <sup>(7)</sup>
Achieva Limited	100% of the issued and paid-up share capital of (I) SUTL Marina Development Pte. Ltd. and (II) One15 Luxury Yachting Pte. Ltd.	11 May 2015	S\$21.0 million	1.00 <sup>(8)</sup>
Ascendas India Trust	100% of the total issued and paid-up capital of Ascendas IT SEZ (Chennai) Private Limited	12 March 2015	INR1,615.1 million (S\$35.5 million) <sup>(10)</sup>	0.99 <sup>(9)</sup>



Name of company	Details of acquisition	Date of circular	Purchase consideration	P/NAV time(s)
Maximum				3.46
Minimum				0.68
Mean				1.25
Median				1.00

Liberty 0.98

Source: Circulars of the respective companies.

**Notes:**

- (1) Based on revalued NAV of KBBCEC of approximately S\$24.90 million as calculated by the independent financial advisor.
- (2) Based on Hui Cheng Capital Ltd's NAV of approximately RMB716 million as at 30 September 2015 and the initial purchase consideration of approximately S\$166.32 million. The S\$264 million is the maximum purchase consideration after including earn-out purchase consideration.
- (3) Based on revalued NTA of GG as at 30 June 2015 of £8,205,585, adjusted NTA of CFL as at 30 June 2015 of £126,068 and the 75.0% equity interest in equity value of OLL of approximately £23.1 million.
- (4) Based on the fair value of 100% equity interest of the target company as valued by an independent valuer.
- (5) Based on the adjusted NAV of approximately HK\$56.25 million as at 31 December 2015.
- (6) Based on the NTA of AZM as at 31 December 2015.
- (7) Based on the NAV of RCE as at 31 March 2015 of S\$15,647,907.
- (8) Based on the target companies' proforma net asset values of approximately S\$20.8 million as at 30 June 2014.
- (9) Based on the market value of the property held by the target company as valued by an independent valuer.
- (10) £, INR, US\$ and HK\$ refers to Pound Sterling, Indian Rupee, United States dollars and Hong Kong dollars, respectively.

Based on the above ratio analysis, we noted that the P/NAV ratio of Liberty, as implied by the Acquisition Consideration and the valuation of S\$65 million as opined by the Liberty Valuer, is within the range, and below than the mean and the median of P/NAV ratio of the Recent IPT Transactions.



#### 4.10 OTHER CONSIDERATIONS

In assessing the terms of the Proposed Acquisition, we have also considered the following:

- (a) Amount paid to Icon Ventures and methods of satisfying the Acquisition Consideration is on par with third parties Vendors pro-rated based on their respective shareholding in Liberty;
- (b) We note that the Acquisition Consideration will be entirely satisfied via the allotment and the issuance of Consideration Shares. As such, the Group will not have any cash outlay to satisfy the Acquisition Consideration and will not be required to (i) increase its borrowings to fund the Proposed Acquisition, and (ii) increase its gearing any further;
- (c) Upon completion of the Proposed Acquisition and the issuance and allotment of the Consideration Shares, existing public shareholders will be diluted from approximately 15.17% to approximately 1.69%. The Company intends to undertake a compliance placement to restore the minimum free float of at least 10% of the total number of Shares is at all times held by public;
- (d) Upon the completion of the Proposed Acquisition and upon issue and allotment of Consideration Shares, Datuk Tong's interest (direct or indirect) will be diluted from approximately 54.51% to approximately 50.50%;
- (e) The Vendors, have provided undertakings in favour of the Company not to offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of (i) any of the Consideration Shares allotted to each of them for the period of six (6) months commencing from the completion of the Proposed Acquisition ("**First Moratorium Period**"); and (ii) 50% of the Consideration Shares allotted to each of them for the period of six (6) months commencing on the first day after the expiry of the First Moratorium Period ("**Second Moratorium Period**"). We tabulate as follows:

	Number of Consideration Shares subjected to First Moratorium Period	Number of Consideration Shares subjected to Second Moratorium Period
Icon Ventures	477,611,940	238,805,970
Champion Brave	238,805,970	119,402,985
Golden Ring	119,402,985	59,701,493
Metra	119,402,985	59,701,493

The shareholders of the Vendors (including the ultimate beneficial owner of the majority shares in the Vendors) have also undertaken not to offer, sell, contract to sell, pledge, transfer, grant any option to purchase, grant any security over, encumber, or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of the issued shares in the Vendors for a period of twelve (12) months commencing from the completion of the Proposed Acquisition. Please refer to Section 3.1 of the Circular for further details;



- (f) We note from Section 10.2 of Appendix A of the Circular that, Liberty is expected to be able to compete effectively in the property development industry in the Iskandar region of Johor Malaysia with the following competitive strengths such as:
- (i) CN Lands is located within a maturing neighbourhood and is in close proximity to the clusters of development with excellent amenities such as education and healthcare;
  - (ii) CN Lands will become the setting of a mixed-use development comprising of diversified products ranging from commercial and residential components. The varied components may be integrated within a single development thus creating a mini township-like unique lifestyle; and
  - (iii) CN Lands, being part of Puteri Harbour, will benefit from the waivers Bumiputera and foreign quota restrictions;
- (g) There are certain risks faced by Liberty such as substantial delay in obtaining and fail to obtain required approvals permits or consents from government agencies and authorities to develop the CN Lands may result in Liberty not able to fully realised the expected potential of CN Lands and the value of CN Lands may be adversely affected. As CN Lands is at a design and project planning phase, in order to carry out the development of CN Lands, Liberty need to submit detailed plans and drawings to seek further approvals, permits and consents of various government agencies and authorities;
- (h) Ongoing interested person transactions between the Group and Liberty such as PMSA Services and Book-Keeping Services by Orientis to Liberty will cease to be interested person transactions upon the completion of the Proposed Acquisition as Liberty will become a wholly-owned subsidiary of the Company as mentioned in Section 8.21 of the Circular;
- (i) Datuk Tong and its associates will abstain from voting and making any recommendation to the Shareholders in respect of the ordinary resolution relating to the Proposed Acquisition due to his interest in the Proposed Acquisition; and
- (j) The Proposed Acquisition and the Proposed Compliance Placement are inter-conditional.

## 5. OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition, as summarised below:

- (a) The Acquisition Consideration is a discount of approximately 1.54% to the valuation of Liberty as opined by the Liberty Valuer, which has taken into account the valuation of the CN Lands;
- (b) Although the Issue Price represents a discount of approximately 65.47% to the VWAP of the Shares for the 12-month period prior to the Announcement Date, the discount quantum dropped to approximately 23.86% for the 1-month period prior to



Announcement Date, and the Issue Price represents a premium of approximately 1,240% to the latest audited NAV per Share;

- (c) The Group has negative NTA and has a going concern. It is reliant on the shareholder loan from Phileo Capital;
- (d) P/RNAV ratio of Liberty as implied by the Acquisition Consideration and the valuation as opined by Mazars is within the range, and below the mean and median of the P/NAV ratios of the Recent IPT Transactions; and
- (e) other considerations as set out in paragraph 4.10 of this IFA Letter.

**Accordingly, after taking into account the above factors, we are of the opinion as of the date hereof that, the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interest of the Company and the Independent Shareholders.**

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

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

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

ALEX TAN KAH KOON  
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN  
HEAD OF CORPORATE FINANCE



## APPENDIX C: VALUATION REPORT ON LIBERTY



11 March 2016

The Board of Directors  
3Cnergy Limited  
3 Lorong 6 Toa Payoh  
#01-01 HSR Building  
Singapore 319378

Dear Sirs,

### INDEPENDENT VALUATION

We understand that 3Cnergy Limited proposes to acquire 100% equity interest in Liberty Bridge Sdn Bhd (“Liberty Bridge”), a company incorporated in Malaysia. We have been engaged by the board of directors of 3Cnergy Limited to provide valuation service to estimate the indicative fair market value of 100% equity interest in Liberty Bridge as at 31 December 2015 (the “Valuation Date”) in relation to the proposed acquisition of Liberty Bridge. Our valuation will be used to assist 3Cnergy Limited for reference in relation to the proposed acquisition of Liberty Bridge.

This letter is a summary of the information contained in our valuation report dated 11 March 2016 which has been prepared for the board of directors of 3Cnergy Limited. This letter may be included, as an appendix, in a circular to be issued by 3Cnergy Limited in relation to the proposed acquisition of Liberty Bridge. This letter is intended solely for the information and use of the board of directors of 3Cnergy Limited and shall not be used or relied upon by any other parties (including but not limited to current investors and prospective investors of 3Cnergy Limited). For the avoidance of doubt, all duties and liabilities (including without limitation those arising from negligence) to any party other than board of directors of 3Cnergy Limited are hereby specifically disclaimed. Any recommendation made by the board of directors of 3Cnergy Limited shall remain the responsibility of the board of directors of 3Cnergy Limited.

For purpose of this letter, where applicable, Ringgit Malaysia (“RM”) is translated to Singapore Dollar (“SGD”) at RM1.000:SGD0.329.

### A. OVERVIEW

#### About Liberty Bridge

1. Liberty Bridge is a private limited liability company incorporated and domiciled in Malaysia. Since its incorporation, Liberty Bridge has not commenced its operations.
2. Liberty Bridge acquired a few parcel of lands (the “land”) measuring approximately 1,860,012 square feet for a total consideration of RM358 million or approximately SGD118 million. The land is located in Commercial North (CN1, 2 & 4), Puteri Harbour, Nusajaya, Johor, Malaysia.



3. Liberty Bridge plans to develop the land into a mixed property development (the “Project”). As of the Valuation Date, KM (Layout) Submission and SBKS Submission of the Project have been approved by the relevant authorities.

#### **Scope of Work**

4. We are instructed to estimate the indicative fair market value of 100% equity interest in Liberty Bridge as of the Valuation Date.
5. The detailed scope of work, terms, conditions and limitations of our work are set out in our engagement letter dated 15 October 2015.

#### **Fair Market Value**

6. Fair Market Value is defined as: “The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.”.

#### **Underlying Information**

7. In completing our work, we have relied on the integrity of the information provided to us by the management of 3Cnergy Limited and Liberty Bridge. We have relied on available public information, where necessary.
8. We are not required to and have not carried out an audit of information of Liberty Bridge provided to us. We are not required to validate the assumptions and basis of information that are provided to us by management of 3Cnergy Limited and Liberty Bridge.

#### **Principal Assumptions**

9. Our work and report are subject to specific assumptions that we consider necessary and appropriate. The principal assumptions are as follows:
  - (a) The information provided to us by the management of 3Cnergy Limited and Liberty Bridge fairly reflects the financial position and operating results of Liberty Bridge;
  - (b) Liberty Bridge continues to operate as a going-concern and has sufficient liquidity and capability to continue its operations;
  - (c) After the date of this letter, there will be no material changes in the market of which Liberty Bridge operates; and
  - (d) Other assumptions set out elsewhere in this letter.

### **Updating our Report**

10. We have no responsibility to update this letter for events and circumstances occurring after the date of this letter.

### **B. VALUATION**

#### **Method Adopted for this Valuation**

11. We have considered generally applicable valuation approaches, i.e. market approach, income approach, and net assets approach.
12. After considering the state and condition of Liberty Bridge as at the Valuation Date, and availability of information for purposes of valuation, we have adopted Adjusted Net Assets approach as the basis of this valuation.
13. The Adjusted Net Assets approach involves deriving the fair value of equity interest by reference to the fair value of those assets and liabilities of a subject entity.
14. In estimating the indicative fair market value of the 100% equity interest in Liberty Bridge as of the Valuation Date, subject to assumptions and limitations set out in this letter, we estimated the fair value of assets and liabilities of Liberty Bridge as of the Valuation Date and adjusted accordingly, where appropriate, the net assets as presented in the unaudited statement of financial position of Liberty Bridge as at 31 December 2015.

#### **Sources of Information**

15. For the purpose of this valuation, we have obtained the following information:
  - (a) Unaudited financial statements of Liberty Bridge for the financial year ended 31 December 2015, which including statement of financial position and statement of profit or loss and other comprehensive income as at and for the financial year ended on that date and related notes to the financial statements;
  - (b) Valuation report issued by Raine & Horne International Zaki + Partners Sdn Bhd (the “Land Valuer”) dated 10 March 2016;
  - (c) Publicly available information relevant to Liberty Bridge;
  - (d) Other information and analysis provided by management of 3Cnergy Limited and Liberty Bridge; and
  - (e) Discussion with management of 3Cnergy Limited and Liberty Bridge.
16. 3Cnergy Limited engaged the Land Valuer to conduct a valuation of the land of Liberty Bridge (as described in paragraph 2 of this letter). According to the valuation report issued by the Land Valuer dated 10 March 2016, the market value of the land was RM380 million or approximately SGD125 million, on assumption that freehold titles are issued in respect of the land with vacant possession and free all encumbrances.



### **Basis and Assumption of Valuation**

17. There are (i) no unrecognised liability; (ii) no undisclosed actual or contingent liability; (iii) no unusual obligations or commitments (other than in the ordinary course of business); or (iv) no litigation pending or threatened; which would have a material impact on Liberty Bridge.
18. No significant unrecognised intangible asset is identified.
19. As at the Valuation Date, Liberty Bridge had incurred RM51 million or approximately SGD17 million (as presented in the statement of financial position of Liberty Bridge as at 31 December 2015) on preliminary planning, finance cost and other related costs of the Project (collectively the “Expenditure”) mainly for purposes of seeking approval from relevant authorities for the development of the Project. No separate valuation has been conducted in respect of that amount incurred by Liberty Bridge. The fair value of the property development project of Liberty Bridge as at the Valuation Date is the aggregate of the market value of the land as at 31 December 2015 and the adjusted Expenditure. The market value of the land as at 31 December 2015 is estimated at RM380 million or approximately SGD125 million, with reference to the land valuation report issued by the Land Valuer.
20. Taxable income of Liberty Bridge is subject to income tax at applicable tax rate in Malaysia. Part of the accumulated losses of Liberty Bridge as at the Valuation Date is expected to be tax deductible in the future and Liberty Bridge is expected to have sufficient taxable income in the future to utilise those tax losses.

### **Conclusion of Valuation**

21. Based on the information provided and analysis conducted, and subject to the assumptions and limitations set out in this letter, we estimate the indicative fair market value of 100% equity interest in Liberty Bridge to be SGD65 million.

### **C. GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

22. We understand that our valuation may be used by the purchaser in relation to the acquisition of Liberty Bridge. The purchaser accepts ownership and responsibility of the final consideration for the acquisition of Liberty Bridge.
23. We do not, by this letter or otherwise, advise, recommend, evaluate, comment or form any judgment or opinion on the legal, commercial or financial rationale, merits or risks of the acquisition of Liberty Bridge. This letter does not constitute and cannot be construed as advice, a recommendation or any form of judgment or opinion to any person on the acquisition of Liberty Bridge, and so, it may not be relied upon as such by any person.
24. The purchaser and Liberty Bridge confirm that, to the best of their knowledge and belief, the information contained in this letter constitutes full and true disclosure of all relevant and material facts on Liberty Bridge’s business and there is no other information or fact, the omission of which would cause any of the information disclosed to us or relied by us or any information contained herein to be untrue, incomplete or misleading in any material respect.

25. For purpose of this engagement, we have relied upon and have assumed that all information provided to us are true, accurate, not misleading and complete in all respects as this date and that all information which is or may be relevant to this engagement has been dully provided to us and drawn to our attention by the management of the purchaser and/or Liberty Bridge.
26. We cannot and do not warrant, opine or accept any responsibility for the accuracy, completeness or adequacy of such information including, without limitation, the financial information provided to us by the purchaser and/or Liberty Bridge. We have not carried out any work which constitutes an audit or review in accordance with approved auditing standards, including any investigation or a physical inspection of any of the acquired properties or assets.
27. We do not express any opinion on and we do not take any responsibility for or in relation to the financial information supplied to us by the purchaser and/or Liberty Bridge. We have assumed that all bases and assumptions, statements or fact, beliefs, opinions and intentions made by the management of the purchaser or Liberty Bridge in preparing the financial information have been reasonably made after due and careful inquire. We do not warrant on the future growth prospects or earnings potential of Liberty Bridge's business.
28. Our work as to the fair values of the net assets as set out in this letter represents an independent assessment based on our best professional judgment and experience that rely on the use of assumptions and the consideration of uncertainties not all of which can be easily quantified or ascertained.
29. We assumed no responsibility for the legal description or matters including legal or title considerations. Title to the subject assets, properties, or business interests is assumed to be good and marketable unless otherwise stated. The subject assets, properties, or business interests are clear of any or all liens or encumbrances unless otherwise stated.
30. We also note that by its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived in many cases will be necessity be subjective and dependent on the exercise of judgment. There is therefore, no indisputable single value. Whilst we consider our value to be reasonable based on the information available to us, others may place a different value on the intangible assets.

Yours very truly,



Mazars Risk Management Sdn Bhd



## APPENDIX D: VALUATION REPORT ON THE CN LANDS

**Raine&Horne**

Raine & Horne International  
Zaki + Partners Sdn. Bhd.

(Company No. 99440-T)

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Email : adminrhizppj@gmail.com

Our Ref. : VPJ.15.298.SC  
Date : 10<sup>th</sup> March 2016

The Board of Directors  
**3CNERGY LIMITED**  
3, Lorong 6 Toa Payoh  
#01-01  
Singapore 319378

Dear Sirs,

**VALUATION CERTIFICATE OF PLOT 1, PLOT 2 AND PLOT 3 MEASURING A TOTAL LAND AREA OF ABOUT 42.7 ACRES FORMERLY KNOWN AS PTD 189077 – PTD 189086 AND PTD 166963, ALL IN LOCALITY OF PUTERI HARBOUR, MUKIM OF PULAI, DISTRICT OF JOHOR BAHRU, STATE OF JOHOR DARUL TAKZIM (HEREINAFTER REFERRED TO AS THE “SUBJECT PROPERTY”).**

This Valuation Certificate has been prepared for inclusion in the circular to shareholders of 3CNERGY LIMITED in relation to the proposed acquisition of the Subject Property of Liberty Bridge Sdn Bhd (“Liberty Bridge”) by 3CNERGY LIMITED.

