CIRCULAR DATED 4 MARCH 2020

THIS CIRCULAR IS ISSUED BY THE COMPANY. THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS AND THE ADVICE OF THE INDEPENDENT FINANCIAL ADVISER. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about its contents or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

If you have sold or transferred all your shares in the capital of the Company held through CDP, you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should at once hand this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

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

TEE LAND

TEE LAND LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201230851R)

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY UNCONDITIONAL CASH OFFER

by

Maybank Kim Eng

MAYBANK KIM ENG SECURITIES PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197201256N)

for and behalf of

AMCORP SUPREME PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201821717R)

to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by Amcorp Supreme Pte. Ltd.

Independent Financial Adviser to the Independent Directors

PROVENANCECAPITAL

PROVENANCE CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200309056E)

SHAREHOLDERS SHOULD NOTE THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 20 MARCH 2020 ("CLOSING DATE"). THE OFFEROR WILL NOT EXTEND THE OFFER BEYOND 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE AND WILL NOT BE INCREASING THE OFFER PRICE.

CONTENTS

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

"**1HFY2020**"	:	The first half year ended 30 November 2019
"**2QFY2020**"	:	The 3-month period ended 30 November 2019
"**ACRA**"	:	Accounting and Corporate Regulatory Authority of Singapore
"**Acquisition**"	:	Has the meaning ascribed to it in **Section 1.1** of this Circular
"**Amcorp**"	:	Amcorp Group Berhad
"**Business Day**"	:	A day (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
"**CDP**"	:	The Central Depository (Pte) Limited
"**CEO**"	:	Chief executive officer of the Company
"**Circular**"	:	This circular to Shareholders dated 4 March 2020 in relation to the Offer, enclosing, *inter alia*, the IFA Letter
"**Closing Date**"	:	5.30 p.m. (Singapore time) on 20 March 2020
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Companies Act**"	:	The Companies Act (Chapter 50 of Singapore), as amended or modified from time to time
"**Company**"	:	TEE Land Limited
"**Company Securities**"	:	(a) Shares; (b) securities which carry voting rights in the Company; and (c) convertible securities, warrants, options (including any options granted under any employee share scheme of the Company) and derivatives in respect of any Shares or securities which carry voting rights in the Company
"**Completion**"	:	Has the meaning ascribed to it in **Section 1.1** of this Circular
"**Concert Group**"	:	The parties acting or deemed to be acting in concert with the Offeror
"**Conditions Precedent**"	:	Conditions precedent in the Sale and Purchase Agreements
"**Constitution**"	:	The constitution of the Company
"**CPF**"	:	The Central Provident Fund
"**CPFIS Investors**"	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date, and "**Director**" means any one of them
"**FAA**"	:	The Form of Acceptance and Authorisation for the Offer Shares in respect of the Offer which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with the CDP

"**FAT**"	:	The Form of Acceptance and Transfer for the Offer Shares in respect of the Offer which forms part of the Offer Document and which is issued to Shareholders whose Shares are not deposited with the CDP
"**Financial Adviser**"	:	Maybank Kim Eng Securities Pte. Ltd., the financial adviser to the Offeror in relation to the Offer
"**Firm Offer Announcement**"	:	The announcement issued by the Financial Adviser on the Firm Offer Announcement Date, for and on behalf of the Offeror, of the Offeror's firm intention to undertake the Offer
"**Firm Offer Announcement Date**"	:	3 February 2020, being the date of the Firm Offer Announcement
"**FY**"	:	Financial year ended or ending, as the case may be, 31 May
"**FY2017**"	:	Financial year ended 31 May 2017
"**FY2018**"	:	Financial year ended 31 May 2018
"**FY2019**"	:	Financial year ended 31 May 2019
"**Group**"	:	The Company and its subsidiaries
"**Independent Directors**"	:	The Directors who are considered independent for the purposes of the Offer, being all the Directors
"**Independent Financial Adviser**" or "**IFA**"	:	Provenance Capital Pte. Ltd., the independent financial adviser to the Independent Directors in connection with the Offer
"**IFA Letter**"	:	Has the meaning ascribed to it in **Section 11.1** of this Circular
"**Interested Person**"	:	As defined in Note on Rule 24.6 of the Code and read with Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: (a) a director, chief executive officer, or Substantial Shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer, or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer, or a Substantial Shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% of more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or

		(f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
"**Latest Practicable Date**"	:	21 February 2020, being the latest practicable date prior to the printing of this Circular
"**Listing Manual**"	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time up to the Latest Practicable Date
"**Market Day**"	:	A day on which the SGX-ST is open for trading of securities
"**MYR**"	:	Malaysian ringgit, being the currency of Malaysia
"**New Lease**"	:	The new lease to be entered into between TEE Industrial and the Company upon completion of the TEE Industrial Disposal for certain premises at the TEE Building where the Company is currently operating at
"**Offer**"	:	The mandatory unconditional cash offer made by the Financial Adviser, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and/or the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
"**Offer Document**"	:	The offer document dated 21 February 2020, including the FAA and FAT, and any supplemental documents as may be issued by or on behalf of the Offeror from time to time
"**Offer Price**"	:	S$0.179 in cash for each Offer Share
"**Offer Shares**"	:	All the Shares other than those already owned, controlled or agreed to be acquired by the Concert Group of the Offeror
"**Offeror**"	:	Amcorp Supreme Pte. Ltd.
"**Offeror Securities**"	:	Ordinary shares in the capital of the Offeror, equity share capital of the Offeror and other securities which carry substantially the same rights in the Offeror, and convertible securities, warrants, options and derivatives in respect of such shares or securities
"**Overseas Shareholders**"	:	Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of the CDP
"**Parties**"	:	The Sellers and the Offeror
"**Pre-Conditional Offer Announcement**"	:	The announcement issued by the Financial Adviser, for and on behalf of the Offeror, on the Pre-Conditional Offer Announcement Date in relation to the pre-conditional mandatory cash offer for all the Offer Shares
"**Pre-Conditional Offer Announcement Date**"	:	13 January 2020, being the date of the Pre-Conditional Offer Announcement
"**Register**"	:	The register of holders of Shares, as maintained by the Registrar

"**Registrar**"	:	B.A.C.S. Private Limited, which is located at 8 Robinson Road, #03-00 ASO Building, Singapore 048544
"**Relevant Period**"	:	The period commencing on 13 July 2019, being the date falling six months prior to the Pre-Conditional Offer Announcement Date, and ending on the Latest Practicable Date
"**Sale and Purchase Agreements**"	:	The conditional sale and purchase agreements entered into between the Parties on 13 January 2020
"**Securities Account**"	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
"**Sellers**"	:	TEE International and Phua Chian Kin
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore
"**SGX-ST**"	:	The Singapore Exchange Securities Trading Limited
"**SGXNET**"	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"**Shareholders**"	:	Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
"**Shares**"	:	Issued and paid-up ordinary shares in the capital of the Company
"**SRS**"	:	The Supplementary Retirement Scheme
"**SRS Investors**"	:	Investors who have purchased Shares using their SRS contributions pursuant to SRS
"**Subject Properties**"	:	The properties of the Group at the following locations: (a) 183 Upper Thomson Road, #B1-01/02/03/04/05 and #01-01/02/03/04/05, 183 Longhaus, Singapore 574429; (b) 11 Sam Leong Road, TRIO, Singapore 207903; (c) 25 Bukit Batok Street 22 TEE Building Singapore 659591; (d) 1 Seraya Crescent Singapore 575811; (e) 35 Gilstead Road Singapore 309079; (f) Larmont Sydney by Lancemore and Office Suites, 2-14 Kings Cross Road, Potts Point, NSW; (g) 160 Changi Road, Hexacube, Singapore 419728; and (h) 15-21 Main South Road and 29 Ballantyne Avenue, Upper Riccarton, Christchurch
"**Substantial Shareholder**"	:	A person who has an interest in not less than 5% of the total number of issued voting Shares
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively, being the currency of Singapore

"**TEE Building**"	:	25 Bukit Batok Street 22 TEE Building Singapore 659591
"**TEE Industrial**"	:	TEE Industrial Pte. Ltd.
"**TEE Industrial Disposal**"	:	The proposed disposal by the Company of the one (1) ordinary share, representing the entire issued and paid-up share capital of TEE Industrial, to TEE International
"**TEE International**"	:	TEE International Limited
"**Third Avenue**"	:	PT 12059, Jalan Teknokrat 3, Cyber 4, Cyberjaya Dengkil, Sepang, Selangor Darul Ehsan
"**TSA**"	:	The transitional services agreement dated 3 February 2020 entered into between the Company and TEE International for TEE International to provide certain transitional services
"**Valuation Reports and/or Certificates**"	:	The valuation reports and/or Certificates issued by the Valuers in respect of the Subject Properties in connection with the Offer, as set out in **Appendix G** to this Circular
"**Valuers**"	:	The Valuers are: (a) Jones Lang LaSalle Property Consultants Pte Ltd; (b) Suntec Real Estate Consultants Pte Ltd; (c) Savills Valuations Pty Ltd; (d) Savills (NZ) Limited; and (e) Savills Valuation and Professional Services (S) Pte Ltd, being the independent valuers appointed by the Company for the purposes of carrying out the valuation of the Subject Properties in connection with the Offer
"**%**" or "**per cent.**"	:	Per centum or percentage

Acting in Concert and Associates. Unless otherwise defined, the expressions "**acting in concert**" and "**associates**" shall have the same meanings as ascribed to them respectively in the Code.

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

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

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

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

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

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

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

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

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

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

Total number of Shares and Percentage as at the Latest Practicable Date. In this Circular, the total number of Shares is a reference to a total of 446,876,000 Shares in issue as at the Latest Practicable Date based on a search conducted at the ACRA, unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 446,876,000 Shares in issue as at the Latest Practicable Date based on a search conducted at the ACRA.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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

INDICATIVE TIMELINE

Date of despatch of the Offer Document	:	21 February 2020
Date of despatch of this Circular	:	4 March 2020
Closing Date	:	**5.30 p.m. (Singapore time) on 20 March 2020**.
Date of settlement of consideration for valid acceptances of the Offer	:	In respect of acceptances which are valid and complete in all respects and in accordance with the instructions and requirements stated in the Offer Document, within seven (7) Business Days after the receipt of such acceptances. Please refer to Section 2 of Appendix A of the Offer Document for further information.

TEE LAND LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201230851R)

Directors:

Er. Dr. Lee Bee Wah, Non-Executive Chairman and Independent Director
Mr. Phua Cher Chew, Executive Director and CEO
Dr. Tan Khee Giap, Independent Director
Mr. Chin Sek Peng, Independent Director
Dato Paduka Timothy Ong Teck Mong, Non-Executive Director
Mr. Neo Weng Meng, Edwin, Non-Executive Director

Registered Office:

25 Bukit Batok Street 22
TEE Building
Singapore 659591

4 March 2020

To: Shareholders of the Company

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY THE FINANCIAL ADVISER, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

1.1 Pre-Conditional Offer Announcement and Firm Offer Announcement

On the Pre-Conditional Offer Announcement Date, the Financial Adviser, for and on behalf of the Offeror, announced, *inter alia,* that the Offeror had on 13 January 2020 entered into the Sale and Purchase Agreements with the Sellers to acquire an aggregate of 307,371,268 Shares ("**Sale Shares**") representing approximately 68.78% of the total issued Shares, held by the Sellers ("**Acquisition**") at the price of S$0.179 per Sale Share, for an aggregate cash consideration of S$55,019,456.97.

Completion under the Sale and Purchase Agreements ("**Completion**") was subject to the fulfilment (or waiver) of the Conditions Precedent by 13 April 2020 or such other date as the Parties may agree in writing. On the Firm Offer Announcement Date, the Financial Adviser announced, for and on behalf of the Offeror, the fulfilment of all the Conditions Precedent to the Sale and Purchase Agreements, and that Completion had taken place.

In view of Completion, the Financial Adviser announced on the Firm Offer Announcement Date, for and on behalf of the Offeror, that the Offeror intends to make an Offer in accordance with Rule 14 of the Code for all the Offer Shares.

A copy of each of the Pre-Conditional Offer Announcement and Firm Offer Announcement are available on the website of the SGX-ST at www.sgx.com.

1.2 Offer Document

Shareholders should have by now received a copy of the Offer Document, as announced by the Financial Adviser, for and on behalf of the Offeror, which was despatched on 21 February 2020, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out on pages 10 and 11 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

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

1.3 Purpose of this Circular

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

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors on the Offer before deciding on whether to accept or reject the Offer. If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

2. THE OFFER

2.1 Terms of the Offer

The Offer is made by the Financial Adviser, for and on behalf of the Offeror, on the principal terms set out in Section 2 of the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

*"2. **THE OFFER***

***2.1 Offer**. Subject to the terms and conditions set out in this Offer Document, MKES, for and on behalf of the Offeror, hereby makes the Offer to acquire all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees (the "**Offer Shares**"), in accordance with Section 139 of the SFA and Rule 14 of the Code.*

2.2 Offer Price.

For each Offer Share: S$0.179 in cash (the "Offer Price")

***The Offeror <u>DOES NOT</u> intend to increase the Offer Price**. Therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Offer Price, in any way.*

***Offer Shares**. The Offer is extended, on the same terms and conditions, for all the Offer Shares. For the avoidance of doubt, the Offer is extended, on the same terms and conditions, to all Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror (other than its related corporations and their respective nominees) in connection with the Offer. For the purpose of the Offer, the expression "**Offer Shares**" shall include such Shares.*

***2.3 No Encumbrances.** The Offer Shares will be acquired:*

(a) fully paid-up;

(b) free from all Encumbrances; and

(c) together with all rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and hereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, returns of capital and other distributions (if any) which may be announced, declared, made or paid thereon by the Company on or after the Pre-Conditional Offer Announcement Date.

> ***If any dividend, right, return of capital or other distribution is announced, declared, paid or made by the Company on or after the Pre-Conditional Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, right, return of capital or other distribution.***
>
> ***2.4 Unconditional Offer.*** *The Offer is unconditional in all respects. Therefore, the Offer is not conditional upon the level of acceptances which the Offeror may receive in respect of the Offer.*
>
> ***2.5 Warranty.*** *A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to have unconditionally and irrevocably warranted that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, returns of capital and other distributions (if any) which may be announced, declared, made or paid thereon by the Company on or after the Pre-Conditional Offer Announcement Date).*
>
> ***2.6 Details of the Offer. Appendix A*** *to this Offer Document sets out further details on (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer.*
>
> ***2.7 Procedures for Acceptance. Appendix B*** *to this Offer Document sets out the procedures for acceptance of the Offer."*

2.2 Duration of the Offer

The duration of the Offer is set out in Section 1 of Appendix A of the Offer Document, extracts of which are set out below.

> ***"APPENDIX A – DETAILS OF THE OFFER***
>
> ***1. DURATION OF THE OFFER***
>
> ***1.1 Closing Date.*** *Pursuant to Rule 22.3 of the Code, except insofar as the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least twenty-eight (28) days after the Despatch Date.*
>
> ***The Offer will close at 5.30 p.m. on the Closing Date. The Offeror will not extend the Offer beyond the Closing Date. Accordingly, notice is hereby given that acceptances of the Offer received after 5.30 p.m. (Singapore time) on the Closing Date will be rejected.***
>
> ***1.2 Revision.*** *The Offeror does not intend to revise the Offer Price."*

2.3 Details of the Offer

The details of the Offer relating to (a) the settlement of the consideration for the Offer; (b) the requirements relating to the accouncement of the level of acceptances of the Offer; and (c) the right of the withdrawal of acceptances of the Offer are set out in Sections 2, 3 and 4 of Appendix A of the Offer Document, extracts of which are set out below.

> ***"APPENDIX A – DETAILS OF THE OFFER***
>
> ***2. SETTLEMENT***
>
> *Subject to the receipt by the Offeror of valid acceptances, complete in all respects and in accordance with the instructions given in this Offer Document, the FAA, the FAT and/or the terms and conditions for Electronic Acceptance (as the case may be) and in the case of a Depositor, the receipt by the Offeror of confirmation satisfactory to it that the relevant*

number of Offer Shares are standing to the credit of the "Free Balance" of the Depositor's Securities Account at the relevant time(s), remittances in the form of S$ cheques or S$ cashier's order drawn on a bank in Singapore for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to the accepting Shareholder (or, in the case of a Shareholder holding share certificate(s) which is/ are not deposited with CDP, his designated agent (if any)) by ordinary post and at the risk of the accepting Shareholder or in such manner as he may have agreed with CDP for payment of any cash distribution as soon as practicable but in any event within seven (7) Business Days of the date of such receipt.

3. ANNOUNCEMENTS

3.1 Timing and Contents. *Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the dealing day ("Relevant Day") immediately after the day on which the Offer is due to expire, or is revised or extended (if applicable), the Offeror will announce and simultaneously inform the SGX¬ST of the total number of Shares (as nearly as practicable):*

(a) for which valid acceptances of the Offer have been received;

(b) held by the Offeror and any party acting in concert with it before the Offer Period; and

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

and will specify the percentages of the total number of issued Shares represented by such numbers.

3.2 Suspension. *Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with any of the requirements of paragraph 3.1 above, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.*

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

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

4. RIGHT OF WITHDRAWAL

4.1 Acceptances Irrevocable. *Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.*

4.2 Right of Withdrawal. *If the Offeror fails to comply with any of the requirements of Rule 28.1 of the Code by 3.30 p.m. (Singapore time) on the Relevant Day, then immediately thereafter:*

(a) any Shareholder holding Offer Shares which are deposited with CDP and accepting the Offer will be entitled to withdraw his acceptance by written notice to Amcorp Supreme Pte. Ltd., c/o The Central Depository (Pte) Limited, 11 North Buona Vista Drive, #01-19/20, The Metropolis Tower 2, Singapore 138589; and

> (b) *any Shareholder holding Offer Shares which are not deposited with CDP and accepting the Offer will be entitled to withdraw his acceptance by written notice to Amcorp Supreme Pte. Ltd., c/o B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544.*
>
> *Such notice of withdrawal shall be effective only if signed by the accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror."*

2.4 Procedures for Acceptance

The procedures for acceptance are set out in Appendix B of the Offer Document, extracts of which are set out below.

> ***"APPENDIX B – PROCEDURES FOR ACCEPTANCE OF THE OFFER***
>
> ***1. PROCEDURES FOR ACCEPTANCE OF THE OFFER***
>
> ***1.1 Depositors***
>
> ***1.1.1 Depositors whose Securities Accounts are credited with Offer Shares**. If you have Offer Shares standing to the credit of the "Free Balance" of your Securities Account, you should receive this Offer Document together with a FAA. If you do not receive a FAA, you may obtain a copy, upon production of satisfactory evidence that you are a Shareholder, from CDP at 11 North Buona Vista Drive, #01-19/20, The Metropolis Tower 2, Singapore 138589. Electronic copies of the FAA may also be obtained on the website of the SGX-ST at http://www.sgx.com.*
>
> ***Acceptance.** If you wish to accept the Offer in respect of all or any of your Offer Shares, you should:*
>
> *(a) complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. In particular, you must state in **Part A** on page 1 of the FAA the number of Offer Shares in respect of which you wish to accept the Offer. If you:*
>
> *(i) do not specify such number; or*
>
> *(ii) specify a number which exceeds the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account as **at the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt is on or before the Closing Date),***
>
> *you shall be deemed to have accepted the Offer in respect of all the Offer Shares already standing to the credit of the "Free Balance" of your Securities Account **as at the Date of Receipt or in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date)**;*
>
> *(b) if paragraph 1.1.1(a)(ii) above applies and at the time of verification by CDP of the FAA on the Date of Receipt, there are outstanding settlement instructions with CDP to receive further Offer Shares into the "Free Balance" of your Securities Account ("**Unsettled Buy Position**"), and the Unsettled Buy Position settles such that the Offer Shares in the Unsettled Buy Position are transferred to the "Free Balance" of your Securities Account at any time during the period the Offer is open, up to 5.30 p.m. on the Closing Date ("**Settled***

Shares"), you shall be deemed to have accepted the Offer in respect of the balance number of Offer Shares inserted in Part A of the FAA which have not yet been accepted pursuant to paragraph 1.1.1(a)(ii) above, or the number of Settled Shares, whichever is less;

(c) sign the FAA in accordance with this paragraph 1.1 and the provisions and instructions printed on the FAA; and

(d) deliver the duly completed and signed original of that FAA in its entirety (no part may be detached or otherwise mutilated):

(i) by hand to Amcorp Supreme Pte. Ltd. c/o The Central Depository (Pte) Limited at 11 North Buona Vista Drive, #01-19/20, The Metropolis Tower 2, Singapore 138589; or

(ii) by post, in the enclosed pre-addressed envelope at your own risk, to Amcorp Supreme Pte. Ltd. c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

***in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date.** If the completed and signed FAA is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAA. It is your sole responsibility to affix adequate postage on the said envelope for posting.*

If you have sold or transferred all your Offer Shares held through CDP, you need not forward this Offer Document and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee.

If you are a Depository Agent, you may accept the Offer via Electronic Acceptance. CDP has been authorised by the Offeror to receive such Electronic Acceptances on its behalf and such Electronic Acceptances must be submitted not later than 5.30 p.m. (Singapore time) on the Closing Date. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA had been duly completed, signed in its originality and delivered to CDP.

***1.1.2 Depositors whose Securities Accounts will be credited with Offer Shares.** If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, you should also receive this Offer Document together with a FAA. If you do not receive a FAA, you may obtain a copy, upon production of satisfactory evidence that you are a Shareholder or have purchased the Offer Shares on the SGX-ST (as the case may be), from CDP at 11 North Buona Vista Drive, #01- 19/20, The Metropolis Tower 2, Singapore 138589.*

***Acceptance.** If you wish to accept the Offer in respect of all or any of your Offer Shares, you should, after the "Free Balance" of your Securities Account has been credited with such number of Offer Shares purchased:*

(a) complete and sign the FAA in accordance with this paragraph 1.1 and the provisions and instructions printed on the FAA; and

(b) deliver the duly completed and signed original of that FAA in its entirety (no part may be detached or otherwise mutilated):

(i) by hand to Amcorp Supreme Pte. Ltd. c/o The Central Depository (Pte) Limited at 11 North Buona Vista Drive, #01-19/20, The Metropolis Tower 2, Singapore 138589; or

(ii) by post, in the enclosed pre-addressed envelope at your own risk, to Amcorp Supreme Pte. Ltd. c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. *If the completed and signed FAA is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAA. It is your sole responsibility to affix adequate postage on the said envelope for posting.*

1.1.3 Rejection. *If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been or will not be credited to the "Free Balance" of your Securities Account (for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected. None of the Offeror, MKES or CDP, (or, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability in relation to such rejections, including the consequences thereof.*

If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the "Free Balance" of your Securities Account is not credited with such Offer Shares by the Date of Receipt or by 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date), unless paragraph 1.1.1(a)(ii) read together with paragraph 1.1.1(b) of this ***Appendix B*** *apply. If the Unsettled Buy Position does not settle by 5.30 p.m. on the Closing Date, your acceptance in respect of such Offer Shares will be rejected. None of the Offeror, MKES and CDP accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.*

1.1.4 Depositors whose Securities Accounts are and will be credited with Offer Shares. *If you have Offer Shares credited to the "Free Balance" of your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to the "Free Balance" of your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the "Free Balance" of your Securities Account and may accept the Offer in respect of the additional Offer Shares purchased which are in the process of being credited to the "Free Balance" of your Securities Account only AFTER the "Free Balance" of your Securities Account has been credited with such additional number of Offer Shares purchased.*

1.1.5 General. *No acknowledgement will be given by CDP for submissions of the FAA made by hand or by post to CDP or deposited into boxes located at CDP's premises. All communications, notices, documents and payments to be delivered or sent to you will be sent by ordinary post at your own risk to your address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number in your Securities Account: (i) through CDP Online if you have registered for the CDP Internet Access Service; or (ii) through the CDP Phone Service using SMS OTP, under the option "To check your securities balance".*

1.1.6 ***Blocked Balance.*** *Upon receipt of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Offer from the "Free Balance" of your Securities Account to the "Blocked Balance" of your Securities Account. Such Offer Shares will be held in the "Blocked Balance" until the consideration for such Offer Shares has been despatched to you.*

1.1.7 ***Notification.*** *Upon the Offeror's despatch of consideration for the Offer Shares in respect of which you have accepted the Offer, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the aggregate Offer Price in respect of such Offer Shares by way of a S$ crossed cheque drawn on a bank in Singapore for the appropriate amount, or in such other manner as you may have agreed with CDP for the payment of any cash distributions, in each case at your own risk, as soon as practicable and in any event, in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the Closing Date, within seven Business Days of the Date of Receipt.*

1.1.8 ***Return of Offer Shares.*** *In the event that the Offer is lapsed or withdrawn, CDP will transfer the aggregate number of Offer Shares in respect of which you have accepted the Offer and tendered for acceptance under the Offer to the "Free Balance" of your Securities Account as soon as possible but, in any event, within 14 days from the lapse or withdrawal of the Offer.*

1.1.9 ***No Securities Account.*** *If you do not have any existing Securities Account in your own name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.*

1.2 Scrip Holders

1.2.1 ***Shareholders whose Offer Shares are not deposited with CDP.*** *If you hold Offer Shares which are not deposited with CDP, you should receive this Offer Document together with a FAT. If you do not receive a FAT, you may obtain a copy, upon production of satisfactory evidence that you are a Shareholder, from the Share Registrar, at its office located at 8 Robinson Road, #03-00 ASO Building, Singapore 048544.*

1.2.2 ***Acceptance.*** *If you wish to accept the Offer in respect of all or any of your Offer Shares, you should:*

(a) complete the FAT in accordance with this Offer Document and the provisions and instructions printed on the FAT. In particular, you must state in Part A of the FAT the number of Offer Shares in respect of which you wish to accept the Offer and state in Part B of the FAT the share certificate number(s) of the relevant share certificate(s). If you:

(i) do not specify such number in ***Part A*** *of the FAT; or*

(ii) specify a number in ***Part A*** *of the FAT which exceeds the number of Offer Shares represented by the attached share certificate(s) accompanying the FAT,*

you shall be deemed to have accepted the Offer in respect of the total number of Offer Shares represented by the share certificate(s) accompanying the FAT;

(b) sign the FAT in accordance with this ***Appendix B*** *and the instructions printed on the FAT;*

(c) not date the FAT or insert the name of the Offeror. This will be done on your behalf by the Offeror, or any person nominated in writing by the Offeror or a person authorised by either; and

(d) deliver:

(i) the completed and signed original of that FAT in its entirety (no part may be detached or otherwise mutilated);