In accordance with your instructions to value the Subject Property for the purpose of the proposed acquisition, we have inspected the Subject Property on 10<sup>th</sup> March 2016 and the material date of valuation shall be the date of inspection, i.e. 10<sup>th</sup> March 2016. We had also extracted particulars of the titles at the Johor Land Registry of Titles, Kota Iskandar, Nusajaya on 10<sup>th</sup> March 2016 and gathered other necessary information to arrive at our opinion of value. As at the date of this valuation certificate, Liberty Bridge has not received the new land titles for Plot 1, Plot 2 & Plot 3. Liberty Bridge expects to receive the new land titles by the fourth quarter of 2016.

The basis of valuation is the “Market Value” which is defined as the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

This valuation has been prepared in accordance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and with the necessary professional responsibility and due diligence.

### IDENTIFICATION OF SUBJECT PROPERTY

#### Type of Subject Property

Three (3) parcels of vacant commercial land.

#### Location

The Subject Property comprises three contiguous / adjoining plots of commercial land identified as Plot 1, Plot 2 and Plot 3 measuring a total land area of about 42.7 acres formerly known as PTD 189077 – PTD 189086 and PTD 166963, all in the Locality of Puteri Harbour, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim located along Jalan Nakhoda Boulevard, Puteri Harbour, Nusajaya, Johor Darul Takzim.

Puteri Harbour, Nusajaya is located west of Johor Bahru, in close proximity to Port of Tanjung Pelepas and Gelang Patah. It is situated about 329 kilometres to the south-east of Kuala Lumpur City Centre, about 42 kilometres to the north-west of Singapore City Centre and about 20 kilometres to the west of Johor Bahru City Centre. Puteri Harbour, Nusajaya is under flagship B of Iskandar Malaysia which is one of the key functions of Iskandar Malaysia as integrated waterfront development.

Perunding Harta Tanah Antarabangsa • International Property Consultants

PENANG IPOH KELANG PETALING JAYA SUBANG JAYA MELAKA KUANTAN JOHOR BAHRU KUCHING KOTA KINABALU MIRI

Representative offices throughout Asia, Australia, New Zealand, Europe, Americas & Africa



**Raine&Horne**



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The Subject Property is accessible from the Kuala Lumpur City Centre via the North-South Highway (PLUS) / Malaysia – Singapore Second Link Highway which lead to Senai / Nusajaya / Gelang Patah / Tuas / Pontian, thereafter turning left onto Lebuhraya Kota Iskandar, turning left and finally Jalan Nakhoda Boulevard leading to where Subject Property is located.

It is also accessible from the Johor Bahru City Centre via the Jalan Tun Abdul Razak, Sultan Iskandar Highway, thereafter turning left onto Lebuhraya Kota Iskandar and follows the aforesaid roads leading to where Subject Property is located.

The Subject Property is accessible from Singapore via Malaysia – Singapore Second Link Highway, thereafter turning right onto Lebuhraya Kota Iskandar and follows the aforesaid roads leading to where Subject Property is located.

**Title Particulars (pre subdivision lots)**

Title Nos.	:	HSD 519348 – HSD 519357
Lot Nos.	:	PTD 189077 – PTD 189086
Locality	:	Puteri Harbour
Mukim	:	Pulai
District	:	Johor Bahru
State	:	Johor Darul Takzim
Total Provisional Land Area	:	151,361 square metres (1,629,232 square feet)
Tenure	:	Freehold
Registered Owner	:	Liberty Bridge Sdn Bhd
Category of Land Use	:	Building
Express Condition	:	<ul style="list-style-type: none"> <li>i. The land is to be used for stratified building for commercial purposes, constructed in accordance with plans approved by the local authority concerned.</li> <li>ii. All dirt and contamination as a result of these activities should be channeled / removed to places that have been determined by the local authority.</li> <li>iii. All policies and conditions set and enforced from time to time by the Authority shall be observed.</li> </ul>
Restriction In-Interest	:	<ul style="list-style-type: none"> <li>i. The land owner is not allowed to bid on or sell units (parcels) buildings to be built on this land, unless the building was first built in accordance with plans approved by the local authority concerned.</li> <li>ii. The plots building erected on this land when it under a Bumiputera / Bumiputera companies possession will not be later than it sold, leased or transferred by any means to the non-Bumiputera / Company Non-Bumiputera without the approval of the State Authority.</li> <li>iii. Plots building erected on the land could not be sold or transferred in any way to the Non-Citizen / Foreign Company without the approval of the State Authority.</li> </ul>

Based on Pre-Computation Plan prepared by STUDIO UKUR GEOMATICS SDN BHD bearing reference No. SG/JOH/45/PRE/B dated on October 2014 which has been approved by (Pentadbir Tanah Johor Bahru) on 20<sup>th</sup> May 2015, the Subject Property, PTD 166963 measuring 5.48 acres (formerly private recreational / open area) and state land measuring 5.30 acres (formerly road reserve) have been amalgamated and subdivided to 4 plots. After amalgamation and subdivision, the details of each plot as follows:-

Plot	Land Size			Proposed Land Use
	Acres	Sq. metres	Sq. feet	
1	15.38	62,240.57	669,952	Mix Development (Commercial)
2	17.70	71,629.36	771,012	Mix Development (Commercial)
3	9.62	38,930.74	419,047	Mix Development (Commercial)
4	5.48	22,176.70	238,708	(Private recreational / Open Area)
Total	48.18	194,977.37	2,098,719	



**PROPERTY DESCRIPTION**

**Site**

Plot	Land Size			Remarks
	Acres	Sq. metres	Sq. feet	
1	15.38	62,240.57	669,952	<p>The subject site is irregular in shape. It has a frontage of about 170.58 metres to the Jalan Nakhoda Boulevard with a splayed corner of about 38.77 metres and return total frontage of about 333.12 metres to Jalan Persiaran Tun Seri Lanang. Sited adjacent to the south of the subject site is the Plot 3.</p> <p>It has benefit with Plot 4 which is designated Private recreational / open area.</p> <p>The subject site is approved for mix development (Commercial).</p>
2	17.70	71,629.36	771,012	<p>The subject site is almost irregular in shape. It has a frontage of about 252.05 metres to Jalan Nakhoda Boulevard with a splayed corner of about 44.337 metres and a return frontage of about 349.31 metres to Jalan Nakhoda Avenue.</p> <p>The rear boundary is having a frontage about of 182.08 metres to Jalan Nakhoda 1.</p> <p>It has benefit with Plot 4 which is designated Private recreational / open area.</p> <p>The subject site is approved for mix development (Commercial).</p>
3	9.62	38,930.74	419,047	<p>The subject site is almost rectangular in shape. It is sited adjacent to the south of Plot 1. It has a frontage of about 150.40 metres to Jalan Layar Drive.</p> <p>The eastern and western boundaries have frontages to Persiaran Tun Seri Lanang and Jalan Nakhoda 6 of about 171.07 metres and 196.51 metres respectively.</p> <p>The subject site is approved for mix development (Commercial).</p>
4	5.48	22,176.70	238,708	<p>The subject site is almost a 'cross' in shape. It is sited between Plot 1 and Plot 2. The subject site is approved for Private recreational / Open Area.</p>
<b>Total</b>	<b>48.18</b>	<b>194,977.37</b>	<b>2,098,719</b>	

For the purpose of this valuation, we are valuing Plot 1, Plot 2 and Plot 3 having a total land area of about 42.7 acres / 172,800 sq. metres / 1,860,012 sq. feet. Plot 4 measuring of about 5.48 acres does not form part of the Subject Property and belongs to the Bandar Nusajaya Development Sdn Bhd.

The subject sites are generally flat in terrain and lies almost the same level of the metalled roads. At the date of our inspection, we noted that the subject sites are overgrown with grass and some shrubs and the site boundaries of the Subject Property were not demarcated by any form of fencing.

We have not conducted any reconnaissance survey to identify the boundary stones nor establish any encroachment of its boundary lines. However, we have assumed that the physical demarcations on the site correspond with those as shown on the site plan of the survey sheets.

**Planning Details**

The Subject Property is designated for commercial use as stated in titles (pre subdivision lots).

According to the Planning Approval Letter issued by Majlis Perbandaran Johor Bahru Tengah (MPJBT) bearing reference No. (27)dlm.MPJBT)PB/SWT)2/9(42)Jld.10 dated 20<sup>th</sup> October 2014, the Subject Property is approved in the Puteri Harbour master development plan for commercial use identified as "Plot Perdagangan Utara" (CN1, CN2 and CN4).

At the time of our inspection, our informal enquiries with Jabatan Perancang Bandar, Majlis Perbandaran Johor Bahru Tengah (MPJBT) revealed that the Subject Property is zone for commercial use with permitted plot ratio of 1:6. This is confirmed by the "Draf Rancangan Tempatan Daerah Johor Bahru, 2020 (Pengubahan 2)" dated on May 2015.

**MARKET VALUE**

**Date of Valuation**

The material date of valuation shall be the date of inspection, i.e. 10<sup>th</sup> March 2016.

Method of Valuation : In arriving at the Market Value of the Subject Property, we have adopted the following method of valuation.

**Comparison Method**

This Method of Valuation seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent sale evidences involving other similar properties in the vicinity. Adjustment are being made to differences in time, location, tenure, category of land use, plot ratio, size, improvements made on the site and other value considerations.

In arriving at the Market Value of the Subject Property, we have adopted the **Comparison Method** of Valuation.

Due to the nature of the Subject Property being a vacant commercial land without any approved layout plan, we are of the opinion that the comparison method of valuation will be sufficient.

**Sales Comparable Analysis**

	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>	<b>Comparable 4</b>	<b>Comparable 5</b>	<b>Comparable 6</b>
<b>Title No(s).</b>	HSD 458140, PTD 166965 & HSD 458141, PTD 166966, Locality of Puteri Harbour, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim	HSD 505988, PTD 183269 & HSD 505989, PTD 183270, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim	HSD 478908, PTD 170721 & HSD 478965, PTD 170722, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim	HSD 478908, PTD 170667, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim	HSD 478929, PTD 170677, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim	HSD 537344, PTD 199669, Locality of Puteri Harbour, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim
<b>Planning Details</b>	Our informal enquiries with Jabatan Perancang Bandar, Majlis	Our informal enquiries with Jabatan Perancang Bandar, Majlis	Our informal enquiries with Jabatan Perancang Bandar, Majlis Perbandaran	Our informal enquiries with Jabatan Perancang Bandar, Majlis	Our informal enquiries with Jabatan Perancang Bandar, Majlis	Our informal enquiries with Jabatan Perancang Bandar, Majlis Perbandaran



	Perbandaran Johor Bahru Tengah (MPJBT) revealed that this comparable has a plot ratio of 1:6	Perbandaran Johor Bahru Tengah (MPJBT) revealed that this comparable has a plot ratio of 1:6	Johor Bahru Tengah (MPJBT) revealed that this comparable has a plot ratio of 1:6	Perbandaran Johor Bahru Tengah (MPJBT) revealed that this comparable has a plot ratio of 1:6	Perbandaran Johor Bahru Tengah (MPJBT) revealed that this comparable has a plot ratio of 1:6	Johor Bahru Tengah (MPJBT) revealed that this comparable has a plot ratio of 1:6
<b>Tenure</b>	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold
<b>Type</b>	Two (2) parcels of commercial land	Two (2) parcels of commercial land	Two (2) parcels of commercial land	A parcel of commercial land	A parcel of commercial land	A parcel of commercial land
<b>Zoning</b>	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial
<b>Title Land Area (sq. ft.)</b>	271,584	169,447	299,193	169,219	163,460	545,287
<b>Purchase Price (RM)</b>	80,660,745	54,382,500	132,164,604	52,777,858	72,590,000	182,000,000
<b>Analysed Land Value (RM / sf)</b>	297.00	320.94	441.74	311.89	444.08	333.77
<b>Date of Purchase</b>	4 <sup>th</sup> August 2014	25 <sup>th</sup> June 2014	28 <sup>th</sup> May 2013	28 <sup>th</sup> May 2013	26 <sup>th</sup> April 2013	22 <sup>nd</sup> April 2013
<b>Source</b>	Valuation and Property Services Department, Ministry of Finance	Valuation and Property Services Department, Ministry of Finance	Valuation and Property Services Department, Ministry of Finance	Valuation and Property Services Department, Ministry of Finance	Valuation and Property Services Department, Ministry of Finance	Bursa Saham Malaysia
<b>Factors Taken Into Consideration</b>	Negative adjustment for time; negative adjustment for size; and no adjustment for location, tenure, category of land use, zoning, plot ratio and terrain.	Negative adjustment for time; negative adjustment for location; negative adjustment for size; and no adjustment for tenure, category of land use, zoning, plot ratio and terrain.	Negative adjustment for time; negative adjustment for location; negative adjustment for size; and no adjustment for tenure, category of land use, zoning, plot ratio and terrain.	Negative adjustment for time; negative adjustment for location; negative adjustment for size; and no adjustment for tenure, category of land use, zoning, plot ratio and terrain.	Negative adjustment for time; negative adjustment for location; negative adjustment for size; and no adjustment for tenure, category of land use, zoning, plot ratio and terrain.	Negative adjustment for time; negative adjustment for location; negative adjustment for size; and no adjustment for tenure, category of land use, zoning, plot ratio and terrain.
<b>Adjusted Land Value (RM / Sq. Ft.)</b>	205.00	193.00	243.00	172.00	244.00	217.00

According to the Comparison Method of valuation, our analysed improved land values of transacted properties are in the range of RM172.00 per sq. foot to RM244.00 per sq. foot. In reconciling our opinion of Market Value, we have placed a greater emphasis on Comparable No. 1 due to the following:-

- a) Located adjacent to the Subject Property which in Puteri Harbour and have similar perspective and environment.
- b) Comparable No. 1 is the latest transaction compared to the other comparables.
- c) A little adjustment made for comparable 1.

After considering of various factors such as time, location, tenure, category of land use, zoning, plot ratio, terrain and size, our opinion on the Market Value of the Subject Property is RM205.00 per sq. foot.

In our opinion the Market Value of Plot 1, Plot 2 and Plot 3 measuring a total land area of about **42.7 acres / 172,800 square metres / 1,860,012 square feet** formerly known as PTD 189077 – PTD 189089 and PTD 166963, all in Locality of Puteri Harbour, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim located along Jalan Nakhoda Boulevard, Puteri Harbour, Nusajaya, Johor Darul Takzim based on the Pre-Computation Plan prepared by STUDIO UKUR GEOMATICS SDN BHD bearing reference No. SG/JOH/45/PRE/B dated on October 2014 and on the assumption that freehold titles are issued in respect of the Subject Property with vacant possession and free from all encumbrances is **RM380,000,000.00 (Ringgit Malaysia: Three Hundred and Eighty Million Only)**.

Yours faithfully,  
For & on behalf of

**RAINE & HORNE INTERNATIONAL  
ZAKI + PARTNERS SDN BHD**

  
**JAMES TAN KEEN MENG** MISM MRICS APEPS MMIM  
Registered Valuer  
Reg. No. V423  
B. AppSc PRM CDipAF



## **APPENDIX E: INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF LIBERTY FOR FY2015, FY2014 AND FY2013**

### **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF LIBERTY BRIDGE SDN. BHD. FOR FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

The Board of Directors  
3Cnergy Limited  
3 Lorong 6 Toa Payoh #04-06  
Singapore 319378

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Liberty Bridge Sdn. Bhd. (the "Company"), which comprise the statements of financial position as at 31 December 2015, 2014 and 2013 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Company for the respective years ended 31 December 2015, 2014 and 2013, and a summary of significant accounting policies and other explanatory information, as set out on pages 156 to 176.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements so as to give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF LIBERTY BRIDGE SDN. BHD. FOR FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

*Opinion*

In our opinion, the accompanying financial statements are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as of 31 December 2015, 2014 and 2013 and of its financial performance, changes in equity and cash flows for the year then ended on that date.

*Other matter*

This report has been prepared solely to you as a body and for the inclusion in the circular to the shareholders of 3Energy Limited in connection with the proposed acquisition of the entire issued and paid-up capital of Liberty Bridge Sdn. Bhd. and for no other purpose.

Public Accountants and  
Chartered Accountants  
Singapore

June 28, 2016



**LIBERTY BRIDGE SDN. BHD.**

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

	Note	2015 RM	2014 RM	2013 RM
Revenue		–	–	–
Interest income		442,816	14,460	370,545
Other operating expenses		(663,774)	(147,184)	(1,198,586)
Staff costs		(100,343)	–	–
Finance costs	4	(59,883)	(1,890,288)	(683,146)
<b>Loss before tax</b>	5	(381,184)	(2,023,012)	(1,511,187)
Tax credit	6	–	–	258
<b>Loss for the financial year, representing total comprehensive loss for the financial year</b>		<u>(381,184)</u>	<u>(2,023,012)</u>	<u>(1,510,929)</u>

The accompanying Notes form an integral part of the Financial Statements.

**LIBERTY BRIDGE SDN. BHD.**

**STATEMENTS OF FINANCIAL POSITION  
AS OF 31 DECEMBER 2015, 2014 AND 2013**

	Note	2015 RM	2014 RM	2013 RM
<b>ASSETS</b>				
<b>Current Assets</b>				
Property development costs	7(a)	–	354,690,570	334,648,119
Cash and bank balances	8	512,998	192,190	1,977,271
<b>Total Current Assets</b>		<u>512,998</u>	<u>354,882,760</u>	<u>336,625,390</u>
<b>Non-Current Asset</b>				
Land held for property development	7(b)	409,245,793	83,467,040	83,319,611
<b>Total Assets</b>		<u>409,758,791</u>	<u>438,349,800</u>	<u>419,945,001</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables	9	2,239,639	124,939,464	121,461,653
Bank borrowings	10	33,000,000	50,250,000	–
<b>Total Current Liabilities</b>		<u>35,239,639</u>	<u>175,189,464</u>	<u>121,461,653</u>
<b>Net Current (Liabilities) Assets</b>		<u>(34,726,641)</u>	<u>179,693,296</u>	<u>215,163,737</u>
<b>Non-Current Liability</b>				
Bank borrowings	10	200,000,000	166,700,000	200,000,000
<b>Total Liabilities</b>		<u>235,239,639</u>	<u>341,889,464</u>	<u>321,461,653</u>
<b>Net Assets</b>		<u>174,519,152</u>	<u>96,460,336</u>	<u>98,483,348</u>
<b>Capital and Reserves</b>				
Share capital	11	178,440,000	100,000,000	100,000,000
Accumulated losses		(3,920,848)	(3,539,664)	(1,516,652)
<b>Total Equity</b>		<u>174,519,152</u>	<u>96,460,336</u>	<u>98,483,348</u>

The accompanying Notes form an integral part of the Financial Statements.

**LIBERTY BRIDGE SDN. BHD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

	<b>Share capital RM</b>	<b>Accumulated losses RM</b>	<b>Total equity RM</b>
<b>As of 1 January 2013</b>	200	(5,723)	(5,523)
Issue of shares, representing transactions with owners, recognised directly in equity (Note 11)	99,999,800	–	99,999,800
Loss for the financial year, representing total comprehensive loss for the year	–	(1,510,929)	(1,510,929)
<b>As of 31 December 2013</b>	100,000,000	(1,516,652)	98,483,348
Loss for the financial year, representing total comprehensive loss for the year	–	(2,023,012)	(2,023,012)
<b>As of 31 December 2014</b>	100,000,000	(3,539,664)	96,460,336
Issue of shares, representing transactions with owners, recognised directly in equity (Note 11)	78,440,000	–	78,440,000
Loss for the financial year, representing total comprehensive loss for the year	–	(381,184)	(381,184)
<b>As of 31 December 2015</b>	<u>178,440,000</u>	<u>(3,920,848)</u>	<u>174,519,152</u>

The accompanying Notes form an integral part of the Financial Statements.

**LIBERTY BRIDGE SDN. BHD.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>			
Loss before tax	(381,184)	(2,023,012)	(1,511,187)
Adjustments for:			
Loss on disposal of land held for property development	296,915	–	–
Interest expense	59,883	1,890,288	683,146
Interest income	(442,816)	(14,460)	(370,545)
Operating Loss Before Working Capital Changes	(467,202)	(147,184)	(1,198,586)
Increase in expenditure on land held for property development	(44,388,113)	(147,429)	(83,319,611)
Increase in property development cost	–	(12,085,389)	(311,321,815)
(Decrease) Increase in trade and other payables	(2,934,156)	3,477,811	1,362,073
Cash Used In Operations	(47,789,471)	(8,902,191)	(394,477,939)
Proceeds from disposal of land held for property development	42,131,009	–	–
Tax paid	–	–	(742)
Interest received	442,816	14,460	370,545
Net Cash Used In Operating Activities	(5,215,646)	(8,887,731)	(394,108,136)
<b>CASH FLOWS USED IN INVESTING ACTIVITY</b>			
Fixed deposits pledged with licensed bank, representing net cash used in investing activity	(3,920)	(122,658)	–
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid	(10,363,039)	(9,847,350)	(2,894,015)
Repayment of term loans	(18,650,000)	–	–
(Decrease) Increase in amount due to shareholders	(150,507)	–	91,913,948
Proceeds from issue of shares	–	–	79,999,800
Drawdown of bank borrowings	34,700,000	16,950,000	200,000,000
Net Cash From Financing Activities	5,536,454	7,102,650	369,019,733
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>316,888</b>	<b>(1,907,739)</b>	<b>(25,088,403)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>69,532</b>	<b>1,977,271</b>	<b>27,065,674</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)</b>	<b>386,420</b>	<b>69,532</b>	<b>1,977,271</b>

The accompanying Notes form an integral part of the Financial Statements.

## LIBERTY BRIDGE SDN. BHD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013

#### 1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The Company is principally a property developer.

The registered office of the Company is located at Unit 506, Block B3, Leisure Commerce Square, No.9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor.

The principal place of business of the Company is located at No. 9, Menara KLK, No. 1, Jalan PJU 7/6, Mutiara Damansara, 47810 Petaling Jaya, Selangor.

The financial statements are expressed in Ringgit Malaysia, which is also the functional currency of the Company.

The financial statements of the Company were authorised for issuance by the Board of Directors on June 28, 2016.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF PREPARATION** – The financial statements of the Company have been prepared solely for the purpose of inclusion in the circular to the shareholders of 3Cnergy Limited in connection with the proposed acquisition of the entire issued and paid-up capital of Liberty Bridge Sdn Bhd.

The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with International Financial Reporting Standards (“IFRS”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability the Company takes into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**ADOPTION OF NEW AND REVISED STANDARDS** - The financial statements of has been prepared in accordance with International Financial Reporting Standards (“IFRS”). The Company adopted all IFRS standards and the adoption was carried out in accordance to IFRS 1 First Time Adoption, using 1 January 2013 as the transition date. The transition was carried out from Malaysian Private Entity Reporting Standards. The adoption of IFRS has had no material impact on the Company’s financial performance and positions for the three years ended 31 December 2015, 2014 and 2013 and/or on disclosures set out in these financial statements.

The Company has consistently applied all the new and revised IFRSs, which are effective for the accounting period beginning on 1 January 2015. The adoption of these new and revised IFRSs does not result in changes to the Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

**Early adoption of new International Financial Reporting Standards**

In the current financial period, the Company early adopted IFRS 115 *Revenue from Contracts with Customers*.

Adoption of this IFRS 115 requires the Company to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The early adoption of IFRS 15 *Revenue from Contracts with Customers* did not result in significant effect on the financial performance or position of the Company.

At the date of authorisation of these financial statements, the following IFRSs, INT IFRSs and amendments to IFRS that are relevant to the Company were issued but not effective:

- Amendments to IAS 1 *Disclosure Initiatives*
- IFRS 9 *Financial Instruments*

Management has considered and is of the view that the adoption of the new/revised IFRSs, and amendments to IFRS that are issued as at the date of authorisation of these financial statements but effective only in future periods will have no material impact on the financial statements in the period of their initial adoption.

**INTEREST INCOME** - Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

**INCOME TAX** - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company’s liability for current tax is calculated using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.



## LIBERTY BRIDGE SDN. BHD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit or loss.

#### EMPLOYEE BENEFITS

##### Short-term employee benefits

Wages, salaries, paid annual leaves, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### Defined contribution plan

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions. The Company has no further payment obligations once these contributions have been paid.

**LAND HELD FOR PROPERTY DEVELOPMENT** - Land held for property development are mainly land held for future development in respect of which development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost of land held for property development comprises land cost and borrowing costs (see accounting policy for borrowing costs below) capitalized during the development period. Cost associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Land held for property development is transferred to property development costs (under current assets) where development activities have commenced and where the development activities can be completed within the Company's normal operating cycle.

**PROPERTY DEVELOPMENT COSTS** - Property development costs are determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads, borrowing costs (see accounting policy for borrowing costs below) and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

**IMPAIRMENT OF NON-FINANCIAL ASSETS** - At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**FINANCIAL INSTRUMENTS** - Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

2. **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense are recognised on an effective interest rate basis for debt instruments.

**Financial assets**

Financial assets comprise cash and cash bank balances. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Cash and bank balances

Cash and bank balance comprise cash on hand and at bank which are subject to an insignificant risk of changes in value.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Financial liabilities and equity instruments**

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method with interest expense recognised on an effective yield basis.

Interest-bearing term loans and revolving credit are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs (see below).

**LIBERTY BRIDGE SDN. BHD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**BORROWING COSTS** - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The amount of borrowing costs eligible for capitalisation is determined based on actual interest incurred on borrowings made specifically for the purpose of obtaining a qualifying asset and less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as finance cost in profit or loss in the year in which they are incurred.

**PROVISIONS** - Provisions for liabilities are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**FOREIGN CURRENCY TRANSACTIONS** - The financial statements of the Company is presented in the currency of the primary economic environment in which the Company operates (its functional currency). The financial statements are presented in Ringgit Malaysia, which is the functional currency of the Company.

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

**CASH AND CASH EQUIVALENTS IN STATEMENT OF CASH FLOW** - Cash and cash equivalents in the statement of cash flows comprise cash on hand and at bank and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**LIBERTY BRIDGE SDN. BHD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**(a) Critical judgements in applying the Company's accounting policies**

The management is of the opinion that there are no instances of application of critical judgements in applying the Company's accounting policies which are expected to have a significant effect on the amounts recognised in the financial statements.

**(b) Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Carrying amounts of land held for property development and property development costs

The carrying amounts of land held for property development and property development costs are disclosed in Note 7.

They are stated at cost less accumulated impairment losses or at the lower of cost and net realisable value. When it is probable that the total project costs will exceed the total projected revenue net of selling expenses, i.e. net realisable value, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value for each property is subject to management's judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

**4. FINANCE COSTS**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest expense on term loans	10,363,039	9,847,350	2,894,015
Less interest capitalised:			
Land held for property development (Note 7(a))	(10,303,156)	–	–
Property development costs (Note 7(b))	–	(7,957,062)	(2,210,869)
	<u>59,883</u>	<u>1,890,288</u>	<u>683,146</u>

**LIBERTY BRIDGE SDN. BHD.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013****5. LOSS BEFORE TAX**

Loss before tax is arrived at after charging (crediting):

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Directors' remuneration (Note 12)	100,343	–	–
Loss on disposal of land held for property development	296,915	–	–
Interest income from fixed deposits placed with licensed bank	<u>(442,816)</u>	<u>(14,460)</u>	<u>(370,545)</u>

**6. TAX CREDIT**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Estimated tax payable			
- overprovision in prior year	<u>–</u>	<u>–</u>	<u>(258)</u>

A reconciliation of tax credit applicable to loss before tax at the applicable statutory income tax rate to tax expense at the effective income tax rate of the Company is as follows:

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Loss before tax	<u>(381,184)</u>	<u>(2,023,012)</u>	<u>(1,511,187)</u>
Tax credit at statutory tax rate of 25% (2014: 25%, 2013: 25%)	(95,296)	(505,753)	(377,797)
Tax effects of:			
Expenses not deductible for tax purposes	–	22,460	329,253
Non-taxable income	(22,986)	–	–
Effect of changes in tax rate	4,731	–	–
Overprovision in prior year	–	–	(258)
Deferred tax assets not recognised	<u>113,551</u>	<u>483,293</u>	<u>48,544</u>
	<u>–</u>	<u>–</u>	<u>(258)</u>

The Malaysian Finance (No. 2) Act 2014 gazetted on 30 December 2014 enacts the reduction of corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax for entities in Malaysia will be the expected rates.



**LIBERTY BRIDGE SDN. BHD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

**6. TAX CREDIT (Cont'd)**

The tax effects of unused tax losses which would give rise to deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. As of 31 December 2015, the estimated amount of unused tax losses for which the tax effects have not been recognised in the financial statements due to uncertainty of its realisation, is as follows:

	<b>2015 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Unused tax losses	<u>2,553,450</u>	<u>2,080,325</u>	<u>147,153</u>

**7. PROPERTY DEVELOPMENT ACTIVITIES**

**(a) Property development costs**

	<b>2015 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
At beginning of year	354,690,570	334,648,119	–
Costs incurred during the year:			
- land costs	37,534,500	–	320,134,942
- development costs	17,020,723	20,042,451	14,513,177
	54,555,223	20,042,451	334,648,119
Transfer to land held for property development	<u>(409,245,793)</u>	<u>–</u>	<u>–</u>
At end of year	<u>–</u>	<u>354,690,570</u>	<u>334,648,119</u>
Included in the property development costs are as follows:			
- freehold land	–	320,134,942	320,134,942
- development costs	<u>–</u>	<u>34,555,628</u>	<u>14,513,177</u>
	<u>–</u>	<u>354,690,570</u>	<u>334,648,119</u>

Property development costs of the Company amounting to RMNil (2014: RM320,134,942; 2013: RM320,134,942) has been charged to bank for bank borrowings (Note 10) granted to the Company.

Interest amounting to RMNil (2014: RM7,957,062; 2013: RM2,210,869) is capitalised in the property development costs.

The weighted average capitalisation rate on funds borrowed generally is Nil per annum (2014: 6.42%; 2013: 6.15%).

**LIBERTY BRIDGE SDN. BHD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

**7. PROPERTY DEVELOPMENT ACTIVITIES (Cont'd)**

**(b) Land held for property development**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
At cost:			
At beginning of year	83,467,040	83,319,611	–
Additions	136,046	147,429	83,319,611
Transfer from property development costs	409,245,793	–	–
Disposal	(83,603,086)	–	–
At end of year	<u>409,245,793</u>	<u>83,467,040</u>	<u>83,319,611</u>
Included in the land held for property development are as follows:			
- freehold land	357,669,442	80,660,745	80,660,745
- development costs	51,576,351	2,806,295	2,658,866
	<u>409,245,793</u>	<u>83,467,040</u>	<u>83,319,611</u>

Land held for property development of the Company amounting to RM320,134,942 (2014: RM80,660,745; 2013: RM80,660,745) has been charged to bank for bank borrowings (Note 10) granted to the Company.

Interest amounting to RM10,303,156 (2014: RMNil; 2013: RMNil) is capitalised in the land held for property development.

On 1 April 2014, the directors have approved the disposal of 2 pieces of land held for property development to a company in which a former director of the Company is also a director, for a cash consideration of RM42,131,009 and promissory note of RM41,175,162. The promissory note was assigned to shareholders' advances (Note 11). The disposal was completed on 18 May 2015.

The weighted average capitalisation rate on funds borrowed is 4.92% per annum (2014: Nil; 2013: Nil).

**8. CASH AND BANK BALANCES**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fixed deposits with a licensed bank	126,578	122,658	1,916,420
Cash at bank	386,420	69,532	60,851
Cash and bank balances	512,998	192,190	1,977,271
Less: Fixed deposits pledged	(126,578)	(122,658)	–
Cash and cash equivalents	<u>386,420</u>	<u>69,532</u>	<u>1,977,271</u>

The fixed deposits with a licensed bank totaling RM126,578 (2014: RM122,658; 2013: Nil) has been pledged to a licensed bank as security for revolving credit facility granted to the Company as disclosed in Note 10. The fixed deposits earn interest at 3.15% per annum (2014: 3.0% to 3.15%; 2013: Nil).

**LIBERTY BRIDGE SDN. BHD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

**9. TRADE AND OTHER PAYABLES**

Trade and other payables consist of the following:

		<b>2015</b>	<b>2014</b>	<b>2013</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade payables	(a)	1,058,578	4,143,939	848,000
Amount due to shareholders	(b)	320,574	120,086,243	120,086,243
Accrued expenses		860,487	709,282	527,410
		<u>2,239,639</u>	<u>124,939,464</u>	<u>121,461,653</u>

(a) Trade payables comprise amount outstanding for trade purchases and ongoing costs. The average credit period granted to the Company for trade purchases is 30 to 90 days (2014: 30 to 90 days; 2013: 30 to 90 days).

(b) On 23 December 2015, amount due to the shareholders totalling to RM78,440,000 was capitalised for the issue and allotment of 78,440,000 ordinary shares of RM1 each in the Company.

Considerations from the disposal of land held for property development by way of promissory note amounting to RM41,175,162 (Note 7) was assigned to all shareholders' advances.

Amount due to shareholders, which arose mainly from unsecured advances and expenses paid on behalf, is unsecured, interest-free and repayable on demand.

**10. BANK BORROWINGS**

		<b>2015</b>	<b>2014</b>	<b>2013</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>
Term loans	(a)	200,000,000	200,000,000	200,000,000
Revolving credit	(b)	33,000,000	16,950,000	-
		<u>233,000,000</u>	<u>216,950,000</u>	<u>200,000,000</u>

The bank borrowings are repayable as follows:

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current</b>			
Repayable not later than 1 year	33,000,000	50,250,000	-
<b>Non-current</b>			
Repayable later than 1 year and not later than 2 years	-	39,960,000	33,300,000
Repayable later than 2 years and not later than 5 years	73,260,000	126,740,000	166,700,000
Repayable more than 5 years	126,740,000	-	-
	<u>200,000,000</u>	<u>166,700,000</u>	<u>200,000,000</u>
	<u>233,000,000</u>	<u>216,950,000</u>	<u>200,000,000</u>

**LIBERTY BRIDGE SDN. BHD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

**10. BANK BORROWINGS (Cont'd)**

(a) Term loans:

As of 31 December 2015, the Company has a term loan facilities from a licensed bank of RM200,000,000 (2014: RM200,000,000; 2013: RM200,000,000). Interest rate for the term loans is 4.90% per annum (2014: 7.95%; 2013: 7.70%). These term loans were secured by way of the following:

- (i) the facility agreements;
- (ii) a charge over the freehold land as disclosed in Note 7; and
- (iii) a general debenture creating a fixed and floating charge over the assets of the Company.

(b) Revolving credit:

As of 31 December 2015, the Company has a revolving credit facility from a licensed bank of RM33,000,000 (2014: RM16,950,000; 2013: RMNil). The amount of the unutilised revolving credit facilities as of 31 December 2015 is RM22,000,000 (2014: RMNil; 2013: RMNil). Interest rate for the revolving credit is 4.90% per annum (2014: 7.95%; 2013: Nil). The revolving credit was secured by way of the following:

- (i) existing facility agreements;
- (ii) a charge over the freehold land as disclosed in Note 7;
- (iii) a second general debenture creating a fixed and floating charge over the assets of the Company; and
- (iv) fixed deposits as disclosed in Note 8.