(ii) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Share Registrar relating to the Offer Shares in respect of which you wish to accept the Offer. If you are recorded in the Register as holding Offer Shares but you do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the constitution of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this Offer Document and the FAT;

(iii) where such Offer Shares are not registered in your name, a transfer form, duly executed by the person in whose name such Offer Shares is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror, or any person nominated in writing by the Offeror or a person authorised by either); and

(iv) any other relevant document(s),

either:

(1) by hand to Amcorp Supreme Pte. Ltd. c/o B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, or

(2) by post, using the enclosed pre-addressed envelope at your own risk, to Amcorp Supreme Pte. Ltd. c/o B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544,

***in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date.** If the completed and signed FAT is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAT. It is your sole responsibility to affix adequate postage on the said envelope for posting.*

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

***1.2.4 Return of Offer Shares.** In the event that the Offer is lapsed or withdrawn, the FAT, share certificate(s) and/or any other accompanying document(s) will be returned to you by ordinary post to the address as may be specified by you in the FAT, or if none is specified, to you (or in the case of joint accepting Shareholders, to the joint accepting Shareholder first-named in the Register) at the relevant address maintained in the Register, by ordinary post at your own risk as soon as possible but, in any event, not later than 14 days from the lapse or withdrawal of the Offer.*

2. GENERAL

2.1 Disclaimer. *Each of the Offeror, MKES, CDP and/or the Share Registrar will be authorised and entitled, in their sole and absolute discretion, to reject or treat as valid any acceptance of the Offer through the FAA and/or FAT, as the case may be, which is not entirely in order or which does not comply with the terms of this Offer Document and the relevant FAA and/or FAT, as the case may be, or which is not accompanied by the relevant share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror, MKES and/or the Share Registrar, or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality, or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the relevant FAA and/ or FAT are properly completed and executed in all respects and submitted with original signature(s) and that all required documents (where applicable) are provided. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's related corporations), MKES, CDP and/or the Share Registrar accepts any responsibility or liability for such a decision, including the consequences of such a decision.*

2.2 Discretion. *The Offeror and MKES each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated in this Offer Document or in the FAA and/or the FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Offer Document and in the FAA and/or FAT, as the case may be. Any decision to reject or treat such acceptances as valid will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's related corporations), MKES, CDP and/or the Share Registrar accepts any responsibility or liability for such a decision, including the consequences of such a decision.*

2.3 Scripless and Scrip Offer Shares. *If you hold some Offer Shares with CDP and others in scrip form, you should complete the FAA for the former and the FAT for the latter in accordance with the respective procedures set out in this* ***Appendix B*** *and the respective acceptance forms if you wish to accept the Offer in respect of such Offer Shares.*

2.4 Acceptances received on Saturday, Sunday or public holiday. *For the avoidance of doubt, FAAs and/or FATs (as the case may be) received by the Offeror, MKES, CDP and/or the Share Registrar (as the case may be) on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.*

2.5 Deposit Time. *If you hold Offer Shares which are not deposited with CDP, the Offer Shares may not be credited to your Securities Account with CDP in time for you to accept the Offer if you were to deposit your share certificate(s) with CDP after the Despatch Date. If you wish to accept the Offer in respect of such Offer Shares, you should complete the FAT and follow the procedures set out in paragraph 1.2 above.*

2.6 Correspondences. *All communications, certificates, notices, documents, payments and remittances to be delivered or sent to you (or, in the case of scrip holders, your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register) will be sent by ordinary post to your respective addresses as they appear in the records of CDP or the Share Registrar, as the case may be, at the risk of the person entitled thereto (or for the purposes of remittances only, to such different name and addresses as may be specified by you in the FAA and/or the FAT, as the case may be, at your own risk).*

2.7 Evidence of Title. *Delivery of the duly completed and signed original of the FAA and/or the duly completed and signed original of the FAT, as the case may be, together with the relevant share certificate(s) and/or other document(s) of title and/or other relevant document(s) required by the Offeror, to the Offeror (or its nominee) and/or CDP and/or the*

Share Registrar, shall be conclusive evidence in favour of the Offeror (or its nominee), CDP and the Share Registrar of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.

2.8 Loss in Transmission. *The Offeror, MKES, CDP and/or the Share Registrar, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.*

2.9 Acceptances Irrevocable. *Except as expressly provided in this Offer Document and the Code, the acceptance of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable.*

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

2.5 Closing Date

Shareholders should note the Closing Date of 5:30 p.m. (Singapore time) on 20 March 2020.

Shareholders should note that the Offeror has no intention of extending the Offer beyond 5.30 p.m. (Singapore time) on the Closing Date. Accordingly, the Offeror has given notice that acceptances of the Offer received after 5.30 p.m. (Singapore time) on the Closing Date will be rejected.

3. INFORMATION ON THE OFFEROR AND AMCORP

Section 3 of the Offer Document sets out certain information on the Offeror and Amcorp, extracts of which are set out below. Additional information on the Offeror and Amcorp extracted from Appendices C and D of the Offer Document is set out in **Appendix C** of this Circular.

"3. INFORMATION ON THE OFFEROR AND ITS SHAREHOLDERS

3.1 The Offeror. *The Offeror is a special purpose vehicle incorporated under the laws of Singapore on 27 June 2018 for the purpose of investment holding. Its sole shareholder is Amcorp. The Offeror has not carried on any business since its incorporation, except for matters in connection with the Acquisitions and the Offer.*

As at the Latest Practicable Date:

(a) the Offeror has an issued and paid-up share capital of US$1.00 comprising 1 ordinary share; and

(b) the directors of the Offeror are (i) Mr. Soo Kim Wai, (ii) Mr. Lum Sing Fai, and (iii) Ms. Hooi Toong Wan.

Appendix C *to this Offer Document sets out additional information on the Offeror.*

3.2 Amcorp. *Amcorp is an investment holding company incorporated in Malaysia and controlled by Tan Sri Azman Hashim via his Malaysia-incorporated private limited company, Clear Goal. Amcorp's primary focus is on financial services, property development, property management and engineering. Its portfolio of investments includes interests in listed companies AMMB Holdings Berhad (12.98%), RCE Capital Berhad (54.19%) and Amcorp Properties Berhad (69.34%).*

Appendix D *to this Offer Document sets out additional information on Amcorp."*

4. COMMERCIAL ARRANGEMENTS WITH TEE INTERNATIONAL

Immediately after completion of the Acquisition, on 3 February 2020, the Company and TEE Industrial entered into the following arrangements with TEE International and certain of its subsidiaries. Section 5 of the Offer Document sets out the information on these arrangements, extracts of which are set out below.

*"5. **COMMERCIAL ARRANGEMENTS WITH TI***

*5.1 **Commercial Arrangements with TI.** Immediately after completion of the Acquisitions, on 3 February 2020, the Company and TEE Industrial, a wholly owned subsidiary of the Company, entered into the following arrangements with TI and certain of its subsidiaries:*

*(a) **Disposal SPA.** The Company and TI entered into the Disposal SPA to effect the Disposal. TEE Industrial is the registered proprietor of the leasehold estate in TEE Building. Other than the holding and leasing of TEE Building, TEE Industrial does not have any other business.*

*Based on the valuation report by JLL that was commissioned by the Company dated 11 December 2019, the market value of TEE Building as at 30 November 2019 was S$21.50 million ("**TEE Building Valuation**"). The TEE Building Valuation was made using the direct comparison method and income capitalisation method.*

*Based on the management accounts, as at 30 November 2019, TEE Industrial, after taking into account, inter alia, the TEE Building Valuation, an outstanding mortgage loan of approximately S$15.78 million ("**Mortgage Loan**") and outstanding payables of approximately S$9.23 million owing to the Company, was in a negative net asset position of approximately S$0.88 million.*

In view of TEE Industrial's negative net asset position, the Company disposed of TEE Industrial to TEE International for a nominal amount of S$1. In addition, pursuant to the Disposal SPA, on Disposal Completion, TI will repay or procure the repayment of all outstanding payables owing by TEE Industrial to the Company as at Disposal Completion less the negative net asset value of TEE Industrial, based on its latest management accounts immediately prior to the Disposal Completion (taking into account, inter alia, the TEE Building Valuation). The extent of the amount to be deducted as the negative net asset value shall not exceed S$1.0 million.

The Disposal is conditional on, inter alia: (a) approval of shareholders of TI and the Company; (b) discharge by TI (whether by refinancing or full repayment of all outstanding amounts) of the Mortgage Loan; and (c) the independent financial adviser to the Company opining that the terms of Disposal and the New Lease are fair and reasonable so far as Shareholders are concerned in the context of Rule 10 of the Code.

*In addition, PCK has provided an irrevocable undertaking to the Offeror and the Company in respect of PCK's TI Shares, representing approximately 45.42% of the total number of issued and paid-up ordinary shares in the capital of TI, to, among others, vote, or procure the voting of, all of PCK's TI Shares in favour of the Disposal at the extraordinary general meeting of TI to be convened to seek the approval of shareholders of TI for the Disposal (the "**PCK Undertaking**").*

Immediately after completion of the Acquisitions and concurrently with entry into the Disposal SPA, TI also provided an irrevocable undertaking to the Offeror and the Company that it will comply with all of the obligations of TEE Industrial specified by JTC Corporation in connection with the Acquisitions and the Disposal.

(b) ***Lease Extensions.*** *TEE Industrial currently leases certain premises of TEE Building to TI, PBT Engineering Pte. Ltd. and Trans Equatorial Engineering Pte. Ltd., wholly owned subsidiaries of TI, and the Company. These leases are to be renewed on a monthly basis, up to and including the date of completion of the Disposal (the "**Lease Extensions**").*

(c) ***New Lease.*** *On completion of the Disposal, TEE Industrial will enter into a new lease with the Company in relation to the premises at TEE Building currently used by the Company (the "**New Lease**"), being an area of approximately 8,052.8 square feet in TEE Building, for S$17,716.16 per month ("**Rental Rate**"). The Rental Rate was derived from the market rental of S$2.20 per square foot per month as concluded in the rental valuation report by SREC dated 27 December 2019 commissioned by the Company. In arriving at its opinion, SREC had taken into consideration the rental rates of similar properties in the vicinity and made the necessary comparison and adjustments before arriving at the Rental Rate. The New Lease will be at arm's length and have a term of six (6) months with an option to renew for a further term of six (6) months.*

(d) ***Transitional Services Agreement.*** *Immediately after completion of the Acquisitions, on 3 February 2020, the Company and TI entered into a transitional services agreement (the "**TSA**") in relation to certain transitional services to be provided by TI to the Company. The services rendered under the TSA are charged at cost. The TSA has a term of six (6) months with an option exercisable by the Company to extend the term for a further six (6) months.*

Further information on the Disposal SPA, the PCK Undertaking, the Lease Extensions, the New Lease and the TSA are set out in the Company's and TI's announcements dated 3 February 2020, which are available on the website of the SGX-ST at http://www.sgx.com.

5.2 SIC Confirmation. *The SIC has on 10 January 2020 confirmed that:*

(a) *the Lease Extensions do not constitute a special deal under Rule 10 of the Code;*

(b) *the Disposal, the New Lease and the TSA do not constitute a special deal under Rule 10 of the Code, subject to the independent financial adviser to the Company publicly stating in its opinion that the terms of these transactions are fair and reasonable so far as Shareholders are concerned in the context of Rule 10 of the Code; and*

(c) *the Disposal will not be regarded as a frustrating action under Rule 5 of the Code requiring Shareholders' approval."*

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

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

"6. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

6.1 Compliance with the Code. *As set out in Section 1 of this Offer Document, the Offeror is making the Offer in compliance with the requirements of the Code.*

6.2 ***Offeror's Intentions for the Company.*** *Pursuant to the terms of the SPA with TI, TI shall procure:*

(i) the resignation of all of its representatives as directors, officers or employees of each member of the Group; and

(ii) the board of directors of each member of the Group to approve the appointment of such persons as the Offeror may nominate as directors of such member of the Group.

On 3 February 2020, the Company announced the following resignations:

(a) Phua Cher Chew, resigning as Chief Executive Officer of the Company with effect from 3 August 2020;

*(b) Phua Cher Chew, resigning as Executive Director of the Company with effect from the date falling immediately after the despatch to Shareholders of the circular which contains the views of the Independent Directors and the independent financial adviser to the Independent Directors on the Offer (the "**Company's Offeree Circular**");*

(c) Dato Timothy Ong Teck Mong, resigning as Non-Executive Director of the Company with effect from the date falling immediately after the despatch of the Company's Offeree Circular; and

(d) Neo Weng Meng, Edwin, resigning as Non-Executive Director of the Company with effect from the date falling immediately after the despatch of the Company's Offeree Circular.

Further details of each of the aforementioned resignations are set out in the Company's announcements dated 3 February 2020 and available on the website of the SGX-ST at http://www.sgx.com.

Save for the Disposal and as described in the foregoing, the Offeror presently has no intention to (i) introduce any major changes to the business of the Company, (ii) re-deploy the fixed assets of the Group, or (iii) discontinue the employment of the employees of the Group, other than in the normal course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeror and/or the Company. Following the close of the Offer, the Offeror will undertake a comprehensive review of the businesses of the Company and the review will help the Offeror to determine the optimal business strategy for the Company."

6. LISTING STATUS AND COMPULSORY ACQUISITION

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

"7. LISTING STATUS AND COMPULSORY ACQUISITION

7.1 Listing Status. *Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, where the*

Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

It is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST following completion of the Offer. In the event that the percentage of Shares (excluding treasury shares) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Offeror intends to undertake and/or support any action as may be necessary for any such trading suspension by the SGX-ST to be lifted. However, the Offeror reserves the right to re-evaluate its position, taking into account, among other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the percentage of Shares (excluding treasury shares) held in public hands falls below 10%.

If the Company loses its public float, the SGX-ST may suspend the trading of the Shares. If the Offeror decides not to maintain the listing status of the Company on the SGX-ST after the Company loses its public float, the SGX-ST will generally consider waiving compliance imposed on a voluntary delisting[1] if (a) the Offer is fair and reasonable (and the independent financial adviser to the Company has opined that the Offer is fair and reasonable), and (b) the Offeror has received acceptances from independent Shareholders[2] at the close of the Offer that represent a majority of least 75% of the total number of issued Shares held by independent Shareholders. The Offeror will make an announcement if it receives acceptances of the Offer in respect of 75% of the total number of issued Shares held by independent Shareholders. If the waiver conditions are not met and the Company wishes to undertake a voluntary delisting, it will need to do so in accordance with Rule 1307 of the Listing Manual. In the event the Company is unable to meet the conditions for a voluntary delisting, the Company will be obliged to comply with the Listing Manual, including the requirement to restore its public float (through private placement or otherwise). Shareholders and investors should note there is the risk that the Company may be subject to prolonged suspension should the free float be lost but the requisite conditions for a delisting are not met.

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1 *Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application to delist from the SGX-ST if:*

(a) *the issuer convenes a general meeting to obtain shareholder approval for the delisting; and*

(b) *the resolution to delist the issuer has been approved by a majority of at least 75% of the total number of issued shares excluding treasury shares and subsidiary holdings held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting. The offeror and parties acting in concert with it must abstain from voting on the resolution.*

2 *Independent Shareholders are Shareholders other than the Offeror and parties acting in concert with it.*

*7.2 **Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer and/or acquires such number of Offer Shares from the date of the despatch of the Offer Document otherwise than through valid acceptances of the Offer in respect of not less than 90% of the total number of issued Shares (excluding treasury shares and other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") on the same terms as those offered under the Offer. Under Rule 1308(1)(b) of the Listing Manual, Rules 1307 and 1309 of the Listing Manual do not apply to a delisting pursuant to the Offer provided that the Offeror is exercising its right of compulsory acquisition. Accordingly, independent Shareholders' approval for the delisting under Rule 1307 of the Listing Manual is not required in the event the Offeror exercises its right of compulsory acquisition.*

As stated above, it is the current intention of the Offeror to maintain the listing status of the Company. Accordingly, the Offeror presently has no intention of exercising its right of compulsory acquisition under Section 215(1) of the Companies Act, should such right be available to it. However, as set out in Section 7.1 above, the Offeror reserves the right to re-evaluate its position, taking into account, among other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice."

7. FINANCIAL ASPECTS OF THE OFFER

Section 8 of the Offer Document sets out certain information on the financial aspects of the Offer, extracts of which are set out below.

"8. FINANCIAL EVALUATION OF THE OFFER

***Financial Evaluation.** The Offer Price represents the following premia over the historical transacted prices of the Shares on the SGX-ST:*

Description	***Benchmark Price (S$)[(1)]***	***Premium over the Benchmark Price (%)[(2)]***
*Last transacted price per Share on 8 January 2020(being the last full trading day on which the Shares were traded on the SGX-ST prior to the trading halt and the Pre-Conditional Offer Announcement Date) (the "**Last Full Trading Day**")*	*0.1640*	*9.1*
Last transacted price per Share on 9 January 2020 prior to the trading halt on that day	*0.1690*	*5.9*
VWAP of the Shares for the 1-month period up to and including the Last Full Trading Day	*0.1596*	*12.1*

Description	*Benchmark Price (S$)*[(1)]	*Premium over the Benchmark Price (%)*[(2)]
VWAP of the Shares for the 3-month period up to and including the Last Full Trading Day	*0.1495*	*19.7*
VWAP of the Shares for the 6-month period up to and including the Last Full Trading Day	*0.1486*	*20.5*
VWAP of the Shares for the 12-month period up to and including the Last Full Trading Day	*0.1560*	*14.8*

Notes:

(1) Based on data extracted from Bloomberg L.P. and with the figures rounded to the nearest 4 decimal places.

(2) Figures rounded to the nearest 1 decimal place."

8. DISCLOSURES

Section 1 of Appendix F of the Offer Document sets out certain information relating to disclosure of interests, extracts of which are set out below.

"APPENDIX F – GENERAL INFORMATION

1. DISCLOSURES OF INTERESTS

1.1 Holdings of Company Securities

Save as disclosed below, as at the Latest Practicable Date, based on the latest information available to the Offeror, none of the Offeror and parties acting in concert with it (including Amcorp, Clear Goal and their respective directors and MKES), owns, controls or has agreed to acquire any Company Securities.

	Direct Interest		*Deemed Interest*		*Total Interest*	
Name	*No. of Shares*	*%*[(1)]	*No. of Shares*	*%*[(1)]	*No. of Shares*	*%*[(1)]
Offeror	*307,371,268*	*68.78*	*–*	*–*	*307,371,268*	*68.78*
Amcorp[(2)]	*–*	*–*	*307,371,268*	*68.78*	*307,371,268*	*68.78*
Clear Goal[(2)]	*–*	*–*	*307,371,268*	*68.78*	*307,371,268*	*68.78*
Tan Sri Azman Hashim[(2)]	*–*	*–*	*307,371,268*	*68.78*	*307,371,268*	*68.78*

Notes:

(1) Based on 446,876,000 Shares in issue as at the Latest Practicable Date.

(2) The Offeror is a wholly-owned subsidiary of Amcorp, which is in turn a wholly-owned subsidiary of Clear Goal. Tan Sri Azman Hashim is the controlling shareholder of Clear Goal. Accordingly, pursuant to Section 4(5) of the SFA, Amcorp, Clear Goal and Tan Sri Azman Hashim are deemed to be interested in the 307,371,268 Shares held by the Offeror.

1.2 Dealings in Company Securities

*Save as disclosed below and in this Offer Document, as at the Latest Practicable Date, none of the Offeror and parties acting in concert with it has dealt for value in any Company Securities during the period commencing six (6) months prior to the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date (the "**Reference Period**").*

Name	*Date*	*No. of Shares Acquired*	*No. of Shares Disposed*	*Transaction Price per Share (S$)*
Offeror	*3 February 2020*	*307,371,268* [(1)]	–	*0.179*

Note:

(1) Being the Sale Shares which the Offeror acquired pursuant to the Acquisitions.

1.3 ***Irrevocable Undertakings.*** *As at the Latest Practicable Date, none of the Offeror and parties acting in concert with it has received any irrevocable commitment to accept the Offer.*

1.4 ***Indemnity Arrangements.*** *As at the Latest Practicable Date, save as disclosed in this Offer Document, none of the Offeror and parties acting in concert with it has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements and any arrangement or understanding, formal or informal, of whatever nature, relating to the Company Securities, which may be an inducement to deal or refrain from dealing in the Company Securities.*

1.5 ***Agreements having any Connection with or Dependence upon the Offer.*** *As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding between (a) any of the Offeror and parties acting in concert with it, and (b) any of the present or recent Directors, or the present or recent Shareholders, having any connection with or dependence upon the Offer.*

1.6 ***Agreements Conditional upon Outcome of Offer.*** *As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding between (a) any of the Offeror and parties acting in concert with it, and (b) any of the Directors or any other person, in connection with or conditional upon the outcome of the Offer or otherwise connected with the Offer.*

1.7 ***Encumbrances.*** *The Sale Shares acquired by the Offeror pursuant to the Acquisitions have been charged to RHB Bank Berhad, being the security agent, as part of the security arrangements for the financing for the Offer. As at the Latest Practicable Date, save as disclosed in this Offer Document, none of the Offeror and parties acting in concert with it has, in respect of any Company Securities, (i) granted any security interest over any Company Securities to another person, whether through a charge, pledge or otherwise; (ii) borrowed from another person any Company Securities (excluding borrowed securities which have been on-lent or sold); or (iii) lent to another person any Company Securities.*

1.8 ***Transfer of Offer Shares.*** *As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby the Offer Shares acquired pursuant to the Offer will or may be transferred to any other person. The Offeror, however, reserves the right to transfer any of the Offer Shares to any of its current or future related corporations (as defined in the Companies Act) or for the purpose of granting security in favour of financial institutions which have extended credit facilities to it.*

1.9 ***Payment or Benefit to Directors.*** *As at the Latest Practicable Date, there is no payment or other benefit which will be made or given to any Director or to any director of any corporation which is, by Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer.*

1.10 ***No Material Change.*** *Save as disclosed in this Offer Document, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date."*

9. CONFIRMATION OF FINANCIAL RESOURCES

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

> *"9. CONFIRMATION OF FINANCIAL RESOURCES*
>
> *MKES, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer for the Offer Shares on the basis of the Offer Price."*

10. DIRECTORS' INTERESTS

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

11. ADVICE AND RECOMMENDATIONS

11.1 General

Shareholders should read and carefully consider the recommendations of the Independent Directors and the advice of the IFA to the Independent Directors dated 4 March 2020, which is set out in **Appendix A** of this Circular ("**IFA Letter**"), before deciding whether to accept or reject the Offer.

11.2 Independence of Directors

All of the Independent Directors consider themselves independent for the purposes of making a recommendation on the Offer.

11.3 Advice of the IFA to the Independent Directors and Opinion of the IFA on the TEE Industrial Disposal, New Lease and TSA

(a) **IFA**. Provenance Capital Pte. Ltd. has been appointed as the independent financial adviser to advise the Independent Directors for the purposes of the Offer, TEE Industrial Disposal, New Lease and TSA. Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether to accept or reject the Offer. The IFA's advice is set out in its letter dated 4 March 2020, which is set out in **Appendix A** of this Circular.

(b) **Factors taken into consideration by the IFA**. In arriving at its recommendation, the IFA has taken into account several key considerations, set forth in paragraphs 7, 9 and 10 of the IFA Letter. Shareholders should read paragraphs 7, 9 and 10 of the IFA Letter in conjunction with, and in the context of, the full text of the IFA Letter.

(c) **Advice of the IFA**. After having regard to the considerations set out in the IFA Letter, an extract of which is set out below, and based on the circumstances of the Company and the information as at the Latest Practicable Date, the IFA has made certain recommendations to the Independent Directors. Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined or the context otherwise requires, all terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.

> ***"10. OUR RECOMMENDATION TO THE DIRECTORS ON THE OFFER AND OUR OPINION ON THE TEE INDUSTRIAL DISPOSAL, NEW LEASE AND TSA PURSUANT TO RULE 10 OF THE CODE***
>
> *In arriving at our recommendation in respect of the Offer, we have taken into account, reviewed and deliberated on the following key considerations which we considered to be pertinent in our assessment of the Offer:*
>
> *(a) Market quotation and trading activity of the Shares;*

(b) Financial analysis of the Group;

(c) Historical Share price performance compared to the reported NAV per Share;

(d) Comparison with precedent non-privatisation takeover offers of companies listed on the SGX-ST;

(e) Comparison of valuation ratios of selected listed companies which are broadly comparable to the Group;

(f) Dividend track record of the Company; and

(g) Other relevant considerations in relation to the Offer.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Offer are fair and reasonable. Accordingly, we advise the Directors to recommend Shareholders to ACCEPT the Offer.

Overall, based on our evaluation of the terms of the TEE Industrial Disposal, the New Lease and the TSA, our understanding from Management of the commercial arrangements with TI and the information made available to us as at the Latest Practicable Date, we are of the opinion that the terms of the TEE Industrial Disposal, the New Lease and the TSA are fair and reasonable so far as the Shareholders are concerned in the context of Rule 10 of the Code.

In rendering the above advice, we have not given regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder. As each individual Shareholder may have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his legal, financial, tax or other professional adviser immediately. The Directors should advise Shareholders that the opinion and advice of Provenance Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to reject the Offer.

Our recommendation on the Offer is addressed to the Directors for their benefit, in connection with and for the purposes of their consideration of the Offer and may not be used or relied on for any other purposes (other than for the purpose of the Offer) without the prior written consent of Provenance Capital. The recommendation to be made by the Directors to Shareholders in respect of the Offer shall remain the responsibility of the Directors.

This Letter 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."

11.4 Recommendations of the Independent Directors

The Independent Directors concur with the IFA's assessment of the Offer and its advice thereon, as set out in **Section 11.3** of this Circular and in the IFA Letter. Accordingly, the Independent Directors recommend that Shareholders **ACCEPT** the Offer.

In making the above recommendation, the Independent Directors have not had regard to the general or specific investment objectives, financial situations, risk profiles, tax positions and/or particular needs and constraints of any specific Shareholder. As different Shareholders would have different investment profiles and objectives, the Independent Directors recommend that any specific

Shareholder who may require specific advice in relation to his Shares should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

Shareholders should read and consider carefully this Circular, including the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors as set out in Appendix A to this Circular in their entirety, before deciding whether to accept or reject the Offer. Shareholders are also urged to read the Offer Document carefully.

12. OVERSEAS SHAREHOLDERS

12.1 Availability of Offer

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

Overseas Shareholders should refer to Section 10 of the Offer Document, extracts of which are set out below.