**11. SHARE CAPITAL**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Authorised:</b>			
Ordinary shares of RM1 each			
At beginning of year	100,000,000	100,000,000	100,000
Created during the year	400,000,000	–	99,900,000
At end of year	<u>500,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued and fully paid:</b>			
Ordinary shares of RM1 each			
At beginning of year	100,000,000	100,000,000	200
Issued during the year	78,440,000	–	99,999,800
At end of year	<u>178,440,000</u>	<u>100,000,000</u>	<u>100,000,000</u>

During the financial year 2013, the Company increased its authorised share capital from RM100,000 to RM100,000,000 by the creation of 99,900,000 new ordinary shares of RM1.00 each.

## LIBERTY BRIDGE SDN. BHD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013

#### 11. SHARE CAPITAL (Cont'd)

On 16 January 2013, 18 January 2013 and 23 January 2013, the Company increased its issued and paid-up share capital from RM200 to RM100,000,000 by way of issue and allotment of 47,999,800, 32,000,000 and 20,000,000 ordinary shares of RM1 each, respectively, at par value by way of cash and otherwise than for cash.

On 23 December 2015, the Company increased its authorised share capital from RM100,000,000 to RM500,000,000 by the creation of 400,000,000 new ordinary shares of RM1.00 each.

In addition, the Company increased its issued and paid-up share capital from RM100,000,000 to RM178,440,000 by way of issue and allotment of 78,440,000 ordinary shares of RM1 each at par value by way of capitalisation of amount due to shareholders (Note 9).

The new shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

#### 12. RELATED PARTY TRANSACTIONS

##### Key management personnel compensation

The remuneration of key management personnel, who are also the director of the Company, is as follows:

	2015 RM	2014 RM	2013 RM
Ex-gratia	47,500	–	–
Other emoluments	42,103	–	–
Employees provident fund	10,740	–	–
Total compensation (Note 5)	<u>100,343</u>	<u>–</u>	<u>–</u>

#### 13. FINANCIAL INSTRUMENTS

##### Capital Risk Management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to sustain future development of the businesses so that it can continue to maximise returns for its shareholders.

The capital structure of the Company comprises net cash (bank borrowings offset by cash and bank balances as detailed in Notes 10 and 8) and equity (comprising issued capital, as detailed in Note 11 offset by accumulated losses).

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or reduce borrowings. No changes were made in the objectives, policies or processes during the year ended 31 December 2015, 2014 and 2013.

**LIBERTY BRIDGE SDN. BHD.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013****13. FINANCIAL INSTRUMENTS (Cont'd)****Gearing Ratio**

The gearing ratio at end of the reporting period was as follows:

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Debt (Note 10)	233,000,000	216,950,000	200,000,000
Less: Cash and bank balances (Note 8)	512,998	192,190	1,977,271
Net debt	<u>232,487,002</u>	<u>216,757,810</u>	<u>198,022,729</u>
Equity	<u>174,519,152</u>	<u>96,460,336</u>	<u>98,483,348</u>
Net debt to equity ratio	<u>133%</u>	<u>225%</u>	<u>201%</u>

**Categories of financial instruments**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Financial assets</b>			
<u>Loans and receivables</u>			
Cash and bank balances	<u>512,998</u>	<u>192,190</u>	<u>1,977,271</u>
<b>Financial liabilities</b>			
<u>Other financial liabilities at amortised costs</u>			
Trade payables and other payables	2,239,639	124,939,464	121,461,653
Bank borrowings	<u>233,000,000</u>	<u>216,950,000</u>	<u>200,000,000</u>
	<u>235,239,639</u>	<u>341,889,464</u>	<u>321,461,653</u>

**Financial Risk Management Objectives and Policies**

The operations of the Company are subject to a variety of financial risks, including interest rate risk, cash flow risk and liquidity risk.

The Company's financial risk management principal objective is to minimise the its exposure to risks and/or costs associated with the financing, investing and operating activities of the Company.

Various risk management policies are formulated and approved by the Board of Directors for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.



**LIBERTY BRIDGE SDN. BHD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

**13. FINANCIAL INSTRUMENTS (Cont'd)**

**Interest rate risk management**

The Company is exposed to interest rate risk through the impact of rate changes on bank borrowings. The interest rates for the said bank borrowings are disclosed in Note 10.

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company's loss after tax through the impact on interest expense on floating rate borrowing.

	<b>Change in interest rate b.p.s</b>	<b>Loss after tax RM</b>
<b>2015</b>		
Cost of fund	-25	-436,875
Cost of fund	+25	+436,875
	<hr/> <hr/>	<hr/> <hr/>
<b>2014</b>		
Cost of fund	-25	-406,781
Cost of fund	+25	+406,781
	<hr/> <hr/>	<hr/> <hr/>
<b>2013</b>		
Cost of fund	-25	-375,000
Cost of fund	+25	+375,000
	<hr/> <hr/>	<hr/> <hr/>

**Cash flow risk management**

The Company reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

**Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

**LIBERTY BRIDGE SDN. BHD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

**13. FINANCIAL INSTRUMENTS (Cont'd)**

The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The tables include both interest and principal cash flows.

	Contractual interest rate %	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	Adjustment RM	Total RM
<b>2015</b>							
Non-interest bearing:							
Trade and other payables		2,239,639	–	–	–	–	2,239,639
Interest bearing:							
Bank borrowings	4.79% – 5.40%	42,898,462	9,898,462	99,523,382	136,425,603	(55,745,909)	233,000,000
		45,138,101	9,898,462	99,523,382	136,425,603	(55,745,909)	235,239,639
<b>2014</b>							
Non-interest bearing:							
Trade and other payables		124,939,464	–	–	–	–	124,939,464
Interest bearing:							
Bank borrowings	4.79% – 7.95%	59,393,085	47,139,106	131,530,283	6,874,559	(27,987,033)	216,950,000
		184,332,549	47,139,106	131,530,283	6,874,559	(27,987,033)	341,889,464
<b>2013</b>							
Non-interest bearing:							
Trade and other payables		121,461,653	–	–	–	–	121,461,653
Interest bearing:							
Bank borrowings	7.70%	9,898,462	42,443,085	135,484,182	50,059,767	(37,885,496)	200,000,000
		131,360,115	42,443,085	135,484,182	50,059,767	(37,885,496)	321,461,653

**LIBERTY BRIDGE SDN. BHD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013**

**13. FINANCIAL INSTRUMENTS (Cont'd)**

**Fair value of financial instruments**

The methods and assumptions used to estimate the fair values of the following financial assets and liabilities are as follows:

**(i) Cash and bank balances and trade and other payables**

The carrying amounts of current financial assets and liabilities approximate their fair values due to the relatively short-term maturity of these financial assets and liabilities.

**(ii) Bank borrowings**

The carrying amounts of bank borrowings approximate fair values as interest is charged at floating rates which approximate market rates.

## **APPENDIX F: REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

June 28, 2016

The Board of Directors  
3Cnergy Limited  
3 Lorong 6 Toa Payoh  
#01-01 HSR Building  
Singapore 319378

Dear Sirs

### **Report on the Compilation of Unaudited Pro Forma Financial Information of the Enlarged Group Included in a Circular to Shareholders of 3Cnergy Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of the Enlarged Group consisting 3Cnergy Limited (“3Cnergy” or the “Company”) and its subsidiaries (“3Cnergy Group” or “Group”) and Liberty Bridge Sdn Bhd (“Liberty Bridge” or “LB”) (collectively, the “Enlarged Group”) compiled by the management of the 3Cnergy (the “Management”) in connection with the proposed acquisition of the entire issued and paid-up capital of LB.

The unaudited pro forma financial information of the Enlarged Group comprises the pro forma statement of financial position as at December 31, 2015, the unaudited pro forma statements of profit or loss and other comprehensive income for the financial years ended December 31, 2015, 2014 and 2013, the unaudited pro forma statement of cash flows for the financial year ended December 31, 2015, and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages 180 to 201 of the Circular dated 28 June 2016 to be issued in connection with the proposed acquisition of the entire issued and paid up capital of LB. The applicable criteria on the basis of which the Management has compiled the Unaudited Pro Forma Financial Information is described in Note 4 (“Basis of Preparation”).

The Unaudited Pro Forma Financial Information of the Enlarged Group has been compiled by the Management to illustrate the impact of the event or transaction as set out in Note 2 of the Unaudited Pro Forma Financial Information on:

- (i) the unaudited pro forma financial position of the Enlarged Group as at December 31, 2015 as if the event or transaction had occurred on December 31, 2015;
- (ii) the unaudited pro forma financial performance of the Enlarged Group for the financial years ended December 31, 2015, 2014 and 2013 as if the event or transaction had occurred on January 1, 2013; and
- (iii) the unaudited pro forma cash flows of the Enlarged Group for the financial year ended December 31, 2015 as if the event or transaction had occurred on January 1, 2015.

As part of this process, information about the Enlarged Group’s financial position, financial performance and cash flows has been extracted by the Management from:

- (a) the audited consolidated financial statements of 3Cnergy Group for the respective financial years ended December 31, 2015, 2014 and 2013 on which audit reports have been published. Certain adjustments and/or reclassification have been made to the audited consolidated financial statements of 3Cnergy Group for the financial years ended December 31, 2014 and 2013 as disclosed in Note 5; and
- (b) the audited financial statements of LB for the financial years ended December 31, 2015, 2014 and 2013 on which audit reports have been included in this circular to shareholders.

## **The Management's Responsibility for the Unaudited Pro Forma Financial Information**

The Management is responsible for compiling the Unaudited Pro Forma Financial Information on the Basis of Preparation as described in Note 4 of the Unaudited Pro Forma Financial Information.

## **Our Independence and Quality Control**

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Auditor's Responsibility**

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by Management on the Basis of Preparation as described in Note 4 of the Unaudited Pro Forma Financial Information.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the Pro Forma Consolidated Financial Information on the Basis of Preparation as described in Note 4 of the Unaudited Pro Forma Financial Information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, on the Basis of Preparation involves performing procedures to assess whether the Basis of Preparation used by the Management in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on auditor's judgment, having regard to the auditor's understanding of the nature of the Enlarged Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Unaudited Pro Forma Financial Information has been compiled, in all material respects, on the Basis of the Preparation stated in Note 4 of the Unaudited Pro Forma Financial Information.

**Emphasis of Matter**

We draw attention to Note 4.3(b) of the Unaudited Pro Forma Financial Information which describes material uncertainties related to the use of the going concern assumption in the preparation of 3Cnergy Group's financial statements.

As stated in Note 4.3(b), the Group's and Company's abilities to continue as going concerns are dependent on the successful implementation of the business plan, ability to drawdown on the shareholder's loan and the sufficiency of the loan to pay their debts as and when they fall due. Our opinion is not qualified in respect of this matter.

**Restriction on Distribution and Use**

This report has been prepared for inclusion in the circular to the shareholders ("Circular") of 3Cnergy in connection with the proposed acquisition of the entire issued and paid-up capital of LB and for no other purposes.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants

Singapore

28 June 2016



**UNAUDITED ENLARGED GROUP PRO FORMA STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2015**

	<b>2015</b>
	S\$'000
<b><u>ASSETS</u></b>	
<b>Current assets</b>	
Trade receivables	80
Other receivables and deposits	347
Prepayments	26
Tax recoverable	12
Cash and cash equivalents	4,764
Total current assets	<u>5,229</u>
<b>Non-current assets</b>	
Property, plant and equipment	726
Land held for property development	144,960
Goodwill	4,008
Other intangible assets	368
Investment in joint venture	143
Total current assets	<u>150,205</u>
Total assets	<u><u>155,434</u></u>
<b><u>LIABILITIES AND EQUITY</u></b>	
<b>Current liabilities</b>	
Trade payables	114
Provisions, accruals and other payables	1,223
Amount due to customers for project management contracts	393
Amount due to joint venture	161
Finance lease liability	85
Bank borrowings	10,908
Shareholder loan	2,850
Provision for onerous contract	357
Income tax payable	71
Total current liabilities	<u>16,162</u>
Net current liabilities	<u>(10,933)</u>
<b>Non-current liabilities</b>	
Bank borrowings	66,098
Finance lease liability	210
Deferred tax liabilities	3,113
Total non-current liabilities	<u>69,421</u>
Total liabilities	<u><u>85,583</u></u>
Net assets	<u><u>69,851</u></u>
<b>Equity attributable to owners of the Company</b>	
Share capital	81,911
Accumulated losses	(11,659)
Translation reserve	(401)
	<u><u>69,851</u></u>

*The accompanying notes form an integral part of this unaudited pro forma financial information of the Enlarged Group.*

**UNAUDITED ENLARGED GROUP PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the financial years ended December 31, 2015, 2014 and 2013**

	2015 S\$'000	2014 S\$'000	2013 S\$'000
<b>Continuing operations</b>			
Revenue	1,097	294	216
Cost of services rendered and goods sold	(1,065)	(318)	(28)
<b>Gross profit (loss)</b>	<b>32</b>	<b>(24)</b>	<b>188</b>
Other operating income	780	508	1,285
Sales and distribution costs	(7)	(11)	(31)
General and administrative expenses	(6,169)	(3,489)	(5,972)
Finance costs	(69)	(770)	(312)
Share of gain in a joint venture	3	–	–
<b>Loss before tax from continuing operations</b>	<b>(5,430)</b>	<b>(3,786)</b>	<b>(4,842)</b>
Taxation	8	23	18
<b>Loss from continuing operations, net of tax</b>	<b>(5,422)</b>	<b>(3,763)</b>	<b>(4,824)</b>
<b>Discontinued operation</b>			
Loss for the year from discontinued operation	(78)	(2,283)	(2,643)
<b>Loss for the year</b>	<b>(5,500)</b>	<b>(6,046)</b>	<b>(7,467)</b>
<b>Other comprehensive loss for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
- Exchange differences on translation of financial statements of foreign subsidiaries	(356)	(43)	(2)
<b>Other comprehensive loss for the year, net of tax</b>	<b>(356)</b>	<b>(43)</b>	<b>(2)</b>
<b>Total comprehensive loss for the year</b>	<b>(5,856)</b>	<b>(6,089)</b>	<b>(7,469)</b>
<b>Attributable to:</b>			
Owners of the Company			
Loss from continuing operations, net of tax	(5,422)	(3,763)	(4,824)
Loss from discontinued operation, net of tax	(78)	(2,283)	(2,643)
<b>Loss for the year attributable to the owners of the Company</b>	<b>(5,500)</b>	<b>(6,046)</b>	<b>(7,467)</b>

**UNAUDITED ENLARGED GROUP PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
For the financial years ended December 31, 2015, 2014 and 2013

	2015 S\$'000	2014 S\$'000	2013 S\$'000
<b>Attributable to:</b>			
Owners of the Company			
Total comprehensive loss from continuing operations, net of tax	(5,778)	(3,806)	(4,826)
Total comprehensive loss from discontinued operation, net of tax	(78)	(2,283)	(2,643)
	<u>(5,856)</u>	<u>(6,089)</u>	<u>(7,469)</u>
<b>Total comprehensive loss for the year attributable to the owners of the Company</b>			
<b>Loss per share from continuing operations attributable to the owners of the Company (cents per share) (Note 6)</b>			
Basic	(0.47)	(0.33)	(0.43)
Diluted	(0.47)	(0.33)	(0.43)
	<u>(0.47)</u>	<u>(0.33)</u>	<u>(0.43)</u>
<b>Loss per share from continuing and discontinued operations attributable to the owners of the Company (cents per share) (Note 6)</b>			
Basic	(0.48)	(0.53)	(0.66)
Diluted	(0.48)	(0.53)	(0.66)
	<u>(0.48)</u>	<u>(0.53)</u>	<u>(0.66)</u>

*The accompanying notes form an integral part of this unaudited pro forma financial information of the Enlarged Group.*

**UNAUDITED ENLARGED GROUP PRO FORMA STATEMENTS OF CASH FLOWS**  
**For the financial year ended December 31, 2015**

	<b>2015</b>
	S\$'000
<b>Cash flows used in operating activities</b>	
Loss before tax from continuing operations	(5,430)
Adjustments for:	
Depreciation of property, plant and equipment	713
Impairment loss on property, plant and equipment	158
Amortisation of other intangible assets	92
Gain on disposal of subsidiary (Note a)	(187)
Share of profit in investment in joint venture	(3)
Bad debts written off	55
Impairment of goodwill	1,600
Provision for onerous contract	357
Interest income	(190)
Interest expense	68
Unrealised exchange differences	7
	<hr/>
<b>Operating cash flows before changes in working capital</b>	(2,760)
<u>Changes in working capital</u>	
Decrease in trade receivables	1,447
Increase in other receivables	(298)
Increase in amount due to customers for project management contracts	(956)
Decrease in payables	(388)
Increase in other payables	133
Total changes in working capital	<hr/> (62)
<b>Cash used in operations</b>	(2,822)
Interest received	190
Interest paid	(68)
Income tax paid	<hr/> (98)
<b>Net cash used in operating activities</b>	<hr/> (2,798)
<b>Cash flows used in investing activities</b>	
Purchase of property, plant and equipment	(66)
Decrease in amount due from associate	1
Cash inflow arising from Proposed Acquisition (Note b)	440
Disposal of subsidiary	<hr/> (507)
<b>Net cash used in investing activities</b>	<hr/> (132)

**UNAUDITED ENLARGED GROUP PRO FORMA STATEMENT OF CASH FLOWS**  
**For the financial year ended December 31, 2015**

	<b>2015</b> S\$'000
<b>Cash flows from financing activities</b>	
Increase in shareholders loan	2,850
Proceeds from compliance placement, net of compliance expense	4,264
Repayment of obligations under finance leases	(79)
<b>Net cash from financing activities</b>	<u>7,035</u>
Net increase in cash and cash equivalents	4,105
Cash and cash equivalents at beginning of the year	<u>659</u>
<b>Cash and cash equivalents at end of the year</b>	<u><u>4,764</u></u>

Note a

On May 11, 2015, the Company has entered into a conditional sale and purchase agreement with Mr. Liew Siow Gian, Patrick for the proposed disposal of HSR International Realtors Pte Ltd and Hastor Property Services Pte Ltd ("HSR Group"). The proposed disposal is a strategic decision as HSR Group has been incurring losses. The disposal of HSR Group was completed on July 6, 2015 and it has ceased to be a subsidiary of the Company. The proposed disposal is assumed to have occurred at January 1, 2015 for the purpose of Unaudited Pro Forma Statement of cash flows.