*"**10. OVERSEAS SHAREHOLDERS***

***10.1 Overseas Shareholders.** The availability of the Offer to Shareholders whose mailing addresses are outside Singapore, as appearing on the Register or, as the case may be, in the records of CDP (each, an "**Overseas Shareholder**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Shareholder should inform himself about and observe any applicable legal requirements in his own jurisdiction. Where there are potential restrictions on sending this Offer Document, the FAA and/or the FAT to any overseas jurisdiction, the Offeror reserves the right not to send this Offer Document, the FAA and/or the FAT to any overseas jurisdiction. For the avoidance of doubt, the Offer is made to all Shareholders holding Offer Shares, including those to whom the Offer Document and the acceptance forms have not been, or will not be, sent.*

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

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

This Offer Document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable law. The release, publication or distribution of this Offer Document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document is released, published or distributed should inform themselves about and observe such restrictions.

*10.2 **Copies of the Offer Document, the FAA and the FAT.** Subject to compliance with applicable laws, Shareholders (including Overseas Shareholders) may, nonetheless, attend in person and obtain copies of this Offer Document, the FAA and the FAT, as the case may be, and any related documents, during normal business hours and up to 5.30 p.m. (Singapore time) on the Closing Date, from Amcorp Supreme Pte. Ltd. c/o The Central Depository (Pte) Limited at 11 North Buona Vista Drive, #01-19/20, The Metropolis Tower 2, Singapore 138589 (if he is a Depositor) or B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544 (if he is not a Depositor), as the case may be. Alternatively, Shareholders (including Overseas Shareholders) may, subject to compliance with applicable laws, write in to Amcorp Supreme Pte. Ltd. c/o B.A.C.S. Private Limited at the above-stated address to request that this Offer Document, the FAA or the FAT, as the case may be, and any related documents be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.*

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

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

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

12.2 Copies of Circular

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

13. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Section 11.3 of the Offer Document sets out information pertaining to CPFIS Investors and SRS Investors, extracts of which are set out below:

> *"11.3 **Information Pertaining to CPFIS Investors and SRS Investors.** CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice. CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date. CPFIS Investors and SRS Investors will receive the Offer Price payable in respect of their Offer Shares validly tendered in acceptance of the Offer through appropriate intermediaries in their respective CPF investment accounts and SRS investment accounts."*

14. ACTION TO BE TAKEN BY SHAREHOLDERS

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

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

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

15. CONSENTS

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter in **Appendix A** of this Circular and the references to its name in the form and context in which it appears in this Circular.

Baker Tilly TFW LLP, named as the auditors of the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the independent auditor's report in relation to the audited financial statements of the Group for FY2019 as set out in **Appendix D** of this Circular, and the references to its name in the form and context in which it appears in this Circular.

Each of the Valuers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the Valuation Reports and/or Certificates in **Appendix G** of this Circular, and the references to its name in the form and context in which it appears in this Circular.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 25 Bukit Batok Street 22 TEE Building Singapore 659591 during normal business hours from the date of this Circular up to and including the date of the Closing Date:

(a) the Constitution of the Company;

(b) the annual reports of the Company for FY2017, FY2018 and FY2019;

(c) the unaudited financial information of the Group for 2QFY2020 as set out in **Appendix E** of this Circular;

(d) the IFA Letter as set out in **Appendix A** of this Circular;

(e) the Valuation Reports and/or Certificates set out in **Appendix G** of this Circular; and

(f) the letters of consent referred to in **Section 15** of this Circular.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than the IFA Letter, the Valuation Reports and/or Certificates, information extracted from the Offer Document and information relating to the Offeror and Amcorp) and confirm after making all reasonable inquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Group in the context of the Offer and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted or reproduced 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 such sources and/or reproduced in this Circular in its proper form and context.

18. ADDITIONAL INFORMATION

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

Yours faithfully

For and on behalf of the Board of Directors of
TEE LAND LIMITED

Phua Cher Chew
Executive Director and Chief Executive Officer

PROVENANCE CAPITAL PTE. LTD.
(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

4 March 2020

To: The Directors of TEE Land Limited
(who are all deemed independent in respect of the Offer)

Er Dr Lee Bee Wah	(Non-Executive Chairman and Independent Director)
Mr Phua Cher Chew	(Executive Director and CEO)
Dr Tan Khee Giap	(Independent Director)
Mr Chin Sek Peng	(Independent Director)
Dato Paduka Timothy Ong Teck Mong	(Non-Executive Director)
Mr Neo Weng Meng, Edwin	(Non-Executive Director)

Dear Sirs/Mdm,

MANDATORY UNCONDITIONAL CASH OFFER FOR TEE LAND LIMITED ("COMPANY")

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company ("**Shareholders**") dated 4 March 2020 ("**Circular**"). The latest practicable date as referred to in the Circular and for the purpose of this letter ("**Letter**") is 21 February 2020 ("**Latest Practicable Date**").*

1. INTRODUCTION

1.1 Pre-Conditional Offer Announcement

On 13 January 2020 ("**Pre-conditional Offer Announcement Date**"), Maybank Kim Eng Securities Pte. Ltd. ("**MKES**") announced, for and on behalf of Amcorp Supreme Pte. Ltd. ("**Offeror**"), that the Offeror has entered into two conditional sale and purchase agreements ("**SPAs**") with TEE International Limited ("**TI**") and Mr Phua Chian Kin ("**Sellers**") for the purchase of an aggregate of 307,371,268 ordinary shares ("**Sale Shares**") in the capital of the Company, representing 68.78% of the total number of issued and paid-up ordinary shares in the capital of the Company ("**Shares**"), for an aggregate cash consideration of S$55,019,456.97 ("**Consideration**"), being S$0.179 for each Sale Share ("**Acquisitions**").

The completion of the Acquisitions ("**Completion**") is to take place together and contemporaneously upon the fulfilment or waiver of certain conditions precedent ("**Conditions Precedent**").

Subject to the fulfilment or waiver of the Conditions Precedent, the Offeror will make a mandatory unconditional cash offer for all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror ("**Pre-Conditional Offer**"), in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**") and Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**").

The Offeror is a special purpose vehicle wholly-owned by Amcorp Group Berhad ("**Amcorp**"), which is in-turn controlled by Tan Sri Azman Hashim. Amcorp holds interests in, *inter alia*, companies listed on Bursa Malaysia namely, AMMB Holdings Berhad, RCE Capital Berhad and Amcorp Properties Berhad.

1.2 Commercial arrangements with TI

In connection with the Acquisitions, the Company and TEE Industrial Pte. Ltd. ("**TEE Industrial**"), a wholly-owned subsidiary of the Company, will upon Completion, enter into certain commercial arrangements with TI and certain of its subsidiaries. In brief, the commercial arrangements are as follows:

(a) the sale of TEE Industrial to TI ("**TEE Industrial Disposal**"). TEE Industrial owns a property known as TEE Building which is leased to TI, two of its subsidiaries and to the Company. The purchase of TEE Industrial by TI is subject to, *inter alia*, approval from shareholders of the Company and TI at separate extraordinary general meetings ("**EGMs**") to be convened. In respect of TI, Mr Phua Chian Kin has given his irrevocable undertaking to the Offeror and the Company to vote in favour of the purchase of TEE Industrial by TI in respect of his 45.42% shareholding interest in TI ("**PCK Undertaking**");

(b) the above existing leases will continue up to and including the date of completion of the TEE Industrial Disposal ("**Lease Extensions**");

(c) on completion of the TEE Industrial Disposal, TEE Industrial will enter into a new lease with the Company in relation to its existing premises leased by the Company at arm's length for a term of 6 months, with an option to renew for a further term of 6 months ("**New Lease**"); and

(d) the Company will immediately after the completion of the Acquisitions enter into a transitional services agreement ("**TSA**") with TI in relation to certain transitional services to be provided by TI to the Company for a term of 6 months, with an option to extend for a further term of 6 months. The services rendered under the TSA will be charged at cost.

The Securities Industry Council ("**SIC**") had, on 10 January 2020, confirmed that:

(i) the Lease Extensions do not constitute a special deal under Rule 10 of the Code;

(ii) the TEE Industrial Disposal, the New Lease and the TSA do not constitute a special deal under Rule 10 of the Code, subject to the independent financial adviser ("**IFA**") to the Company publicly stating in its opinion that the terms of these transactions are fair and reasonable so far as Shareholders are concerned in the context of Rule 10 of the Code;

(iii) the TEE Industrial Disposal will not be regarded as a frustrating action under Rule 5 of the Code requiring Shareholders' approval[1]; and

(iv) it has no objections to the making of the Offer subject to the Conditions.

Note:

1. The TEE Industrial Disposal is, however, subject to Shareholders' approval at an EGM to be convened as the TEE Industrial Disposal is considered as a major transaction under Chapter 10 of the Listing Manual pursuant to the Company's announcement on 3 February 2020.

1.3 Firm Offer Announcement

On 3 February 2020 ("**Offer Announcement Date**"), MKES announced, for and on behalf of the Offeror, that the Conditions Precedent have been satisfied and the Offeror has, on that date, completed the Acquisitions.

Prior to the Acquisitions, the Offeror did not own or control any Shares. As a result of the Acquisitions, the Offeror owns and controls an aggregate of 307,371,268 Shares, representing 68.78% of the total number of issued Shares. The Company has in total 446,876,000 Shares in issue as at 3 February 2020 and as at the Latest Practicable Date.

As a consequence of the Acquisitions, MKES announced, for and on behalf of the Offeror, that the Offeror will make a mandatory unconditional cash offer ("**Offer**") for all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees, in accordance with the Section 139 of the SFA and Rule 14 of the Code ("**Firm Offer Announcement**").

In conjunction with the Acquisitions, the Company had also announced that it has, on 3 February 2020, entered or will enter (as the case may be) into the ancillary agreements with TI in respect of commercial arrangements with TI.

1.4 Our role as IFA to the Offer and with respect to the TEE Industrial Disposal, New Lease and TSA

The Company has appointed us ("**Provenance Capital**") as the IFA to the directors of the Company ("**Directors**") who are considered independent in respect of the Offer, for the purpose of making their recommendation to Shareholders in relation to the Offer. Further, we have also been appointed as the IFA to opine on the TEE Industrial Disposal, the New Lease and the TSA under Rule 10 of the Code.

As at the Latest Practicable Date, the Directors are as follows:

(a) Er Dr Lee Bee Wah (Non-Executive Chairman and Independent Director);
(b) Mr Phua Cher Chew (Executive Director and CEO);
(c) Dr Tan Khee Giap (Independent Director);
(d) Mr Chin Sek Peng (Independent Director);
(e) Dato Paduka Timothy Ong Teck Mong ("**Dato Timothy Ong**") (Non-Executive Director); and
(f) Mr Neo Weng Meng, Edwin ("**Mr Edwin Neo**") (Non-Executive Director).

The Company has confirmed that all the Directors are deemed independent in respect of the Offer.

This letter ("**Letter**") is therefore addressed to the Directors and sets out, *inter alia*, our evaluation on the financial terms of the Offer, our recommendations on the Offer, and our evaluation and opinion on the terms of the TEE Industrial Disposal, the New Lease and the TSA as required by the SIC in the context of Rule 10 of the Code. This Letter forms part of the Circular which provides, *inter alia*, details of the Offer, the commercial arrangements with TI and the recommendations of the Directors on the Offer.

Shareholders should have by now received a copy of the offer document ("**Offer Document**") dated 21 February 2020 setting out, *inter alia*, the terms and conditions of the Offer. The Offer Document is also available on the SGXNET.

2. TERMS OF REFERENCE

Provenance Capital has been appointed as the IFA to advise the Directors who are deemed independent of the Offer in respect of their recommendation to Shareholders in relation to the Offer and to opine on the terms of the TEE Industrial Disposal, the New Lease and the TSA pursuant to Rule 10 of the Code.

We have confined our evaluation and assessment to the financial terms of the Offer, the TEE Industrial Disposal, the New Lease and the TSA and have not taken into account the commercial risks or commercial merits of the Offer, the TEE Industrial Disposal, the New Lease and the TSA. In addition, we have not been requested to, and we do not express any advice or give any opinion on the merits of the Offer relative to any other alternative transaction. We were not involved in the negotiations pertaining to the Offer, the TEE Industrial Disposal, the commercial arrangements with TI nor were we involved in the deliberations leading up to the decision to put forth the Offer to Shareholders and the terms of the commercial arrangements with TI.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position or earnings potential of the Company and its subsidiaries ("**Group**"). Such evaluation or comments remain the responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion. The opinion set forth herein is based solely on publicly available information as well as information provided by the Directors and the management of the Group ("**Management**"), and is predicated upon the economic and market conditions prevailing as at the Latest Practicable Date. This Letter therefore does not reflect any projections on the future financial performance of the Group and we do not express any views as to the prices at which the Shares may trade after the close of the Offer.

We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. In this regard, we have not addressed the relative merits of the Offer in comparison with any alternative transaction the Company may consider in the future. Therefore, we do not express any views in these areas in arriving at our recommendation.

In formulating our opinion and recommendation, we have held discussions with the Directors and the Management and have relied to a considerable extent on the information set out in the Circular, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Company and its other professional advisers. Whilst care has been exercised in reviewing the information we have relied upon, we have not independently verified the information both written and verbal and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. Nonetheless, we have made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, real properties).

However, in connection with the Offer, the Company has commissioned various valuers ("**Valuers**") to carry out an independent market valuation of most of the real properties held by the Group and its associated companies as at 30 November 2019, being the last unaudited results announcement of the Group for the 6 months ended 30 November 2019 ("**6M2020**").

The Valuers are:

(a) Jones Lang LaSalle Property Consultants Pte Ltd ("**JLL**");
(b) Suntec Real Estate Consultants Pte Ltd ("**SREC**");
(c) Savills Valuations Pty Ltd ("**Savills Australia**");
(d) Savills (NZ) Limited ("**Savills NZ**"); and
(e) Savills Valuation and Professional Services (S) Pte Ltd ("**Savills SG**").

Copies of their valuation reports or certificates, as the case may be, are attached as Appendix G to the Circular.

In respect of the commercial arrangements with TI, to support the basis of the TEE Industrial Disposal and the New Lease, the Company had commissioned JLL to ascertain the market valuation of the TEE Building and SREC to ascertain the market rental rates for the TEE Building. Their valuation reports or certificates are also attached as Appendix G to the Circular.

We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the independent valuations by the Valuers for such asset appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuation contained in the their valuation reports or certificates or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements including the Code. Similarly, we have placed reliance on SREC as the expert on the market rental rates for TEE Building in relation to the New Lease.

The information we have relied on in the assessment of the Offer and the commercial arrangements with TI are based on market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date, which may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or assumptions contained herein. Shareholders should take note of any announcements relevant to their consideration of the Offer and the commercial arrangements with TI, as the case may be, which may be released or published after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we have not considered the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any Shareholder. As each Shareholder may have different investment profiles and objectives, we advise the Directors to recommend that any Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular. We have no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular. Accordingly, we take no responsibility for and express no view, whether expressed or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, Directors nor any Shareholder may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes, other than for the purpose of the Offer, the TEE Industrial Disposal, the New Lease and the TSA, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

Our opinion is addressed to the Directors who are deemed independent in respect of the Offer for their benefit and deliberation on the Offer. Their recommendation made to the Shareholders in relation to the Offer shall remain the responsibility of these Directors. Our opinion on the TEE Industrial Disposal, the New Lease and the TSA is also addressed to these Directors for their benefit and in the context of Rule 10 of the Code. **Our recommendation to these Directors in relation to the Offer and our opinion on the TEE Industrial Disposal, the New Lease and the TSA should be considered in the context of the entirety of this Letter and the Circular.**

Responsibility Statement by the Directors

The Directors have confirmed that, to the best of their knowledge and belief, all material information relating to the Company, the Group and its associated companies provided to us in connection with the Offer and the information in relation to the commercial arrangements with TI, is true, complete and accurate in all material respects and there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Offer and the commercial arrangements with TI to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

3. THE OFFER

The detailed terms and conditions of the Offer are set out in Section 2 and Appendices A and B to the Offer Document. The key terms of the Offer are set out below for your reference:

3.1 Offer Shares

The Offer is made for all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees ("**Offer Shares**").

3.2 Offer Price

The Offer Price for each Offer Share is **S$0.179 in cash**.

The Offeror DOES NOT intend to increase the Offer Price. Therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Offer Price, in any way.

3.3 No Encumbrances

The Offer Shares are to be acquired:

(a) fully paid;

(b) free from all Encumbrances (as defined in the Offer Document); and

(c) together with all rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and hereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, returns of capital and other distributions (if any) which may be announced, declared, made or paid thereon by the Company on or after the Pre-Conditional Offer Announcement Date.

If any dividend, right, return of capital or other distribution is announced, declared, paid or made by the Company on or after the Pre-Conditional Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, right, return of capital or other distribution.

Since the Offer Announcement Date and up to the Latest Practicable Date, we note that the Company has not made or declared any Distribution.

3.3 Unconditional Offer

The Offer is unconditional in all respects. Therefore, the Offer is not conditional upon the level of acceptances which the Offeror may receive in respect of the Offer.

3.4 Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to have unconditionally and irrevocably warranted that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, returns of capital and other distributions (if any) which may be announced, declared, made or paid thereon by the Company on or after the Pre-Conditional Offer Announcement Date).

3.5 No extension of the Closing Date

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

The Offeror has given notice that the Offer will close at **5.30 p.m. (Singapore time) on 20 March 2020** ("**Closing Date**").

The Offeror has also stated that it will not extend the Offer beyond the Closing Date. Accordingly, notice has been given by the Offeror that acceptances of the Offer received after 5.30 p.m. (Singapore time) on the Closing Date will be rejected ("**Shut-Off Notice**").

3.6 Further details of the Offer

Further details of the Offer, including details on (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement of the level of acceptances of the Offer; (d) the right of withdrawal of acceptances of the Offer; and (e) procedures for acceptance of the Offer are set out in Appendices A and B to the Offer Document.

4. INFORMATION ON THE OFFEROR

The Offeror is a special purpose vehicle incorporated in Singapore on 27 June 2018 for the purpose of investment holding. Its sole shareholder is Amcorp. The Offeror has not carried on any business since its incorporation, except for matters in connection with the Acquisitions and the Offer.

The issued share capital of the Offeror is US$1 comprising 1 ordinary share. The directors of the Offeror are Mr Soo Kim Wai, Mr Lum Sing Fai and Ms Hooi Toong Wan.

Amcorp is an investment holding company incorporated in Malaysia and is controlled by Tan Sri Azman Hashim *via* his Malaysia-incorporated private limited company, Clear Goal Sdn Bhd. Amcorp's primary focus is on financial services, property development, property management and engineering. Its portfolio of investments includes interests in companies listed on Bursa Malaysia namely, AMMB Holdings Berhad (12.98%), RCE Capital Berhad (54.19%) and Amcorp Properties Berhad (69.34%) based on the disclosures in the Offer Document.

Based on publicly available information, the estimated market capitalisations of the above listed companies as at the Pre-Conditional Offer Announcement Date are as follows:

Listed on Bursa Malaysia	**MYR (million)**	**S$ equivalent(1) (million)**
AMMB Holdings Berhad	11,777.3	3,903.6
RCE Capital Berhad	601.2	199.3
Amcorp Properties Berhad	353.8	117.3

Source**:** Bloomberg L.P.

Note:

(1) Based on the foreign exchange rate of S$1.00:MYR3.017 prevailing on 13 January 2020 (being the Pre-Conditional Offer Announcement Date) as extracted from Bloomberg. L.P.

As at the Offer Announcement Date, the Offeror holds 307,371,268 Shares, representing 68.78% shareholding interest in the Company and thus has the majority and statutory control of the Company.

Based on the disclosure in Appendix F to the Offer Document, none of the Offeror and any party acting in concert with it has received any irrevocable commitment to accept the Offer.

Additional information on the Offeror and Amcorp is set out in Appendix C and Appendix D to the Offer Document.

5. INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Singapore on 18 December 2012 and listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 6 June 2013. The Group is a regional real estate developer and investor with presence in Singapore, Malaysia, Australia and New Zealand. The Group undertakes residential, commercial and industrial property development projects, as well as invests in income-generating assets.

Prior to 3 February 2020, the Company was a subsidiary of TI, a company listed on the Main Board of the SGX-ST.

Following the completion of the Sale Shares by TI to the Offeror on 3 February 2020, TI ceased to hold any Shares in the Company and the Offeror became the new controlling Shareholder.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 446,876,000 Shares. The Company does not hold any treasury shares and does not have any outstanding instruments convertible into, rights to subscribe for, or options in respect of, Shares or securities which carry voting rights in the Company.

Based on the Offer Price of S$0.179 and the number of issued Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is S$79.99 million.

As at the Latest Practicable Date, the Directors are as follows:

(a) Er Dr Lee Bee Wah (Non-Executive Chairman and Independent Director);
(b) Mr Phua Cher Chew (Executive Director and CEO);
(c) Dr Tan Khee Giap (Independent Director);
(d) Mr Chin Sek Peng (Independent Director);
(e) Dato Timothy Ong (Non-Executive Director); and
(f) Mr Edwin Neo (Non-Executive Director).

Pursuant to the terms of the Acquisitions, TI shall procure the resignation of its representatives as directors, officers or employees of each member of the Group.

On 3 February 2020, the Company announced the cessation of Mr Phua Cher Chew, Dato Timothy Ong and Mr Edwin Neo as Directors with effect from the date falling immediately after the despatch of the Circular. Mr Phua Cher Chew will also cease as the CEO with effect from 3 August 2020.

Mr Phua Cher Chew is the nephew of Mr Phua Chian Kin and Mr Edwin Neo is the head of infrastructure at TI.

As at the Latest Practicable Date, the shareholding interests of the Directors are as follows:

Director	Direct Interest (no. of Shares)	Deemed Interest (no. of Shares)	Total Interest (no. of Shares)	% shareholding interest in the Company
Er Dr Lee Bee Wah	2,159,033	-	2,159,033	0.48
Mr Phua Cher Chew	4,379,537	-	4,379,537	0.98
Dr Tan Khee Giap	-	-	-	-
Mr Chin Sek Peng	260,000	100,000	360,000	0.08
Dato Timothy Ong	664,885	-	664,885	0.15
Mr Edwin Neo	61,100	-	61,100	0.01

All the Directors are deemed independent for the purpose of the Offer.

Additional information on the Company and the Group is set out in Appendix B to the Circular.

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

The full text of the rationale for the Offer and the Offeror's intentions for the Company is set out in Section 6 of the Offer Document.

6.1 The Offer is being made in compliance with the requirements of the Code following the completion of the Acquisitions.

Pursuant to the terms of the SPA with TI, TI shall procure:

(a) the resignation of all its representatives as directors, officers or employees of each member of the Group; and

(b) the board of directors of each member of the Group to approve the appointment of such persons as the Offeror may nominate as directors of such member of the Group,

in each case as soon as may be required by the Offeror and as permitted under the Code and all other practicable laws and regulations.

Accordingly, the Company had, on the Offer Announcement Date, announced the cessation of its 3 Directors, namely Mr Phua Cher Chew, Dato Timothy Ong and Mr Edwin Neo with effect from the date falling immediately after the despatch of the Circular.

In connection with the Acquisitions, the Company had also entered into certain commercial arrangements with TI including the TEE Industrial Disposal, Lease Extensions and the TSA. The Company will enter into the New Lease with TI following the completion of the TEE Industrial Disposal which is subject to the approval of Shareholders and shareholders of TI at their respective EGMs to be convened.

Save for the TEE Industrial Disposal and as described above, the Offeror presently has no intention to (i) introduce any major changes to the business of the Company, (ii) re-deploy the fixed assets of the Group, or (iii) discontinue the employment of the employees of the Group, other than in the normal course of business.

However, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeror and/or the Company. Following the close of the Offer, the Offeror will undertake a comprehensive review of the businesses of the Company and the review will help the Offeror to determine the optimal business strategy for the Company.

6.2 Listing Status of the Company

The Offeror has stated that it is its present intention to maintain the listing status of the Company on the SGX-ST following completion of the Offer.

<u>Public Float</u>

In the event that the percentage of Shares (excluding treasury shares) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Offeror intends to undertake and/or support any action as may be necessary for any such trading suspension by the SGX-ST to be lifted. **However, the Offeror reserves the right to re-evaluate its position, taking into account, among other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-**

ST if the percentage of Shares (excluding treasury shares) held in public hands falls below 10%.

If the Company loses its public float, the SGX-ST may suspend the trading of the Shares.

If the Offeror decides not to maintain the listing status of the Company on the SGX-ST after the Company loses its public float, the SGX-ST will generally consider waiving compliance imposed on a voluntary delisting if (a) the Offer is fair and reasonable (and the IFA to the Company has opined that the Offer is fair and reasonable), and (b) the Offeror has received acceptances from independent Shareholders at the close of the Offer that represent a majority of at least 75% of the total number of issued Shares held by independent Shareholders. Independent Shareholders are Shareholders other than the Offeror and parties acting in concert with it.

If the waiver conditions are not met and the Company wishes to undertake a voluntary delisting, it will need to do so in accordance with Rule 1307 of the Listing Manual. In the event the Company is unable to meet the conditions for a voluntary delisting, the Company will be obliged to comply with the Listing Manual, including the requirement to restore its public float (through private placement or otherwise). Shareholders should note that there is a risk that the Company may be subject to prolonged suspension should the free float be lost but the requisite conditions for a delisting are not met.

Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), if the Offeror receives valid acceptances of the Offer and/or acquires such number of Offer Shares from the date of despatch of the Offer Document otherwise than through valid acceptances of the Offer in respect of not less than 90% of the total number of issued Shares (excluding treasury shares and other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") on the same terms as those offered under the Offer.

Under Rule 1308(1) of the Listing Manual, Rules 1307 and 1309 of the Listing Manual do not apply to a delisting pursuant to the Offer provided that the Offeror is exercising its right of compulsory acquisition. Accordingly, independent Shareholders' approval for the delisting under Rule 1307 of the Listing Manual is not required in the event the Offeror exercises its right of compulsory acquisition.

As stated above, it is the current intention of the Offeror to maintain the listing status of the Company. Accordingly, the Offeror presently has no intention of exercising its right of compulsory acquisition under Section 215(1) of the Companies Act, should such right be available to it. However, as set out above, the Offeror reserves the right to re-evaluate its position, taking into account, among other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.

7. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In evaluating and assessing the financial terms of the Offer, we have taken into account the pertinent factors set out below which we consider to have a significant bearing on our assessment:

(a) Market quotation and trading activity of the Shares;

(b) Financial analysis of the Group;

(c) Historical Share price performance compared to the reported NAV per Share;

(d) Comparison with precedent non-privatisation takeover offers of companies listed on the SGX-ST;

(e) Comparison of valuation ratios of selected listed companies which are broadly comparable to the Group;

(f) Dividend track record of the Company; and

(g) Other relevant considerations in relation to the Offer.

7.1 Market quotation and trading activity of the Shares

Prior to 13 January 2020, TI had, during 2019, made various announcements of a proposed sale of its interest in the Company and had also obtained Shareholders' approval in relation to the sale of part or all of its shareholding interest in the Company. With the completion of the Acquisitions on 3 February 2020, TI no longer holds any shareholding interest in the Company and the Company has since ceased to be a subsidiary of TI.

We observed that the Share price performance during 2019 and up to the Pre-Conditional Offer Announcement Date appears to be affected by these events including the announcement of the Acquisitions and the consequential Pre-Conditional Offer. In addition, we noted significant increase in trading volume on the Shares in the last couple of months leading to the announcement of the Acquisitions and the consequential Pre-Conditional Offer.

Some of the salient announcements by TI in relation to its interest in the Company are as follows:

- On 17 December 2018, TI announced that it was undertaking a strategic review ("**Strategic Review**") in relation to the Company to evaluate opportunities and positioning, with a view to maximising potential value for stakeholders. On 14 January 2019, TI made an update announcement to update shareholders that the Strategic Review was still in progress.

- On 25 February 2019, TI announced that it had entered into a term sheet with Top Capital Securities Pte. Ltd. ("**Top Capital**") for the sale of 28% of the share capital of the Company, at the indicative price of between S$0.179 to S$0.201 per Share.

- On 6 May 2019, TI obtained shareholders' approval at the EGM for the proposed disposal of the Shares, in whole or in part at the sole discretion of the Directors, at or above the minimum disposal price of S$0.179 per Share.

- On 10 May 2019, TI announced that it had entered into a sale and purchase agreement with Top Capital for the sale of 28% of the share capital of the Company at a consideration of S$0.186 per Share.

- On 27 June 2019, TI announced that discussion with Top Capital had ceased and that TI had entered into a memorandum of understanding ("**MOU**") with Euro Properties Holding Inc. ("**Euro Properties**") for a potential strategic investment by Euro Properties into the

Company and/or acquisition of the Shares. There was no subsequent update on the MOU with Euro Properties.

- On 13 January 2020, TI announced the sale of its entire interest in the Company to the Offeror.

Trading on the Shares was halted at around 4 pm on 9 January 2020 ("**Last Trading Day**") prior to the release of the Pre-Conditional Offer Announcement on 13 January 2020, and the Shares resumed trading on 14 January 2020.

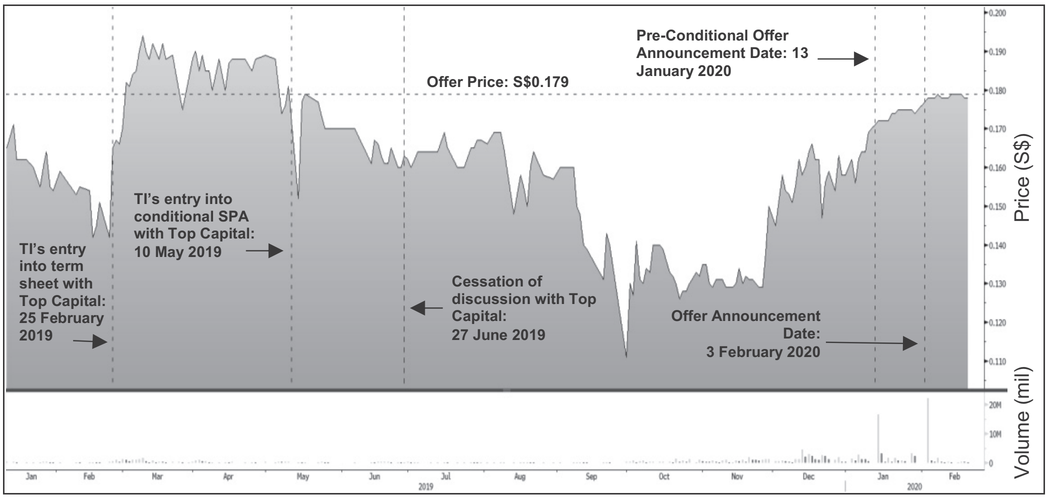
Trading on the Shares was halted on 30 January 2020. The Firm Offer Announcement was released on 3 February 2020 following the completion of the Acquisitions. The Shares resumed trading on 4 February 2020.

We have therefore compared the Offer Price against the historical market price performance of the Shares and considered the historical trading volume of the Shares for the 1-year period from 10 January 2019 to 9 January 2020, being the Last Trading Day, and up to the Latest Practicable Date ("**Period Under Review**").

Share Price Chart

We set out below a chart showing the Offer Price relative to the daily last transacted prices and trading volume of the Shares for the Period Under Review:

Price movement and trading volume of the Shares for the Period Under Review



Source: *Bloomberg L.P.*

As can be seen from the Share price chart above, based on the daily last transacted prices, the Shares had generally been trading at below the Offer Price of S$0.179 for the 1-year period prior to the release of the Pre-Conditional Offer Announcement, except for the period between March and May 2019 when the Shares had closed generally above S$0.179 and up to a high of S$0.194. The Shares had also traded to a low of S$0.111 on 30 September 2019 based on the last transacted Share price.

As noted above, the price performance of the Shares during 2019 and up to the Pre-Conditional Offer Announcement Date appears to be affected by the various announcements made by TI in relation to its interest in the Company, leading to the announcement of the Acquisitions and the consequential Pre-Conditional Offer. In addition, we noted significant increase in trading volume of the Shares in the last couple of months leading to the announcement of the Acquisitions and the consequential Pre-Conditional Offer.

The last transacted Share price on the Last Trading Day on 9 January 2020 was S$0.169. The Offer Price is 5.9% above the last transacted Share price on the Last Trading Day.

Following the announcement of the Pre-Conditional Offer but before the Firm Offer Announcement, the Shares were traded slightly higher but below the Offer Price. Following the Firm Offer Announcement and up to the Latest Practicable Date, the Shares were mostly traded just below the Offer Price and occasionally up to the Offer Price, as the change of controlling Shareholder was effected and the Offer was declared to be unconditional in all respects.

The last transacted Share price was S$0.178 on 20 February 2020, being the trading day when the Shares were last transacted prior to the Latest Practicable Date. There were no trades done on the Shares on the Latest Practicable Date.

Market Statistics

In addition to the share price chart above, we have tabulated below selected statistical information on the price performance and trading liquidity of the Shares for the Period Under Review:

Reference period	Highest traded price (S$)	Lowest traded price (S$)	VWAP[(1)] (S$)	Premium/ (Discount) of Offer Price over/ (to) VWAP (%)	Number of traded days[(2)]	Average daily trading volume[(3)] ('000)	Average daily trading volume as a percentage of free float[(4)] (%)
Up to the Last Trading Day							
Last 1 year	0.196	0.110	0.1560	14.7	180	300	0.23
Last 6 months	0.179	0.110	0.1487	20.4	98	446	0.34
Last 3 months	0.170	0.126	0.1497	19.6	60	846	0.64
Last 1 month	0.170	0.139	0.1597	12.1	21	1,538	1.17
9 January 2020 (being the Last Trading Day)	0.169	0.164	0.1658	8.0	1	477	0.36
After the Pre-Conditional Offer Announcement Date and up to the Offer Announcement Date							
From 14 January 2020 to 29 January 2020 (being the last trading day prior to the Offer Announcement Date)	0.176	0.170	0.1726	3.7	11	2,734	2.07
After the Offer Announcement Date and up to the Latest Practicable Date							
From 4 February 2020 to the Latest Practicable Date	0.179	0.178	0.1780	0.6	12	1,795	1.36
Latest Practicable Date	←			No Trade			→

Source: *Bloomberg L.P.*

Notes:

(1) The VWAP for the respective periods are calculated based the aggregate daily turnover value of the Shares divided by the aggregate daily trading volume of the Shares for the respective periods as extracted from Bloomberg L.P.. Off market transactions are excluded from the calculation;

(2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;

(3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of days when the SGX-ST was open for trading (excluding days with full day trading halt/suspension on the Shares) during that period; and

(4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders. For the purpose of computing the average daily trading volume as a percentage of free float, we

have used the free float of approximately 131.8 million Shares based on the free float of 29.50% as disclosed in the annual report of the Company for FY2019.

We observe the following with regard to the share price performance of the Company for the Period Under Review:

(a) Over the 1-year period up to the Last Trading Day, the Shares had traded between a low of S$0.110 and a high of S$0.196. The Offer Price represents a premium of S$0.069 (or 62.7%) above the lowest transacted Share price and a discount of S$0.017 (or 8.7%) to the highest transacted Share price;

(b) The Offer Price represents a premium of 14.7%, 20.4%, 19.6% and 12.1% above the VWAP of the Shares for the 1-year, 6-month, 3-month and 1-month periods up to the Last Trading Day respectively;

(c) The Offer Price represents a premium of 8.0% above the VWAP of the Shares of S$0.1658 on the Last Trading Day;

(d) Since the Pre-Conditional Offer Announcement Date and up to the Offer Announcement Date, and for the ensuing period up to the Latest Practicable Date, the Shares have been trading close to but below the Offer Price, presumably supported by the Offer Price; and

(e) The Offer Price represents a premium of 0.6% above the last transacted Share price of S$0.178 on 20 February 2020, being the trading day when the Shares were last transacted prior to the Latest Practicable Date. There were no trades done on the Shares on the Latest Practicable Date.

We observe the following with regard to the trading liquidity of the Shares:

(i) Over the 1-year period up to the Last Trading Day, the Shares were traded on 180 out of 250 market days. The average daily trading volume of the Shares for the 1-year, 6-month, 3-month and 1-month periods up to the Last Trading Day was low, representing 0.23%, 0.34%, 0.64% and 1.17% of the free float of the Shares respectively.

However, we note that the Shares were traded on most days in October, November and December 2019, with higher trading volume in the couple of months leading to the announcement of the Pre-Conditional Offer; and

(ii) During the period following the Pre-Conditional Offer Announcement and up to the Latest Practicable Date, there was increased trading volume on the Shares. Overall, this has resulted in a higher average daily trading volume on the Shares during this period at approximately 2.21 million Shares, representing 1.67% of the free float of the Shares, as compared to the 1-year period prior to Pre-Conditional Offer Announcement.

7.2 Financial analysis of the Group

7.2.1 Financial performance of the Group

We set out below a summary of the audited profit and loss statements of the Group for the last three financial years ended 31 May 2017 ("**FY2017**"), 31 May 2018 ("**FY2018**") and 31 May 2019 ("**FY2019**"), and the latest unaudited interim financial results for 6M2020 and the corresponding period ended 30 November 2019 ("**6M2019**"):

	Audited			Unaudited	
S$'000	**FY2017**	**FY2018 (Restated)**	**FY2019**	**6M2019 (Restated)**	**6M2020**
Revenue	94,690	109,161	100,520	55,886	37,013
Cost of sales	(71,349)	(85,232)	(90,079)	(48,965)	(28,879)
Gross profit	23,341	23,929	10,441	6,921	8,134

S$'000	FY2017 (Audited)	FY2018 (Restated) (Audited)	FY2019 (Audited)	6M2019 (Restated) (Unaudited)	6M2020 (Unaudited)
Other operating income	8,126	3,133	1,353	794	863
Selling and distribution costs	(5,347)	(11,896)	(6,903)	(3,207)	(2,977)
Administrative expenses	(10,883)	(9,016)	(12,858)	(4,174)	(4,633)
Other operating expenses	(3,563)	(11,026)	(9,358)	(1,422)	(5,440)
Finance costs	(6,279)	(7,385)	(8,037)	(3,914)	(3,589)
Share of results of associates	(2,090)	2,838	(792)	(704)	(445)
Profit/(loss) before tax	3,305	(9,423)	(26,154)	(5,706)	(8,087)
Income tax (expense)/credit	(3,016)	424	331	405	(113)
Profit/(loss) for the year/period	289	(8,999)	(25,823)	(5,301)	(8,200)
Loss attributable to:					
Equity holders of the Company	(1,048)	(8,694)	(23,840)	(5,112)	(8,656)
Non-controlling interests	1,337	(305)	(1,983)	(189)	456
	289	(8,999)	(25,823)	(5,301)	(8,200)

Source: *Company's annual reports for FY2018 and FY2019 and the Company's results announcement for 6M2020*

In December 2017, the Accounting Standards Council issued the Singapore Financial Reporting Standards (International) ("**SFRS(I)**"). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of the SGX-ST, the Group adopted SFRS(I) on 1 June 2018.

FY2019 is the Group's first set of financial statements prepared in accordance with SFRS(I) and the financial statements of the Group for FY2018 were restated for comparability.

The Company's annual report for FY2019 had disclosed the reconciliation of the financial statements of the Group for FY2018 reported under the FRS framework and under SFRS(I). The salient financial results for FY2018 under FRS and SFRS(I) are as follows:

FY2018	FRS framework (S$'000)	SFRS(I) framework (S$'000)
Revenue	111,921	109,161
Cost of sales	(86,154)	(85,232)
Gross profit	25,767	23,929
Finance costs	(4,479)	(7,385)
Loss before tax	(4,679)	(9,423)
Income tax (expense)/credit	(187)	424
Loss for the year	(4,866)	(8,999)

Source: *Company's annual report for FY2019*

As seen from the table above, the impact on the finance costs for FY2018 arising from reporting under FRS and SFRS(I) is significant and had also resulted in the loss for FY2018 widening from S$4.9 million (under FRS) to S$9.0 million (under SFRS(I)).