Note b

The Proposed Acquisition as set out in Note 2 is assumed to have occurred at January 1, 2015 for the purpose of Unaudited Pro Forma Statement of Financial Position of the Enlarged Group. The recognised amount of identifiable assets acquired and liabilities of LB assumed at the date of acquisition and based on the assumption in Note 4.1(c) are as follows:

	<b>2015</b> S\$'000
Current assets	170
Non-current assets	144,960
Current liabilities	(11,648)
Non-current liabilities	(68,482)
Net assets acquired	<u>65,000</u>
Less: Cost of Proposed Acquisition	(64,000)
Less: Gain on bargain purchase	(1,000)
Add: Cash and cash equivalents	170
Effects of different basis of preparation for the pro forma statement of financial position and pro forma statement of profit or loss and other comprehensive income statement	<u>270</u>
Net cash inflow arising from Proposed Acquisition	<u><u>440</u></u>

*The accompanying notes form an integral part of this unaudited pro forma financial information of the Enlarged Group.*

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**1. GENERAL INFORMATION**

**Background of 3Cnergy Limited**

3Cnergy Limited (“3Cnergy” or the “Company”) is a limited liability company which is incorporated and domiciled in the Republic of Singapore and is listed on Catalist under Singapore Exchange Securities Trading Limited (SGX-ST). The Unaudited Pro Forma Financial Information of the Enlarged Group set out in this report is expressed in Singapore dollar and rounded to the nearest thousand (S\$’000) except as otherwise indicated.

The registered office and principal place of business of the Company is located at 3 Lorong 6 Toa Payoh #01-01 Singapore 319378.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 3 to the Unaudited Pro Forma Financial Information of the Enlarged Group.

**Background of Liberty Bridge Sdn. Bhd.**

Liberty Bridge Sdn. Bhd. (“Liberty Bridge” or “LB”) is a private limited liability company, incorporated and domiciled in Malaysia. LB is principally engaged as a property developer.

The registered office of LB is located at Unit 506, Block B3, Leisure Commerce Square, No.9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor.

The principal place of business of LB is located at Level 1, Suite 1C, Podium Block, Menara KLK, No. 1, Jalan PJU 7/6, Mutiara Damansara, 47810 Petaling Jaya, Selangor.

**2. PROPOSED TRANSACTIONS**

**Proposed Acquisition**

The Company has entered into a conditional sale and purchase agreement between the Company and the vendors for the acquisition of all the issued shares in LB at the consideration of S\$64 million, to be fully satisfied by way of allotment and issuance to the vendors (or their nominee(s) as they may direct) an aggregate of 955,223,880 Shares at an issue price of S\$0.067 per Share (the “Proposed Acquisition”).

Upon completion of the acquisition, the Company shall become the sole shareholder of the entire issued and paid-up capital of LB.

**Proposed Compliance Placement**

For the purpose of meeting the Minimum Free Float following completion of the Proposed Acquisition, the Company also intends to issue and allot 75 million Compliance Placement Shares pursuant to the Proposed Compliance Placement at an issue price to be determined by the Company in consultation with the Sponsor and Financial Adviser and the Placement Agent and taking into account, *inter alia*, prevailing market conditions at the time of the Proposed Compliance Placement. The Compliance Placement Shares, when issued, will rank *pari passu* in all respects with the Shares in issue, save for any rights, benefits and entitlements the record date for which is before the date of completion of the Proposed Compliance Placement (Note 4.4(d)).



**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**3. DETAILS OF THE ENLARGED GROUP**

Upon completion of the Proposed Transactions, the Company will have the following entities

<b>Name</b>	<b>Principal activities</b>	<b>Country of incorporation</b>	<b>Effective holding</b>
<i>Held by the Company:</i>			
HSR Property Consultants Pte Ltd	Dormant	Singapore	100%
Whitehouse Holdings Pte Ltd	Property management	Singapore	100%
HSR Global (Australia) Pty Ltd	Dormant	Australia	100%
3Cnergy Property Management Pte Ltd (formerly known as Optimax Consultancy Pte. Ltd.)	Dormant	Singapore	100%
3Cnergy Sdn. Bhd.	Management services	Malaysia	100%
Orientis Solutions Sdn Bhd	Providing architectural design, project financial feasibility assessment, engineering expertise and construction management services.	Malaysia	100%
Paxel Consultants Pte Ltd	Dormant	Singapore	100%
Liberty Bridge Sdn. Bhd.	Property developer	Malaysia	100%
3C Property Consultants Pte Ltd	Property valuation	Singapore	60%

**4. BASIS OF PREPARATION**

4.1 The unaudited pro forma financial information of the Enlarged Group, which has been prepared, for illustrative purposes only and based on certain assumptions and after making certain adjustments on:

- (a) the unaudited pro forma financial position of the Enlarged Group as at December 31, 2015, as if the event or transaction had occurred on December 31, 2015;
- (b) the unaudited pro forma financial performance of the Enlarged Group for the financial years ended December 31, 2015, 2014 and 2013 as if the event or transaction had occurred on January 1, 2013; and
- (c) the unaudited pro forma cash flows of the Enlarged Group for the financial year ended December 31, 2015 as if the event or transaction had occurred on January 1, 2015.

4.2 The unaudited pro forma financial information of the Enlarged Group, because of its nature, may not give a true picture of the Enlarged Group's actual financial positions, financial results and cash flows and is not necessarily indicative of the results of operations or related effects on financial position that would have been obtained had the Enlarged Group actually existed earlier.

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**4. BASIS OF PREPARATION (Cont'd)**

4.3 The unaudited pro forma financial information of the Enlarged Group for the financial years ended December 31, 2015, 2014 and 2013 have been compiled based on the following:

- (a) The audited financial statements of LB for the financial years ended December 31, 2015, 2014 and 2013 prepared in accordance with International Financial Reporting Standards (“IFRS”), and audited by Deloitte & Touche LLP in accordance with International Standards on Auditing for the purpose of inclusion in the Circular. The auditors’ reports dated June 28, 2016 on the financial statements were not subject to any qualification for the years ended December 31, 2015, 2014 and 2013 respectively.
- (b) The audited consolidated financial statements of 3Cnergy for the financial year ended December 31, 2015, prepared in accordance with Singapore Financial Reporting Standards, and audited by Deloitte & Touche LLP in accordance with Singapore Standards on Auditing. An emphasis of matter paragraph was included in the auditors’ report of 3Cnergy as follows:

“We draw attention to Note 1 to the financial statements which describes material uncertainties related to the use of the going concern assumption in the preparation of these financial statements.

The Group incurred a net loss of S\$5,514,000 (2014: S\$5,305,000) during the financial year ended December 31, 2015 and as at that date, the Group and the Company’s current liabilities exceeded its current assets by S\$3,719,000 (2014: S\$747,000) and S\$4,536,000 (2014: S\$874,000) respectively. These conditions indicate the existence of a material uncertainty that may cast doubt about the Group’s and Company’s abilities to continue as going concerns.

As stated in Note 1, the Group’s and Company’s abilities to continue as going concerns are dependent on the successful implementation of the business plan, ability to drawdown on the shareholder’s loan and the sufficiency of the loan to pay their debts as and when they fall due. Our opinion is not qualified in respect of this matter.”

Extract of Note 1 to the financial statements

“The Group incurred a net loss of S\$5,514,000 (2014: S\$5,305,000) during the financial year ended December 31, 2015 and as at that date, the Group and the Company’s current liabilities exceeded its current assets by S\$3,719,000 (2014 : S\$747,000) and S\$4,536,000 (2014: S\$874,000) respectively. These conditions indicate the existence of a material uncertainty that may cast doubt about the Group’s and Company’s abilities to continue as going concerns.

Management has prepared cash flows forecasts of the Group and of the Company for the financial year ending December 31, 2016 (“Cash Flow Forecast”) using interim financial information and prepared the business plans and Cash Flow Forecast based on (i) a planned acquisition of a property development company as further elaborated in Note 33, (ii) a proposed issue of new shares pursuant to Rules 723 of the Catalist Rules for the purpose of maintaining a float of 10% of the issued shares held by public (“Proposed Compliance Placement”), and (iii) continuing financial support from Phileo Capital, the holding company.

On March 29, 2016, Phileo Capital Limited has agreed to extend the committed loan of S\$5 million for another 12 months from the date of the approval of the 2015 financial statements of the Group at the Annual General Meeting until such time when the Company is able to raise funds necessary for the Group to meet its financial obligation when they fall due so that the Group can continue to operate as a going concern. As at December 31, 2015, an amount of S\$2,850,000 has been drawn down by the Group and a balance of S\$2,150,000 is available to the Group.

As at the date of the approval of these financial statements, subject to the fulfilment of conditions as further elaborated in Note 33, the Directors are not aware of any circumstances or reasons which would likely affect the implementation of the business plans and on the basis of available financial support from the holding company. In light of the foregoing, the Directors opined that it is appropriate to prepare the financial statements on a going concern basis.

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**4. BASIS OF PREPARATION (Cont'd)**

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in the financial statements.”

- (c) The audited consolidated financial statements of 3Cenergy for the financial years ended December 31, 2014 and 2013 prepared in accordance with Singapore Financial Reporting Standards, and audited by Ernst & Young LLP (“EY”) in accordance with Singapore Standards on Auditing. An emphasis of matter paragraph was included in the auditors’ report dated April 2, 2015 for the financial year ended December 31, 2014, which was disclosed in the published annual report. The auditors’ reports on the financial statements dated April 2, 2014 for the financial year ended December 31, 2013 were not subject to any audit qualifications, modifications or disclaimer. Certain adjustments or reclassification have been made to the audited consolidated financial statements of 3Cenergy for the financial years ended December 31, 2014 and 2013 as disclosed in Note 5.3.

4.4 The following key assumptions and adjustments were made on the unaudited pro forma financial information of the Enlarged Group:

- (a) The purchase consideration in respect of the Proposed Acquisition is estimated to be approximately S\$64 million. The purchase consideration is satisfied entirely by the allotment and issuance of an aggregate of 955,223,880 Shares at an issue price of S\$0.067 per Share. The identifiable assets acquired and liabilities assumed of LB are recorded at the acquisition date fair values. Based on the independent valuation report dated March 11, 2016, the indicative fair value of 100% equity interest in LB to be S\$65 million. The valuation was arrived using Adjusted Net Assets approach. For this purpose, preliminary provisional fair values have been assigned to the assets and liabilities of the LB to illustrate the estimated effect of the Proposed Acquisition as follows:

	<b>Acquiree’s book amount at date of acquisition</b>	<b>Provisional fair value adjustments</b>	<b>Provisional fair value</b>
	S\$’000	S\$’000	S\$’000
<b>Current assets</b>			
Cash and cash equivalents	170	–	170
<b>Non-current assets</b>			
Land held for property development	135,252	9,708	144,960
<b>Current liabilities</b>			
Trade payables	(350)	–	(350)
Provisions, accruals and other payables	(390)	–	(390)
Bank borrowings	(10,908)	–	(10,908)
Total current liabilities	<u>(11,648)</u>	<u>–</u>	<u>(11,648)</u>
<b>Non-current liabilities</b>			
Bank borrowings	(66,098)	–	(66,098)
Deferred tax liabilities	–	(2,384)	(2,384)
Total non-current liabilities	<u>(66,098)</u>	<u>(2,384)</u>	<u>(68,482)</u>

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**4. BASIS OF PREPARATION (Cont'd)**

	S\$'000
Net assets acquired	65,000
Less: Cost of Proposed Acquisition	<u>(64,000)</u>
Gain on bargain purchase	<u>1,000</u>

The difference between the cost of acquisition and the fair values of net assets acquired is assumed to be a bargain purchase gain of S\$1 million. As the actual goodwill/ bargain purchase will have to be determined at the completion of the Proposed Acquisition, the actual goodwill/bargain purchase could be materially different from the amount derived based on the assumption used.

- (b) The acquisition related costs relating to the Proposed Acquisition are assumed to be S\$0.610 million. This may differ from the actual cost at the completion of the Proposed Acquisition.
- (c) On May 9, 2014, the Company had entered into a sale and purchase agreement with Medeva Venture Limited (the "Venture") to acquire the entire issued and paid-up share capital of Orientis Solutions Sdn. Bhd. ("Orientis"), a wholly-owned subsidiary of the Venture and the acquisition has been completed on July 7, 2014. An intangible asset arising from contractual rights in relation to project management contracts with LB ("IA") amounted to S\$2.494 million was recognised. Accordingly, the carrying amount of IA of S\$2.169 million as of December 31, 2015 have been reversed at the date of acquisition and goodwill increased by the same amount. For the purpose of this pro forma, management has not performed any goodwill assessment and management has assumed there is no impairment on goodwill.
- (d) The Company assumed that the compliance placement of 75 million shares for cash will be completed at the issue price of S\$0.067 per share. The compliance placement related costs are assumed to be S\$0.151 million. This may differ from the actual cost at the completion of the Proposed Compliance Placement (Note 2).
- (e) The Company assumed that the disposal of LB's two pieces of land held for property development had occurred prior to acquisition of LB, i.e. prior to January 1, 2013.
- (f) On May 11, 2015, the Company has entered into a conditional sale and purchase agreement with Mr. Liew Siow Gian, Patrick for the proposed disposal of HSR International Realtors Pte Ltd and Hastor Property Services Pte Ltd ("HSR Group"). The proposed disposal is a strategic decision as HSR Group has been incurring losses. The disposal of HSR Group was completed on July 6, 2015 and it has ceased to be a subsidiary of the Company. The financial results of HSR Group is presented on the basis of discontinued operation as the Group discontinued its real estate and housing agency segment.
- (g) Certain differences exist between IFRS and SFRS which are neither material nor relevant to the pro forma financial information. Management of the Company has assessed and determined that the differences between IFRS and SFRS in respect of the financial statements of LB is not significant.

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**4. BASIS OF PREPARATION (Cont'd)**

(h) The audited financial statements of LB are reported in Malaysian Ringgit, and (i) for the translation of the profit and loss items, the Malaysian Ringgit amounts have been converted into Singapore Dollar at the exchange rate of S\$1 to RM2.8505, S\$1 to RM2.5829, and S\$1 to RM2.5283, which represents the average exchange rate for the year ended December 31, 2015, 2014 and 2013 respectively; and (ii) for the translation of the balance sheet items, the Malaysian Ringgit amounts have been converted into Singapore Dollar at the exchange rate of S\$1 to RM3.0258, which represents the closing exchange rate as at December 31, 2015.

**5. STATEMENT OF ADJUSTMENTS**

5.1 Unaudited enlarged group pro forma statement of financial position for the year ended December 31, 2015

	<b>Summation of Financial Information</b>		<b>Pro Forma Adjustments</b>	<b>Pro Forma Financial Information</b>
	S\$'000		S\$'000	S\$'000
	(Note 5.3)		(Note 5.4)	
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Trade receivables	341	(ii)	(261)	80
Other receivables and deposits	347		–	347
Prepayments	26		–	26
Tax recoverable	12		–	12
Cash and cash equivalents	500	(iv)	4,264	4,764
Total current assets	<u>1,226</u>		<u>4,003</u>	<u>5,229</u>
<b>Non-current assets</b>				
Property, plant and equipment	726		–	726
Land held for property development	135,252	(i)	9,708	144,960
Goodwill	1,839	(iii)	2,169	4,008
Other intangible assets	2,537	(iii)	(2,169)	368
Investment in joint venture	143		–	143
Total current assets	<u>140,497</u>		<u>9,708</u>	<u>150,205</u>
Total assets	<u><u>141,723</u></u>		<u><u>13,711</u></u>	<u><u>155,434</u></u>

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**5. STATEMENT OF ADJUSTMENTS (Cont'd)**

5.1 Unaudited enlarged group pro forma statement of financial position for the year ended December 31, 2015

	<b>Summation of Financial Information</b>		<b>Pro Forma Adjustments</b>	<b>Pro Forma Financial Information</b>
	S\$'000		S\$'000	S\$'000
	(Note 5.3)		(Note 5.4)	
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade payables	375	(ii)	(261)	114
Provisions, accruals and other payables	1,223		–	1,223
Amount due to customers for project management contracts	393		–	393
Amount due to joint venture	161		–	161
Finance lease liability	85		–	85
Bank borrowings	10,908		–	10,908
Shareholder loan	2,850		–	2,850
Provision for onerous contract	357		–	357
Income tax payable	71		–	71
Total current liabilities	<u>16,423</u>		<u>(261)</u>	<u>16,162</u>
Net current liabilities	<u>(15,197)</u>		<u>4,264</u>	<u>(10,933)</u>
<b>Non-current liabilities</b>				
Bank borrowings	66,098		–	66,098
Finance lease liability	210		–	210
Deferred tax liabilities	729	(i)	2,384	3,113
Total non-current liabilities	<u>67,037</u>		<u>2,384</u>	<u>69,421</u>
Total liabilities	<u>83,460</u>		<u>2,123</u>	<u>85,583</u>
Net assets	<u>58,263</u>		<u>11,588</u>	<u>69,851</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	71,859	(i)(iv)	10,052	81,911
Accumulated losses	(13,195)	(i)(iv)	1,536	(11,659)
Translation reserve	(401)		–	(401)
Total liabilities	<u>58,263</u>		<u>11,588</u>	<u>69,851</u>



**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**5. STATEMENT OF ADJUSTMENTS (Cont'd)**

5.2 Unaudited enlarged group pro forma statements of comprehensive income for the year ended December 31, 2015

	<b>Summation of Financial Information</b> S\$'000 (Note 5.3)		<b>Pro Forma Adjustments</b> S\$'000 (Note 5.4)	<b>Pro Forma Financial Information</b> S\$'000
<b>Continuing operations</b>				
Revenue	1,325	(ii)	(228)	1,097
Cost of services rendered and goods sold	(1,065)		–	(1,065)
<b>Gross profit (loss)</b>	<b>260</b>		<b>(228)</b>	<b>32</b>
Other operating income	780		–	780
Sales and distribution costs	(7)		–	(7)
General and administrative expenses	(6,490)	(iii)(v)	321	(6,169)
Finance costs	(69)		–	(69)
Share of gain in a joint venture	3		–	3
<b>Loss before tax from continuing operations</b>	<b>(5,523)</b>		<b>93</b>	<b>(5,430)</b>
Taxation	(49)	(ii)	57	8
<b>Loss from continuing operations, net of tax</b>	<b>(5,572)</b>		<b>150</b>	<b>(5,422)</b>
<b>Discontinued operation</b>				
Loss for the year from discontinued operation	(78)		–	(78)
<b>Loss for the year</b>	<b>(5,650)</b>		<b>150</b>	<b>(5,500)</b>

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**5. STATEMENT OF ADJUSTMENTS (Cont'd)**

5.2 Unaudited enlarged group pro forma statements of comprehensive income for the year ended December 31, 2015

	<b>Summation of Financial Information</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Financial Information</b>
	S\$'000	S\$'000	S\$'000
	(Note 5.3)	(Note 5.4)	
<b>Other comprehensive loss for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
- Exchange differences on translation of financial statements of foreign subsidiaries	(356)	-	(356)
<b>Other comprehensive loss for the year, net of tax</b>	(356)	-	(356)
<b>Total comprehensive loss for the year</b>	<b>(6,006)</b>	<b>150</b>	<b>(5,856)</b>
<b>Attributable to:</b>			
Owners of the Company			
Loss from continuing operations, net of tax	(5,572)	150	(5,422)
Loss from discontinued operation, net of tax	(78)	-	(78)
<b>Loss for the year attributable to the owners of the Company</b>	<b>(5,650)</b>	<b>150</b>	<b>(5,500)</b>
<b>Attributable to:</b>			
Owners of the Company			
Total comprehensive loss from continuing operations, net of tax	(5,928)	150	(5,778)
Total comprehensive loss from discontinued operation, net of tax	(78)	-	(78)
<b>Total comprehensive loss for the year attributable to the owners of the Company</b>	<b>(6,006)</b>	<b>150</b>	<b>(5,856)</b>

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**5. STATEMENT OF ADJUSTMENTS (Cont'd)**

5.2 Unaudited enlarged group pro forma statements of comprehensive income for the year ended December 31, 2014

	<b>Summation of Financial Information</b> S\$'000 (Note 5.3)		<b>Pro Forma Adjustments</b> S\$'000 (Note 5.4)	<b>Pro Forma Financial Information</b> S\$'000
<b>Continuing operations</b>				
Revenue	381	(ii)	(87)	294
Cost of services rendered and goods sold	(318)		—	(318)
<b>Gross profit (loss)</b>	<b>63</b>		<b>(87)</b>	<b>(24)</b>
Other operating income	508		—	508
Sales and distribution costs	(11)		—	(11)
General and administrative expenses	(3,597)	(iii)	108	(3,489)
Finance costs	(770)		—	(770)
Share of gain in a joint venture	—		—	—
<b>Loss before tax from continuing operations</b>	<b>(3,807)</b>		<b>21</b>	<b>(3,786)</b>
Taxation	1	(ii)	22	23
<b>Loss from continuing operations, net of tax</b>	<b>(3,806)</b>		<b>43</b>	<b>(3,763)</b>
<b>Discontinued operation</b>				
Loss for the year from discontinued operation	(2,283)		—	(2,283)
<b>Loss for the year</b>	<b>(6,089)</b>		<b>43</b>	<b>(6,046)</b>

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**5. STATEMENT OF ADJUSTMENTS (Cont'd)**

5.2 Unaudited enlarged group pro forma statements of comprehensive income for the year ended December 31, 2014

	<b>Summation of Financial Information</b> S\$'000 (Note 5.3)	<b>Pro Forma Adjustments</b> S\$'000 (Note 5.4)	<b>Pro Forma Financial Information</b> S\$'000
<b>Other comprehensive loss for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
- Exchange differences on translation of financial statements of foreign subsidiaries	(43)	-	(43)
<b>Other comprehensive loss for the year, net of tax</b>	(43)	-	(43)
<b>Total comprehensive loss for the year</b>	<b>(6,132)</b>	<b>43</b>	<b>(6,089)</b>
<b>Attributable to:</b>			
Owners of the Company			
Loss from continuing operations, net of tax	(3,806)	43	(3,763)
Loss from discontinued operation, net of tax	(2,283)	-	(2,283)
<b>Loss for the year attributable to the owners of the Company</b>	<b>(6,089)</b>	<b>43</b>	<b>(6,046)</b>
<b>Attributable to:</b>			
Owners of the Company			
Total comprehensive loss from continuing operations, net of tax	(3,849)	43	(3,806)
Total comprehensive loss from discontinued operation, net of tax	(2,283)	-	(2,283)
<b>Total comprehensive loss for the year attributable to the owners of the Company</b>	<b>(6,132)</b>	<b>43</b>	<b>(6,089)</b>

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**5. STATEMENT OF ADJUSTMENTS (Cont'd)**

5.2 Unaudited enlarged group pro forma statements of comprehensive income for the year ended December 31, 2013 \*

	<b>Summation of Financial Information</b> S\$'000 (Note 5.3)		<b>Pro Forma Adjustments</b> S\$'000 (Note 5.4)	<b>Pro Forma Financial Information</b> S\$'000
<b>Continuing operations</b>				
Revenue	216		–	216
Cost of services rendered and goods sold	(28)		–	(28)
<b>Gross profit</b>	<b>188</b>		<b>–</b>	<b>188</b>
Other operating income	285	(i)	1,000	1,285
Sales and distribution costs	(31)		–	(31)
General and administrative expenses	(5,211)	(i)(iv)	(761)	(5,972)
Finance costs	(312)		–	(312)
Share of gain in a joint venture	–		–	–
<b>Loss before tax from continuing operations</b>	<b>(5,081)</b>		239	<b>(4,842)</b>
Taxation	18		–	18
<b>Loss from continuing operations, net of tax</b>	<b>(5,063)</b>		239	<b>(4,824)</b>
<b>Discontinued operation</b>				
Loss for the year from discontinued operation	(2,643)		–	(2,643)
<b>Loss for the year</b>	<b>(7,706)</b>		<b>239</b>	<b>(7,467)</b>

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**5. STATEMENT OF ADJUSTMENTS (Cont'd)**

5.2 Unaudited enlarged group pro forma statements of comprehensive income for the year ended December 31, 2013 \*

	<b>Summation of Financial Information</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Financial Information</b>
	S\$'000	S\$'000	S\$'000
	(Note 5.3)	(Note 5.4)	
<b>Other comprehensive loss for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
- Exchange differences on translation of financial statements of foreign subsidiaries	(2)	-	(2)
<b>Other comprehensive loss for the year, net of tax</b>	(2)	-	(2)
<b>Total comprehensive loss for the year</b>	<b>(7,708)</b>	<b>239</b>	<b>(7,469)</b>
<b>Attributable to:</b>			
Owners of the Company			
Loss from continuing operations, net of tax	(5,063)	239	(4,824)
Loss from discontinued operation, net of tax	(2,643)	-	(2,643)
<b>Loss for the year attributable to the owners of the Company</b>	<b>(7,706)</b>	<b>239</b>	<b>(7,467)</b>
<b>Attributable to:</b>			
Owners of the Company			
Total comprehensive loss from continuing operations, net of tax	(5,065)	239	(4,826)
Total comprehensive loss from discontinued operation, net of tax	(2,643)	-	(2,643)
<b>Total comprehensive loss for the year attributable to the owners of the Company</b>	<b>(7,708)</b>	<b>239</b>	<b>(7,469)</b>

\* Presented on the basis of discontinued operation as the Group discontinued its real estate and housing agency on July 6, 2015.



**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**5. STATEMENT OF ADJUSTMENTS (Cont'd)**

5.3 The Summation of Financial Information comprises the audited statements of financial position and statements of profit or loss and other comprehensive income of 3Cnergy and LB as of December 31, 2015, and for the year ended December 31, 2015, 2014 and 2013. However, certain adjustments and/or reclassification have been made to the audited consolidated financial statements of 3Cnergy for the financial years ended December 31, 2014 and 2013 as follows:

- (i) On May 9, 2014, the Company had entered into a sale and purchase agreement with Medeva Venture Limited (the "Venture") to acquire the entire issued and paid-up share capital of Orientis Solutions Sdn. Bhd. ("Orientis"), a wholly-owned subsidiary of the Vendor. On July 7, 2014, the acquisition was completed and 21,428,571 consideration shares had been allotted and issued to the Venture. Orientis is an integrated property development management firm offering architectural design, project financial feasibility assessment, engineering expertise and construction management services.

Under FRS 103 *Business Combinations*, the Group has a one year period from acquisition date to complete its accounting for this business combination. As at December 31, 2014, the fair value of the contractual rights intangibles has been determined on a provisional basis as the final results of the independent valuation are not available by the date the financial statements were authorised for issue.

On July 21, 2015, management obtained the final results of the independent valuation, and these have been reflected as adjustments in the pro forma financial statements for the year ended December 31, 2014.

- (ii) On May 11, 2015, the Company entered into a conditional sale and purchase agreement with Mr. Liew Siow Gian, Patrick for the proposed disposal of HSR International Realtors Pte Ltd and Hastor Property Services Pte Ltd ("HSR Group"). The proposed disposal of a significant line of business is a strategic decision as HSR Group has been incurring losses. The disposal of HSR Group was completed on July 6, 2015 and it ceased to be a subsidiary of the Company from that date. Accordingly, the results related to HSR Group for the years ended December 31, 2014 and December 31, 2013 have been reclassified to "discontinued operations" in line with FRS105 *Non-current Assets Held for Sale and Discontinued Operations*.

Accordingly, the comparatives for the financial years ended December 31, 2014 and 2013 have been restated as follows:

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**5. STATEMENT OF ADJUSTMENTS (Cont'd)**

	As audited by EY S\$'000		Adjustment and reclassification S\$'000	Pro forma amount S\$'000
<b>Statement of profit or loss and other comprehensive income</b>				
<b>- December 31, 2014</b>				
<b>Continuing operations</b>				
Revenue	25,456	(II)	(25,075)	381
Cost of services rendered and goods sold	(23,080)	(II)	22,762	(318)
<b>Gross profit (loss)</b>	<b>2,376</b>		<b>(2,313)</b>	<b>63</b>
Other operating income	3,014	(II)	(2,511)	503
Sales and distribution costs	(857)	(II)	846	(11)
General and administrative expenses	(9,683)	(I) (II)	(102) 6,245	(3,540)
Finance costs	(54)	(II)	16	(38)
<b>Loss before tax from continuing operations</b>	<b>(5,204)</b>		<b>2,181</b>	<b>(3,023)</b>
Taxation	1	(II)	-	1
<b>Loss from continuing operations, net of tax</b>	<b>(5,203)</b>		<b>2,181</b>	<b>(3,022)</b>
<b>Discontinued operation</b>				
Loss for the year from discontinued operation	-	(II)	(2,283)	(2,283)
<b>Loss for the year</b>	<b>(5,203)</b>		<b>(102)</b>	<b>(5,305)</b>

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**5. STATEMENT OF ADJUSTMENTS (Cont'd)**

	<b>As audited by EY</b>		<b>Reclassification</b>	<b>Pro forma amount</b>
	S\$'000		S\$'000	S\$'000
<b>Statement of profit or loss and other comprehensive income</b>				
<b>- December 31, 2013</b>				
<b>Continuing operations</b>				
Revenue	45,275	(I)	(45,059)	216
Cost of services rendered and goods sold	(38,093)	(II)	38,065	(28)
<b>Gross profit (loss)</b>	<b>7,182</b>		<b>(6,994)</b>	<b>188</b>
Other operating income	1,608	(II)	(1,470)	138
Sales and distribution costs	(383)	(II)	352	(31)
General and administrative expenses	(15,478)	(II)	10,741	(4,737)
Finance costs	(51)	(II)	9	(42)
<b>Loss before tax from continuing operations</b>	<b>(7,122)</b>		<b>2,638</b>	<b>(4,484)</b>
Taxation	13	(II)	5	18
<b>Loss from continuing operations, net of tax</b>	<b>(7,109)</b>		<b>2,643</b>	<b>(4,466)</b>
<b>Discontinued operation</b>				
Loss for the year from discontinued operation	-	(II)	(2,643)	(2,643)
<b>Loss for the year</b>	<b>(7,109)</b>		<b>-</b>	<b>(7,109)</b>

- (I) Effects of retrospective application (amortisation of intangible) following the completion of the purchase price allocation exercise.
- (II) Effects of retrospective application following the discontinuance of its real estate and housing agency.

**NOTES TO UNAUDITED ENLARGED GROUP PRO FORMA FINANCIAL INFORMATION**  
**For the financial years ended December 31, 2015, 2014 and 2013**

**5. STATEMENT OF ADJUSTMENTS (Cont'd)**

5.4 Details of adjustments made to effect the key assumption stated in Note 4.4 are as follows:

- (i) Being adjustment to reflect the Proposed Acquisition including acquisition related costs.
- (ii) Being elimination of intercompanies transactions and balances between LB and Orientis Solutions Sdn. Bhd.
- (iii) Being adjustment to reflect the reversal of intangible assets and related amortisation and recognition of goodwill arising from acquisition of LB.
- (iv) Being adjustment to reflect the Proposed Compliance Placement including compliance placement related costs.
- (v) Being adjustment to reflect the reversal of loss on disposal of LB's two pieces of land held for property development.

**6. LOSS PER SHARE**

	2015	2014	2013
	← No of shares →		
Weighted average number of ordinary shares for basic and diluted loss per share computation	<u>1,150,145,242</u>	<u>1,139,166,769</u>	<u>1,128,716,671</u>

Loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the respective financial year.

The number of ordinary shares outstanding is based on number of shares of the Company as at December 31, 2015, 2014 and 2013 after the Proposed Acquisition and Compliance Placement assuming the Proposed Acquisition and Compliance Placement took place on January 1, 2013.

The dilutive loss per share is the same as basic loss per share as there are no dilutive potential ordinary shares.

## APPENDIX G: SUMMARY OF APPLICABLE LAWS AND REGULATIONS IN MALAYSIA

### 1. Malaysia Land Laws

The property development sector in Malaysia is governed on three levels – the federal government, the state government and the local government levels. The federal government enacts legislation governing property development activities such as on environmental protection and issuance of developer's licences and formulates national housing policies, whereas the state governments have sole jurisdiction over land issues, covering issuance of land titles, conversions of land usage and subdivision of land in their respective states. The local government approves building plans and oversees matters pertaining to administration and maintenance, and provision of maintenance services for infrastructure such as roads, pedestrian walkways, street lighting and refuse disposal.

The Malaysian legislation, regulations and requirements that govern the property development industry include, but are not limited to:

- (a) For development including industrial, commercial and housing development
  - (i) the National Land Code 1965 ("**National Land Code**");
  - (ii) the Land Acquisition Act 1960;
  - (iii) the Land Conservation Act 1960;
  - (iv) the Malay Reservation Enactments;
  - (v) the Town and Country Planning Act 1976;
  - (vi) the Street, Drainage and Building Act 1974;
  - (vii) the Uniform Building By-laws 1984;
  - (viii) the Local Government Act 1976;
  - (ix) the Strata Titles Act 1985;
  - (x) the Strata Management Act 2013;
  - (xi) the Architects Act 1967; and
  - (xii) the Environmental Quality Act 1974.
- (b) For housing development
  - (i) the Housing Development (Control and Licensing) Act 1966;
  - (ii) the Housing Development (Control and Licensing) Regulations 1989; and
  - (iii) the Housing Development (Housing Development Account) Regulations 1991.

Malaysian property developers must comply with various requirements mandated by applicable laws and regulations, including the policies and procedures established by local authorities for the implementation of such laws and regulations. Before commencing any property development project, a developer is required to apply for, if applicable, conversion and subdivision or surrender and re-alienation of land, planning permission, building plan approval, road and drainage plan approval and earthwork plan approval under among others the National Land Code, the Town and Country Planning Act 1976, the Street, Drainage and Building Act 1974 and the Uniform Building By-laws 1984.

The One Stop Centre (“**OSC**”) was introduced in Malaysia to coordinate all regulatory applications for the project development simultaneously, where applications may be submitted online through the OSC of the respective local authorities. The OSC receives the applications and distributes the applications to the relevant departments. Applications for conversion and subdivision or surrender and realienation of land are distributed to the land office, applications for planning permission are distributed to the town planning department of the local authority, and applications for road and drainage plan and earthwork plan are distributed to the engineering department of the local authority. These applications are also distributed to the relevant technical departments at the same time for their comments. The OSC then compiles and coordinates all recommendation papers from the various departments and calls for a meeting with all members of the OSC committee who will consider the applications and make decisions on the applications.

The main legislation governing housing development in Malaysia is the Housing Development (Control and Licensing) Act 1966 (the “**HDA**”), which came into force on 29 August 1969. Apart from the HDA, two pieces of subsidiary legislation, namely, the Housing Development (Control and Licensing) Regulations 1989 (the “**Regulations 89**”) and Housing Development (Housing Development Account) Regulations 1991 (the “**Regulations 91**”), are among the regulations which have also been enacted and are in force.

Section 3 of the HDA defines housing development to mean to develop or construct or cause to be constructed in any manner whatsoever more than four units of housing accommodation and includes the collection of money or the carrying on of any building operations for the purpose of erecting housing accommodation in, on, over or under any land or the sale of more than four lots of land or building lots with the view of constructing more than four units of housing accommodation. As such, construction of four or fewer units of housing accommodation would not be subject to the governance of the HDA. Likewise, commercial or industrial construction projects do not fall within the purview of the HDA.

Pursuant to Section 5 of the HDA, every housing developer must be in the possession of a valid licence prior to the commencement of any housing development project. The HDA imposes conditions which must be complied with prior to the submission of an application for a housing developer’s licence. Under Section 6 of the HDA, a housing development company must, among others, prior to the awarding of a licence:

- (a) have an issued and paid-up capital in cash of not less than RM250,000 and make a deposit with the Controller of Housing of not less than RM200,000 in cash or in such other form as the Minister of Housing and Local Government may determine;
- (b) ensure that none of the company directors, managers and secretaries have been convicted of an offence involving fraud or dishonesty or is an un-discharged bankrupt;
- (c) ensure that none of the company directors, managers and secretaries have, due to a conviction for an offence under the HDA, been sentenced to a fine exceeding RM10,000 or to imprisonment (other than imprisonment in default of a fine not exceeding RM10,000);
- (d) ensure that none of the company’s directors or any person in the company directly concerned in the management of the business of the company has been a director of or has been directly concerned in the management of a housing development company that has since been wound up by a court order; and
- (e) ensure that the registration of the company’s architects or engineers has been not cancelled under the laws governing the profession at the time of the application.

Section 7 of the HDA further imposes a certain set of duties upon licensed housing developers in order to ensure that the developers conduct their business within a certain set of parameters. By virtue of Section 7A of the HDA, every licensed housing developer shall open and maintain a Housing Development Account (“**HD Account**”). All monies received from the sale of the units shall be deposited in the HD Account. This sum of money shall remain in the account until and unless it is authorised to be disbursed under the HDA.



Every housing developer is also required to apply for an advertisement and sale permit in respect of each housing development pursuant to Section 5 of Regulations 89.

The contract of sale for each housing development is subject to the provisions of Regulations 89. It is mandatory that housing developers adopt the prescribed form provided in Regulations 89 where at the time of execution of the contract of sale, the certificate of completion and compliance of the housing accommodation has not been issued and a certified copy has not been forwarded to the end purchaser. The form prescribed in Schedule G to Regulations 89 is used for sale of a housing accommodation together with a sub-divisional portion of land while the form prescribed in Schedule H to Regulations 89 is used for sale of a housing accommodation in a subdivided building, in the form of a parcel of a building or land intended for subdivision into parcels, as the case may be. Schedule G and Schedule H to Regulations 89 provide a fixed schedule of payment which end purchasers are subject to.

## **2. Environmental Quality Act 1974**

The principal legislation that is related to the prevention, abatement and control of pollution and enhancement of the environment in Malaysia is the Environmental Quality Act 1974 (“**EQA**”). The main regulatory body in Malaysia in this respect is the Department of Environment (“**DOE**”), Ministry of Natural Resources and Environment Malaysia.

Any person intending to carry out any of the prescribed activities shall, before any approval for the carrying out of such activity is granted by the relevant approving authority, submit an environment impact assessment (“**EIA**”) report to the Director General of DOE for approval.

Prescribed activities include, among others:

- (a) housing development covering an area of fifty hectares or more;
- (b) construction of expressways, national highways or new townships;
- (c) construction of coastal resort facilities or hotels with more than eighty rooms; and
- (d) hill station resort or hotel development covering an area of fifty hectares or more.

The EIA Report shall contain an assessment of the impact such activity will have or is likely to have on the environment and the proposed measures that shall be undertaken to prevent, reduce or control the adverse impact on the environment, and shall be conducted by competent individuals who are registered with the DOE under the EIA Consultant Registration Scheme.

Site suitability assessment (“**SSA**”) is required for all industrial activities, whether or not such activities are subject to an EIA report. Prior to the preparation of the EIA report, a SSA application should be submitted to the DOE for approval in principle. The SSA is evaluated based on the compatibility of such activities with respect to the gazetted structure or local plans, surrounding land-use, provision of set-backs or buffer zones, the capacity of the area in receiving the additional pollution load, and waste disposal requirements.

Written approval of the DOE is also required for construction of prescribed premises, for example, scheduled wastes treatment and disposal facilities, crude palm oil mills and raw natural rubber processing mills.

## **3. Foreign Interests in Malaysian Land**

There is a restriction under the National Land Code on any acquisition by non-citizen or foreign entity of land (other than industrial land) in West Malaysia, unless the prior approval of the relevant state authority in which the land is located has been obtained.

In general, the following persons are regarded as non-citizen or foreign entities under the National Land Code:

- (a) a natural person who is not a citizen of Malaysia (“**Non-Malaysian**”);
- (b) a company, society, association or other body corporate incorporated outside Malaysia or an unincorporated society, association or other body which under the law of its place of origin may be sued or be sued, or hold property in the name of the secretary or other officer of the body or association duly appointed for that purpose, and which does not have its head office or principal place of business in Malaysia (each a “**Foreign Company**”);
- (c) a Malaysian incorporated company with fifty per cent or more of its voting shares being held by a Non-Malaysian or by a Foreign Company, or both (“**Foreign Controlled Local Company**”); and/or
- (d) a Malaysian incorporated company with fifty per cent or more of its voting shares being held by a Foreign Controlled Local Company, or by a Foreign Controlled Local Company together with a Non-Malaysian or a Foreign Company.

Under the Guideline on the Acquisition of Properties (effective 1 March 2014) (the “**EPU Guidelines**”) issued by the Economic Planning Unit of the Prime Minister’s Department (“**EPU**”), foreign interest means any interest, associated group of interests or parties acting in concert which comprises:

- (a) a Non-Malaysian; and/or
- (b) an individual who is a permanent resident in Malaysia; and/or
- (c) a Foreign Company; and/or
- (d) a local company or local institution whereby any of the parties as stated above hold more than fifty per cent of the voting rights in that local company or local institution.

Property acquisition (except for residential units) which falls under the following thresholds requires the approval of the EPU:

- (a) a direct acquisition of property valued at RM20,000,000 and above, resulting in the dilution in the ownership of property held by Bumiputera interest and/or government agency; and
- (b) an indirect acquisition of property by other than Bumiputera interest through acquisition of shares, resulting in a change of control of the company owned by Bumiputera interest and/or government agency, having property more than fifty per cent of its total assets, and the said property is valued at more than RM20,000,000 (the “**Indirect Acquisition**”).

“**Property**” is defined under the EPU Guidelines as commercial unit, agricultural land, industrial land and/or residential unit. An Indirect Acquisition is subject to the condition that the property must be registered under a locally incorporated company, as well as the equity and paid-up capital conditions as follows:

- (a) Company to have at least thirty per cent Bumiputera interest shareholders;
- (b) Local company owned by local interest to have at least RM100,000 paid-up capital; and
- (c) Local company owned by foreign interest to have at least RM250,000 paid-up capital.

The equity and paid-up capital conditions must be complied with prior to the Indirect Acquisition.

#### 4. Comparison of Malaysian and Singapore Laws

A summary of differences and comparison between Malaysian and Singapore company legislation in respect of certain matters, is set out below.

(a) Disclosure of Interest in Contracts

The position in Malaysia with respect to the disclosure by directors of interests in contracts, property, offices, etc is the same as in Singapore except that the equivalent provision in the Malaysian Companies Act 1965 specifically provides that a breach of the Malaysian provision renders the contract voidable at the instance of the company except if it is in favour of any person dealing with the company for any valuable consideration and without actual notice of the contravention.

Section 131A of the Malaysian Companies Act 1965 prohibits a director of a Malaysian public company or of a subsidiary of a Malaysian public company who is in any way, whether directly or indirectly interested in a contract entered into or proposed to be entered into by the company (unless that interest is one that need not be disclosed under Section 131), from participating in the deliberation or voting on the contract or proposed contract. This provision should not apply to Liberty on the basis that it is not a Malaysian public company or a subsidiary of a Malaysian public company.

Section 156 of the Singapore Companies Act provides that, where a director or CEO of a company is directly or indirectly interested in a transaction or proposed transaction with that company, such a director or CEO must, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of directors of the company or send a written notice to the company containing details on the nature, character and extent of his interest in the transaction or proposed transaction with the company. The Singapore Companies Act also provides that every director and CEO of a company who holds any office or possesses any property whereby, whether directly or indirectly, duties or interests might be created in conflict with his duties or interests as director, shall declare at a meeting of the directors of the company or send a written notice to the company setting out the fact and the nature, character and extent of the conflict. For these purposes, an interest of a member of a director's family (this includes his spouse, natural, step or adopted children) is treated as an interest of that director.

(b) Remuneration

Malaysia has no provision equivalent to Section 169 of the Singapore Companies Act. A director of a company does not have an implied right to remuneration for his services. He/she is only entitled to remuneration if it is provided for in the articles of association of the company and (where applicable) approved by the shareholders in general meeting.

Section 169 of the Singapore Companies Act provides that a company shall not provide emoluments or improve emoluments for a director in respect of his office unless the provision has been approved by a resolution that is not related to other matters, and any resolution passed in breach of this provision is void.

For these purposes, the term “**emoluments**” in relation to a director includes fees and percentages, expenses allowance in so far as those sums are charged to income tax in Singapore, contributions paid under a pension scheme, and any benefits received otherwise than in cash in respect of his services as a director.

(c) Loans to Directors

The prohibition on loans to directors and the exemptions under the Malaysian laws are generally the same as in Singapore.

(d) Qualification

Section 124 of the Malaysian Companies Act 1965 provides that every director, who is by the articles of association required to hold a specified share qualification and who is not already qualified, shall obtain his qualification within two months after his appointment or such shorter period as is fixed by the articles of association. This provision is generally the same as in Singapore.

**5. Exchange Control in Malaysia**

The Malaysian Financial Services Act 2013 (“**FSA**”) came into force on 30 June 2013 and has repealed and replaced the Exchange Control Act 1953. The FSA contains, among others, provisions similar to the Exchange Control Act 1953 with regard to the foreign exchange control framework. The Central Bank of Malaysia (“**BNM**”) is the main regulatory body administering the Malaysian foreign exchange policies and rules.

In Malaysia, the current foreign exchange administration rules allow non-residents to freely repatriate capital, profits and dividends arising from investments or proceeds from divestment of Malaysian Ringgit assets. However, the repatriation must be made in foreign currency.

Notwithstanding the above, prior permission of the Controller of Foreign Exchange of Malaysia is required for any person to undertake or engage in any dealing or transaction with the State of Israel or its residents, any entity owned or controlled, directly or indirectly, by the State of Israel or its residents including any authority or agency of the State of Israel in whatever name or style, or any dealing or transaction using or involving the currency of the State of Israel.

Dividends are freely transferable out of the country and no exchange controls or approvals are required subject to any applicable reporting requirements and withholding tax.

**6. Dividends**

The Malaysian Companies Act 1965 provides that no dividend shall be payable to the shareholders of any company except out of profit, or pursuant to Section 60 of the Malaysian Companies Act 1965. “**Dividend**” includes bonus and payment by way of bonus.

Section 64(1) of the Malaysian Companies Act 1965 provides that subject to confirmation by the Court, a company may, if so authorised by its articles, by special resolution reduce its share capital in any way and in particular, without limiting the generality of the foregoing, may do all or any of the following:

- (a) extinguish or reduce the liability on any of its shares in respect of share capital not paid-up;
- (b) cancel any paid-up share capital which is lost or unrepresented by available assets; or
- (c) pay off any paid-up share capital which is in excess of the needs of the company,

and may so far as necessary alter its memorandum by reducing the amount of its share capital and of its shares accordingly.

## APPENDIX H: TAXATION

*The following is a discussion of certain tax matters arising under the current tax laws in Malaysia and Singapore and does not purport to be a comprehensive or exhaustive description of all of the tax consequences that may be relevant to an investor's decision. The discussion is based on current tax laws in Malaysia and Singapore and is not intended to be and does not constitute legal or tax advice.*

*While this discussion is considered to be a correct interpretation of existing laws in force as at the date of the Circular, no assurance can be given that the courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such law, which may be retrospective, will not occur.*

*Investors are advised to consult their own tax advisers on the tax implications before making any decision.*

### 1. **Malaysia Taxation**

The following is a discussion of certain tax matters arising under the current tax laws in Malaysia and is not intended to be and does not constitute legal or tax advice. While this discussion correctly reflects our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice as of the date of this Circular, no assurance can be given that courts or authorities responsible for the administration of such laws will agree with our understanding or that changes in such laws will not occur. We have not been retained (unless specifically instructed hereafter), nor are we obliged to monitor or update this discussion for future conditions that may affect the discussion.

The discussion made in this Circular is not intended to be a complete analysis of the tax consequences in Malaysia with respect of ownership of the Shares. As the particular circumstances of each investor may differ, we recommend that investors obtain independent advice on the tax issues associated with owning and disposing the Shares. It is emphasised that neither the Company, the Directors nor any other persons involved in the Proposed Transactions accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Shares.

#### **(a) Income Tax**

##### **(i) General**

Malaysian income tax is chargeable only on income derived from Malaysia. Where the source of derivation of income is outside Malaysia, no liability will arise even if such foreign income is remitted to Malaysia. The exception to this rule is where the income is derived from a business of air and sea undertakings, insurance or banking; such income is taxed on a "worldwide scope" and not just from business activities carried out in Malaysia.

##### **(ii) Companies**

A company carrying on a trade or business is resident in Malaysia for the basis year for a year of assessment if at any time during the basis year the management and control of its business or of any one of its businesses are exercised in Malaysia.

Taxable corporate income includes all earnings derived from Malaysia, including gains or profits from a trade or other business, dividend, interest, discounts, rents, royalties, premiums or other current earnings.

Foreign-source income is exempt from tax in Malaysia except for companies that are carrying on business in banking, insurance or air and sea undertakings.

With effect from year of assessment (“YA”) 2016, the standard corporate tax rate is 24%, while the tax rate for resident small and medium-sized companies (i.e. companies capitalised at MYR 2.5 million or less and not part of a group containing a company exceeding this capitalisation threshold) is 19% on the first MYR 500,000, with the balance taxed at the 24%.

**(iii) Individuals**

Individuals are considered as tax resident in Malaysia if they are in Malaysia for 182 days or more in a calendar year. Residence also may be established by physical presence in Malaysia for a mere day if it can be linked to or linked by a period of at least 182 consecutive days in an adjoining year. Other residence tests involve a minimum of 90 days of physical presence in Malaysia (if certain other conditions are satisfied) or residence for a specified number of years preceding or following the year in question.

Income includes gains or profits from any trade, business or profession; salary or wages; dividends, interest or discounts; and rent from property. An exemption is allowed for interest income from banking and financial institutions and certain federal and state government bonds. Single-tier dividends also are tax exempted.

Resident individuals are taxed on Malaysia-source income at scale rates ranging up to 28% with effect from the YA 2016. They are entitled to various deductions and personal reliefs. Foreign-source income is exempt from income tax.

Individuals who do not meet the residence qualifications described above are taxed at a flat rate of 28% with effect from YA 2016 and are not eligible for personal tax reliefs or tax rebates.

Foreign business personnel in Malaysia must register as taxpayers with the Malaysian Inland Revenue Board (“MIRB”) and are subject to normal taxation if they derive income from Malaysia. Employment income of an individual is exempt from income tax where the duration of employment does not exceed 60 days in a calendar year and the employee does not qualify as a tax resident. The exception will not apply where such individual is in Malaysia for a continuous period exceeding 60 days that overlaps over two successive basis periods, or where the continuous overlapping period together with another period or periods exceeds 60 days. An exemption also may be granted under a tax treaty, where applicable.

**(iv) Dividend Distribution**

A single-tier tax system was implemented with effect from YA 2008, replacing the full imputation system. Dividends paid by a resident company under this system are tax exempt in the hands of shareholders and such single-tier dividends do not carry a tax credit. As from 1 January 2014, all corporations in Malaysia are required to adopt the single-tier system (a transitional period up to 31 December 2013 was available for resident companies to use their existing section 108 tax credit balances for franked dividends, provided certain conditions were satisfied).

**(b) Withholding Tax**

**(i) Dividends**

Malaysia does not impose withholding tax on dividends paid to non-residents.

**(ii) Interest**

Interest paid to a non-resident is subject to withholding tax of 15%, which may be reduced under an applicable tax treaty. However, interest paid to a non-resident by banks operating in Malaysia is exempt from tax, except for interest accruing to the non-resident’s place of business in Malaysia and interest paid on funds required for the purpose of maintaining networking funds, as prescribed by the Central Bank.



Interest on “approved loans,” as specified in the Malaysia Income Tax Act 1967 (“MITA”), is exempt from tax. Approved loans include those made by a non-resident to the government, local authority, statutory body or a person guaranteed by the government.

**(iii) Royalties**

Royalties paid to non-residents are subject to a 10% withholding tax, which may be reduced under an applicable tax treaty.

**(iv) Service Fees**

Technical service fees paid to non-residents are subject to a 10% withholding tax, which may be reduced under an applicable tax treaty. With regard to technical service fees for services under contract, withholding tax rate of 10% + 3% applies if the services are rendered by the non-resident through a permanent establishment in Malaysia. For technical service fees, withholding tax is only applicable if the services are performed in Malaysia.

**(v) Rental of Moveable Property**

Payment for the use of movable property paid to non-residents is subject to a 10% withholding tax, which may be reduced under an applicable tax treaty.

**(vi) Other Income**

With effect from 1 January 2009, income in respect of “gains or profits” falling under Section 4(f) of MITA derived by a non-resident from Malaysia, is subject to 10% withholding tax. Generally, the tax applies to “one-off” income received by the non-resident, such as commission, guarantee fees or introducer’s fee paid to non-resident.

**(c) Real Property Gains Tax (“RPGT”)**

Malaysia does not tax capital gains from the sale of investments or capital assets other than those related to land and buildings. RPGT applies to the sale of land in Malaysia and any interest, option or other right in or over such land. This includes gains from the sale of shares in a real property company (“RPC”).

A RPC is defined as:-

- (i) a controlled company which as at 21 October 1988, owns real property or shares in RPC(s) or both, the defined value of which is not less than 75% of the value of its total tangible assets, or
- (ii) where paragraph (a) above is not applicable, a RPC is a controlled company which on any date after 21 October 1998, acquires real property or shares in RPC(s) or both, whereby the defined value of real property or shares in RPC(s) or both, owned at that date is not less than 75% of the value of its total tangible assets.

A “controlled company” is a company having not more than 50 members and controlled by not more than 5 persons. Meanwhile, “real property” is as “any land situated in Malaysia and any other interest, option or other right in or over such land”.

The “defined value” of a real property refers to the market value of the real property, whilst the “defined value” of RPC shares refers to the acquisition price of the RPC shares determined under the RPGT Act 1976.

“Value of its total tangible assets” means the aggregate of the defined value of real property and/ or shares and the value of other tangible assets.

Income tax takes precedence over RPGT. As such, if a gain is a revenue gain that is subject to income tax, the same gain cannot be subject to RPGT at the same time. Only when the gain is not of revenue nature, a RPGT analysis is required with a view to ascertaining whether the gain falls within the ambit of RPGT.

(i) RPGT Rates for Company

Category of Disposal	Rate of Tax (%)
Disposal within three years after date of acquisition	30
Disposal in the fourth year after date of acquisition	20
Disposal in the fifth year after date of acquisition	15
Disposal in the sixth year after date of acquisition and thereafter	5

(ii) RPGT Rates for Individual<sup>(1)</sup> who is a Citizen or Permanent Resident

Category of Disposal	Rate of Tax (%)
Disposal within three years after date of acquisition	30
Disposal in the fourth year after date of acquisition	20
Disposal in the fifth year after date of acquisition	15
Disposal in the sixth year after date of acquisition and thereafter	Nil

(iii) RPGT Rates for Individual who is not a Citizen or Permanent Resident

Category of Disposal	Rate of Tax (%)
Disposal within five years after date of acquisition	30
Disposal in the sixth year after date of acquisition and thereafter	5

Capital losses arising from the sale of real property (except from the sale of shares in RPC) may be used to offset against capital gains from such sales. Gains resulting from the disposal of property compulsorily acquired are exempt from the tax, as are asset transfers by resident companies under an approved restructuring scheme.

Any gains from the sale of shares in a Malaysian company not being a RPC would not be subject to RPGT in Malaysia. Any gains from the sale of shares in a Malaysian company by a person who deals in shares may be regarded as income and is subject to income tax under the MITA if the income is sourced from Malaysia.

**Note:**

- (1) *Individuals may claim a standard exemption of MYR10,000 or 10% of the chargeable gain, whichever is higher, on each sale of any type of real property. Citizens and permanent residents also are entitled to a full exemption on one sale of a private residence. These exemptions apply to both residents and non-residents.*

**(d) Stamp Duty**

Stamp duty is levied on the instrument of transfer of shares in non-listed companies (i.e. Form 32A) at the rate of 0.3% on the higher of the transfer consideration or the value of the shares. The stamp duty payable would generally be borne by the acquirer of the shares. In ascertaining the value of unquoted shares for stamp duty purposes, the Stamp Office will in practice take the highest value yielded by the following four bases of valuation:

- (i) Par value;
- (ii) Net tangible assets;
- (iii) Purchase consideration; or
- (iv) Net earnings per share method using Price Earnings Ratio per industry sector as provided by the Stamp Office.

The instrument of transfer of land and building would attract stamp duty (which is to be borne by the acquirer) at ad valorem rates as follows:-

For every MYR 100 or fractional part of MYR 100 of the amount of the money value of the consideration or the market value of the property, whichever is the greater:

- MYR 1 on the first RM100,000 i.e. 1%
- MYR 2 on any amount in excess of RM100,000 but not exceeding RM500,000 i.e. 2%
- MYR 3 on any amount in excess of RM500,000 i.e. 3%.

Instruments executed in Malaysia which are chargeable with duty must be stamped within 30 days from the date of execution. When the instruments are executed outside Malaysia, they must be stamped within 30 days after they have first been received in Malaysia.

**(e) Goods and Services Tax (“GST”)**

Malaysia introduced GST on 1 April 2015. The GST is levied at a rate of 6% and replaces the sales tax (which applied at a 5% or 10% rate) and the service tax (which applied at a 6% rate) on certain goods and services.

GST is levied on the supply of taxable goods and services (at each stage of the supply chain) in Malaysia, as well as on the import of goods and some imported services.

Supplies of goods and services can be either taxable or non-taxable supplies. A taxable supply is standard-rated or zero-rated. Non-taxable supplies are exempt or outside the scope of the GST.

Standard-rated supplies of goods and services are subject to GST at a 6% rate. A taxable person who is registered under GST must collect GST on the supply, and is eligible to claim input tax credits on the business inputs in making taxable supplies.

Zero-rated supplies are subject to GST at a rate of zero percent. Businesses that make zero-rated supplies do not collect GST, but are entitled to claim credit for inputs used in the course of the business.

Exempt supplies are not subject to GST. Businesses do not collect GST and are not entitled to claim credit for inputs used in the course of business. Exempt supplies include supply of residential buildings, life insurance, private health services, private educational services, financial services, land for agricultural and public use, public mass transportation and highway tolls.

Supplies that are outside the scope of GST (i.e. they do not fall within the charging provision of the GST Act 2014) include non-business transactions, sales of goods from a place outside Malaysia to another place outside Malaysia and certain services provided by the government, such as healthcare services, education and the issuance of licenses.

The sale or transfer of ownership of shares is an exempt supply and no GST will be payable on the purchase of the shares. There may be limitations on the ability to recover GST paid on expenses relating to the share acquisition (e.g. legal and accounting fees).

GST returns must be submitted no later than the last day of the month following the end of the taxable period. The taxable period is one month, three months or such other period as determined by the Director General.

GST in Malaysia is headed by The Royal Customs Department Malaysia.

## 2. Singapore Taxation

### (a) Income Tax

#### (i) Companies

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore. Normally, the control and management of a company is vested in its board of directors and hence the place of residence of the company is usually where the board meetings are held.

Residents and non-resident companies are subject to Singapore income tax on income accrued in or derived from Singapore and foreign income received or deemed to be received in Singapore from outside Singapore (unless otherwise exempted). Foreign income in the form of dividends, branch profits and service income received or deemed to be received in Singapore by Singapore tax resident companies are exempt from tax if certain prescribed conditions are met.

The first S\$300,000 of normal chargeable income is exempt from tax as follows:

- 1) 75% of up to the first S\$10,000 of chargeable income; and
- 2) 50% of up to the next S\$290,000 of chargeable income.

A private exempt company may be exempt from tax on the first S\$100,000 and on 50% of the next S\$200,000 of normal chargeable income for its first three consecutive years of assessment (subject to certain conditions).

The remaining chargeable income (after deducting the applicable partial tax exemption on the first S\$300,000 of chargeable income) will be taxed at the prevailing corporate tax rate, currently at 17%.

For the years of assessment (“YA”s) 2013 to 2015, companies will be granted a 30% corporate tax rebate which is capped at S\$30,000 for each YA. For YAs 2016 and 2017, companies will be granted a 50% corporate tax rebate which is capped at S\$20,000 for each YA.

#### (ii) Individuals

An individual is regarded as tax resident in Singapore in a year of assessment if, in the preceding calendar year, he or she was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he or she ordinarily resides in Singapore except for temporary absences.

Singapore tax resident individuals are subject to Singapore income tax on income accrued in or derived from Singapore. All foreign-source income received or deemed received in Singapore by Singapore tax resident individuals is exempt from Singapore income tax, except for such income received or deemed received through a partnership in Singapore. Certain investment income derived from Singapore sources by individuals is also exempt from income tax.

Singapore tax-resident individuals are subject to tax based on progressive rates ranging from 0% to 20% for YAs 2012 to 2016. The progressive rates will range from 0% to 22% with effect from YA 2017.

Singapore non-tax resident individuals are subject to Singapore income tax on income accrued in or derived from Singapore. They are taxed on Singapore employment income at the higher of a flat rate of 15% (with no personal deductions or allowances) or at the progressive resident tax rates (taking into account personal deductions and allowances). All other income of non-residents sourced in Singapore, including directors’ fees, is taxed at a flat rate of 20% (before YA 2017) or 22% (YA 2017 onwards).

A non-resident individual (other than a director) exercising a short-term employment in Singapore (i.e. for no more than 60 days) may be exempt from tax in Singapore on his or her employment income derived from Singapore.

**(b) Dividend Distributions**

**(i) One-tier corporate taxation system**

Singapore currently adopts the one-tier corporate tax system. Under this system, the corporate tax paid on a company's profits is final. The after-tax profits of the company resident in Singapore can be distributed to its shareholders as tax exempt (one-tier) dividends. One-tier dividends are tax exempt in the hands of all shareholders, regardless of the tax residency status of the shareholders.

**(ii) Withholding taxes**

Singapore does not impose withholding tax on dividends paid by companies resident in Singapore to resident or non-resident shareholders.

Foreign shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective home countries/countries of residence and the applicability of any double taxation agreement which their country of residence may have with Singapore.

**(c) Capital gains tax**

There is currently no tax on capital gains in Singapore.

Gains derived from the disposal of shares should not be liable to Singapore income tax if such gains are of a capital nature. However, there are no specific laws or regulations which deal with the characterisation of capital gains. The characterisation of gains arising from the sale of shares will depend primarily on the facts and circumstances of each shareholder.

For a gain on the disposal of shares to be considered capital in nature, the shares must originally have been acquired for long-term investment purposes and primarily to derive investment income. The shares must not have been originally acquired as part of the trading activities of the acquirer.

On the other hand, where the taxpayer is deemed by the IRAS to be carrying on a trade or business in Singapore of dealing in shares, the gains from the disposal of shares are likely to be regarded as revenue in nature and subject to Singapore income tax. Shareholders should consult their own professional advisers on the Singapore tax consequences that may apply to their individual circumstances.

The 2012 Singapore Budget introduced the certainty of non-taxation of gains derived by a company from ordinary share disposals that meet the specified conditions, which is now codified in Section 13Z of the Singapore Income Tax Act ("**SITA**"). In particular, gains derived from the disposal of ordinary shares by companies during the period between 1 June 2012 and 31 May 2017 (both dates inclusive) are exempt from tax, if the divesting company legally and beneficially holds a minimum shareholding of 20% of the ordinary shares in the company whose shares are being disposed for a continuous period of at least 24 months immediately prior to the date of the share disposal.

It was announced in the 2016 Singapore Budget that Section 13Z of the SITA will be extended beyond 31 May 2017 for 5 years to 31 May 2022. All conditions under Section 13Z remain unchanged.

In addition, shareholders who adopt the tax treatment to be aligned with the Financial Reporting Standard 39 Financial Instruments – Recognition and Measurement (“**FRS 39**”) may be taxed on fair value gains or losses (not being gains or losses in the nature of capital) even though no sale or disposal of the shares is made. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the shares.

Foreign sellers are advised to consult their own tax advisers to take into account the applicable tax laws of their respective home countries or countries of residence as well as the provisions of any applicable double taxation agreement.

**(d) Stamp Duty**

No stamp duty is payable on the subscription and issuance of the Shares.

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of 0.2% of the consideration for, or market value of the Shares, whichever is higher. Unless otherwise agreed, the purchaser is liable for stamp duty. Stamp duty relief is available in some cases, subject to conditions.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is relating to transfer of shares in a company incorporated outside Singapore (foreign company) and where the transfer document is lodged for registration in a share register kept outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of the Shares through the CDP system.

**(e) Estate Duty**

Singapore estate duty has been abolished since 15 February 2008.

**(f) GST**

The sale of the Shares by a GST-registered investor belonging in Singapore to another person belonging in Singapore is an exempt supply not subject to GST. Any GST (for example, GST on brokerage) incurred by the GST-registered investor in connection with the making of this exempt supply should generally be irrecoverable by the investor unless the investor satisfies certain conditions.

Where the Shares are sold by a GST-registered investor to a person belonging outside Singapore, the sale should be a zero-rated supply (i.e. subject to GST at 0%). Any GST (for example, GST on brokerage) incurred by him in the making of this zero-rated supply should, subject to the provisions of the GST legislation, be recoverable as an input tax credit in his GST returns.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of the Shares.

Services such as brokerage and handling services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor’s purchase, sale or holding of the Shares will be subject to GST at the prevailing rate (currently at 7%). Similar services rendered contractually to an investor belonging outside Singapore should qualify for zero-rating (i.e. subject to GST at 0%) provided that the services do not directly benefit a person who belongs in Singapore and the direct beneficiary is also outside Singapore at the time the services are performed.



**3CENERGY LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 197300314D)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of 3Cnergy Limited (the “**Company**”) will be held at 3 Lorong 6 Toa Payoh #01-01, Singapore 319378 on 14 July 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:-

All capitalised terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the circular to the Shareholders of the Company dated 28 June 2016 (“**Circular**”).

**ORDINARY RESOLUTION 1: THE PROPOSED ACQUISITION**

THAT contingent upon the passing of Ordinary Resolution 2 in this Notice of EGM:-

- (a) approval be and is hereby given for the acquisition by the Company of all the issued shares in Liberty (“**Proposed Acquisition**”) from the Vendors at the consideration of S\$64 million, to be satisfied by way of the allotment and issuance of 955,223,880 new Shares (“**Consideration Shares**”) at an issue price of S\$0.067 per Consideration Share and on the terms and subject to the conditions set out in the conditional sale and purchase agreement dated 29 March 2016, entered into between the Company and the Vendors;
- (b) approval be and is hereby given for the allotment and issuance by the Company of 955,223,880 new Shares to be issued to the Vendors (or their nominee(s) as they may direct) to satisfy the consideration for the Proposed Acquisition; and
- (c) the Directors of the Company and each of them be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary or expedient to give effect to the matters contemplated by this Ordinary Resolution 1.

**ORDINARY RESOLUTION 2: THE PROPOSED COMPLIANCE PLACEMENT**

THAT contingent upon the passing of Ordinary Resolution 1 in this Notice of EGM:-

- (a) approval be and is hereby given for the allotment and issuance by the Company of up to 75,000,000 new Shares for the purpose of restoring the Minimum Free Float pursuant to Rule 723 of the Catalist Rules (“**Proposed Compliance Placement**”) at an issue price to be determined by the Company in consultation with the Sponsor and Financial Adviser and the placement agent to be appointed in due course and taking into account, *inter alia*, prevailing market conditions at the time of the Proposed Compliance Placement; and
- (b) the Directors of the Company and each of them be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary or expedient to give effect to the matters contemplated by this Ordinary Resolution 2.

**Shareholders should note that Ordinary Resolutions 1 and 2 are inter-conditional. This means that if any one of the resolutions is not approved, the other resolution would not be duly passed.**

By Order of the Board

Teo Meng Keong  
Company Secretary

Singapore  
28 June 2016

**Notes:-**

1. (a) *Except for a member who is a relevant intermediary, a member of the Company entitled to attend, speak and vote at the EGM is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.*
- (b) *A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*

*"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50.*

2. *A proxy need not be a member of the Company.*
3. *The instrument appointing a proxy or proxies must be under the hand of the appointor or by his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.*
4. *The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 not less than forty-eight (48) hours before the time for holding the EGM.*

**Personal Data Privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company:*

- (a) *consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");*
- (b) *warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and*
- (c) *agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

# 3CENERGY LIMITED

(Company Registration No.: 197300314D)  
(Incorporated in the Republic of Singapore)

## EXTRAORDINARY GENERAL MEETING PROXY FORM

(Please refer to notes overleaf before completing this Form)

### Important:

1. Relevant intermediaries as defined in Section 181(6) of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy 3Cnergy Limited's shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

\*I/We \_\_\_\_\_

\*NRIC/Passport No./Co. Registration No. \_\_\_\_\_

of \_\_\_\_\_

being a \*member/members of 3Cnergy Limited (the "Company"), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

\* and/or

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her/them, the Chairman of the Extraordinary General Meeting ("EGM"), as \*my/our \*proxy/proxies to attend, speak and vote for \*me/us on \*my/our behalf at the EGM of the Company to be held at 3 Lorong 6 Toa Payoh, #01-01, Singapore 319378 on 14 July 2016 at 10.00 a.m. and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the EGM as indicated with a "√" in the spaces provided hereunder. If no specific directions as to voting are given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as he/she/they may on any other matter arising at the EGM.

*(Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [√] within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.)*

No.	Ordinary Resolutions	For	Against
1.	To approve the Proposed Acquisition		
2.	To approve the Proposed Compliance Placement		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

\_\_\_\_\_  
Signature of Member(s) or Common Seal

\* Delete accordingly



**IMPORTANT: Please Read Notes for this Proxy Form**

## **NOTES:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. (a) Except for a member who is a relevant intermediary, a member of the Company entitled to attend, speak and vote at the EGM is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.  
  
"Relevant intermediary" has the meaning as ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Act").
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.
5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 not less than forty-eight (48) hours before the time appointed for holding the EGM. If a shareholder submits a proxy form and subsequently attends the EGM in person and votes, the appointments of the proxy should be revoked.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Act.
8. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

## **GENERAL:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

### **Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company:

- (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.