As FY2019 is the first year that the Company had adopted SFRS(I) and financial statements for FY2018 were restated for comparability, the financial statements of the Group for FY2017 which were prepared under FRS were not required to be restated and such restated financial statements for FY2017 were also not prepared by the Company for the purpose of the Offer.

As such, a review of operating results of FY2018 vs FY2017 would not be on a comparable basis. Hence, we have reviewed the operating results of the Group for the remaining period, FY2019 vs FY2018 and 6M2020 vs 6M2019 in this Section 7.2.1.

As shown above in the summary of financial results of the Group, the Group has reported losses attributable to equity holders of the Company for these periods, that is, FY2017, FY2018, FY2019 and 6M2020.

Review of operating results

FY2019 vs FY2018

Revenue for FY2019 decreased by S$8.6 million (or 7.9%) from S$109.2 million in FY2018 to S$100.5 million in FY2019 due mainly to overall lower contribution from its development property projects:

- lower revenue from Third Avenue in Malaysia;
- absence of contribution from Hilbre 28 and Harvey Avenue which contributed to revenue in FY2018;
- higher revenue from recognition of sale of 13 units of The Peak @ Cairnhill I;
- progressive revenue recognition for Rezi 35 and 24One Residences;
- lower revenue due to the impact of change in accounting standard for revenue recognition, resulting in change in estimation method for the revenue recognition of 183 Longhaus; and
- rental guarantee ("**RG**") for shop units and compensation for extended delivery of residential units for Third Avenue also reduced the revenue for FY2019.

Despite the lower revenue in FY2019, cost of sales for FY2019 increased by S$4.9 million (or 5.7%) due mainly to the sale of 13 units of the Peak, amounting to S$23.2 million, at a gross loss of S$1.3 million, and variation order/additional costs for Third Avenue.

As a result, gross profit margin for FY2019 was 10.4% compared to 21.9% for FY2018. If not for the reasons mentioned and the impact on revenue from the change in accounting standard, RG and compensation for extended delivery, the gross profit margin for FY2019 would have been 24.1%.

Other operating income decreased by S$1.7 million (56.8%) from S$3.1 million to S$1.4 million due mainly to the absence of unrealised foreign exchange gain from the appreciation of MYR and dividend from Chewathai (former associate in Thailand) recognised in FY2018.

Selling and distribution costs decreased by S$5.0 million (42%) from S$11.9 million in FY2018 to S$6.9 million in FY2019 due mainly to absence of one-off marketing costs and higher sales commission incurred for Third Avenue, and one-off promotional expenses to sell the unsold units of Hilbre 28 incurred in FY2018.

Administrative expenses increased by S$3.9 million (42.6%) from S$9.0 million in FY2018 to S$12.9 million in FY2019 due mainly to depreciation expense of Larmont Hotel. Larmont Hotel was reclassified as non-current asset held for sale in August 2016 as the Company has the intention to dispose and realise the value of the hotel and there were potential interested parties. Depreciation charge was then suspended with the reclassification. Since the disposal did not materialise, the hotel was reclassified back to PPE, resulting in expensing off the suspended depreciation charge and the current year's depreciation charge in FY2019.

Other operating expenses were lower by S$1.6 million (15.1%) from S$11.0 million in FY2018 to S$9.4 million in FY2019 due to a variety of reasons. Some of the reasons which had contributed to these expenses include foreign exchange losses, fair value loss on TEE Building, additional buyer's stamp duty ("**ABSD**") paid for the unsold unit of Harvey Avenue and option fee forfeited for the aborted purchase of land at Teck Guan Ville, fair value loss for Workotel, and impairment loss on deemed costs of investment in associates.

The deemed costs of investment in associates are for issuance of corporate guarantees for associates' bank loans required to be recorded according to the accounting standards. The deemed costs of investment were not expected to be recoverable and hence, they were impaired.

The Group recorded a loss of S$0.8 million from share of results of associates for FY2019 compared to a profit of S$2.8 million in FY2018. This was due mainly to the share of results from the Chewathai prior to its disposal approved by Shareholders on 24 January 2018 and the reversal of over accrual of project costs for two joint venture projects in FY2018. As all the joint venture projects have been completed while those with unsold units experienced slow sales, FY2019 registered a loss from share of results of associates.

Overall, the Group recorded loss attributable to equity holders of the Company of S$23.8 million in FY2019 compared to a loss of S$8.7 million in FY2018.

6M2020 vs 6M2019

Revenue for 6M2020 decreased by S$18.9 million (or 33.8%) from S$55.9 million in 6M2019 to S$37.0 million in FY2020 due mainly to lower revenue from the Group's development projects, namely 24One Residences and 183 Longhaus which obtained temporary occupation permit ("**TOP**") in April and July 2019 respectively, lower sales of unsold units in Third Avenue, offset to some extent by progressive recognition of revenue from Rezi 35 and 35 Gilstead, and recognition of sale of only one unit of The Peak compared to 10 units recognised in 6M2019.

Cost of sales correspondingly decreased but the Group recorded higher gross profit margin of 25.5% for 6M2020 compared to 18.4% for 6M2019, due mainly to higher gross profit recorded from development projects, higher proportion of revenue for hotel and rental income (which has higher gross profit margin).

There was a slight increase in other operating income, slight decrease in selling and distribution costs, slight increase in administrative expenses, and slight decrease in loss of share of results of associates in 6M2020 compared to 6M2019, in line with slower revenue and business activities.

Other operating expenses increased by S$4.0 million from S$1.4 million in 6M2019 to S$5.4 million in 6M2020 due mainly to the ABSD payable for a development project, and fair value loss on TEE Building.

Overall, loss attributable to equity holders of the Company was higher at S$8.7 million in 6M2020 compared to S$5.1 million in 6M2019.

Historical price-earnings ratio ("**PER**") implied by the Offer Price

PER illustrates the valuation ratio of the current market value of a company's shares relative to its consolidated basic earnings per share as stated in its financial statements. The PER is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

As shown in the summary of the financial performance of the Group, the Group has been incurring losses attributable to equity holders of the Company in FY2017, FY2018, FY2019 and 6M2020. As such, an evaluation on the valuation of the Company (implied by the Offer Price) which is based on the historical earnings approach would not be meaningful. Based on the trailing 12 months period ("**T12M**") ended 30 November 2019, the Group would have incurred loss attributable to equity holders of the Company of S$27.4 million.

As the Group is asset heavy with significant holdings in properties, is engaged in property development and generates income from its investment properties and hospitality assets, we are of the opinion that the revalued NAV of the Group may be a more appropriate basis to assess the valuation of the Group. Further analysis of the NAV of the Group is set out in Section 7.2.2 below.

7.2.2 Financial Position of the Group

The latest unaudited statement of financial position of the Group as at 30 November 2019 is set out below:

S$'000	Unaudited As at 30 November 2019
Current Assets	
Cash and bank balances	23,084
Trade receivables	10,436
Other receivables	8,867
Loans receivable from associates	10,632
Inventories	45
Contract assets	31,210
Development properties	134,798
Completed properties and land held for sale	66,974
	286,046
Non-Current Assets	
Investment in associates	5,000
Property, plant and equipment (“**PPE**”)	38,292
Investment properties	30,793
Investment property – right-of-use asset	2,049
Deferred tax assets	4,205
	80,339
Total Assets	**366,385**
Current Liabilities	
Bank loans	1,300
Trade payables	16,618
Other payables	16,299
Contract liabilities	9,301
Finance lease	13
Long-term borrowings	66,086
Financial guarantee liabilities	145
Income tax payable	404
Lease liability	39
	110,205
Non-Current Liabilities	
Finance lease	7
Deferred tax liabilities	319
Long-term borrowings	124,706
Financial guarantee liabilities	42
Loans from non-controlling interests	7,927
Lease liability	1,992
	134,993
Total Liabilities	**245,198**
Equity attributable to owners of the Company	**112,286**
Non-controlling interests	**8,901**
Total Equity	**121,187**
Net asset value ("NAV") and net tangible assets (“NTA”) of the Group	**S$112,286,000**
Number of issued Shares as at 30 November 2019	**446,876,000**
NAV/NTA per Share	**S$0.2513**

Source: *The Company’s results announcement for 6M2020*

Assets

As a property developer and being engaged in property related businesses, the Group has the following significant property assets as at 30 November 2019:

- o Development properties - comprising Lattice One, 35 Gilstead and Rezi 35
- o Completed properties held for sale – comprising Third Avenue, 183 Longhaus, Peach Garden, The Peak and 31 Harvey Avenue
- o PPE – comprising mainly the Larmont Hotel
- o Investment properties – comprising Workotel and Thistle Guest House, TEE Building and 3 units in Chewathai Ratchaprarop Condominium in Thailand ("**Chewathai Condo**")

As at 30 November 2019, the net book value ("**NBV**") of the above property assets amounted to S$270.9 million, representing 73.9% of total assets. For the purpose of the Offer, the Company had commissioned independent valuations for most of these properties to ascertain the market value of these properties as at 30 November 2019. The details of the independent valuation and assessment of the net revaluation surplus or deficit arising from the revaluation of these properties are set out in Section 7.2.3 below.

The Group also has interests in associated companies which are engaged in property development. These development projects and the Group's effective interests in these projects as at 30 November 2019 are as follows:

- Flora Ville/Flora Vista/Flora View – effective interest of 7%;
- 223 @ Mountbatten – effective interest of 8%;
- TRIO @ Sam Leong – effective interest of 35%; and
- Hexacube – effective interest of 30%.

The NBV of the Group's investment in associates amounted to S$5 million as at 30 November 2019, representing 1.4% of total assets. Notwithstanding the seeming immateriality in terms of NBV, for the purpose of the Offer, the Company had also commissioned independent valuations on the development projects in which the Group has significant interests, namely, TRIO @ Sam Leong and Hexacube. The details of the independent valuations and assessment of the attributable net revaluation surplus or deficit arising from the revaluation of these properties are also set out in Section 7.2.3 below.

Liabilities and Equity

As at 30 November 2019, the Group has total liabilities of S$245.2 million, of which S$190.8 million (or 77.8%) pertains to long-term borrowings. These long-term borrowings are secured by legal mortgages over the Group's development properties, completed properties held for sale, PPE, investment properties and corporate guarantees by the Company and other corporate shareholders of certain subsidiaries.

The Group also has loans of S$7.9 million as at 30 November 2019 from non-controlling interests in the subsidiaries which develop Rezi 35 and 35 Gilstead. These loans were provided by the Group and the respective non-controlling shareholders to these subsidiaries as quasi-loans in proportion to their respective shareholding interests in these subsidiaries.

Total equity comprises equity attributable to equity holders of the Company of S$112.3 million and non-controlling interest of S$8.9 million as at 30 November 2019. Equity attributable to equity holders of the Company consists of paid-up share capital of S$142.2 million comprising 446,876,000 Shares, and negative reserves totalling S$30.0 million.

Accordingly, NAV of the Group as at 30 November 2019 is S$112.3 million, representing NAV per Share of S$0.2513 based on 446,876,000 Shares as at 30 November 2019. As the Group does not have any intangible assets, its NAV is the same as its NTA.

There is no change to the number of issued Shares since 30 November 2019 to the Latest Practicable Date.

7.2.3 Independent Valuation

As mentioned above, in connection with the Offer, the Company had commissioned various Valuers to determine the independent valuation of most of the Group's properties and the properties held by its significant associated companies, to ascertain the market value of these properties as at 30 November 2019.

Market value is defined as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

Details of the valuation are set out in the respective valuation reports or certificates as prepared by these Valuers, copies of which are attached as Appendix G to the Circular.

The purpose of the valuation exercise is to determine the revalued net asset value ("**RNAV**") of the Group after taking into consideration the revaluation surplus/deficit arising from the valuation of these properties.

Group's properties

In the case of properties held by the Group, the properties identified by the Company to be revalued are based on their materiality.

The total NBV of these properties revalued was S$226.41 million, representing 83.6% of the total NBV of all the properties held by the Group as at 30 November 2019.

A summary of the Group's properties which are revalued and properties which are not revalued is set out in the table below:

Group's properties revalued	NBV as at 30 November 2019 (S$'million)	Group's properties not revalued	NBV as at 30 November 2019 (S$'million)
Development properties		Development properties	
Lattice One	41.54	Rezi 35[(1)]	2.55
35 Gilstead	90.71		
Completed properties held for sale		Completed properties held for sale	
183 Longhaus	27.43	Third Avenue - office building[(2)]	26.80
		Third Avenue - remaining units[(2)]	1.43
		Peach Garden[(3)]	2.90
		The Peak[(4)]	1.80
		31 Harvey Avenue[(5)]	6.77
PPE			
Larmont Hotel[(6)]	38.19	NIL	NIL
Investment properties		Investment properties	
Workotel and Thistle Guest House	7.04	Chewathai Ratchaprarop[(7)]	2.25
TEE Building	21.50		
Total	**226.41**		**44.50**

Notes:

(1) The Company has a 51% interest in Rezi 35, which is a residential development project at Geylang Lorong 35, Singapore, comprising 44 units and which has been fully sold but TOP has not been obtained as at 30 November 2019. The NBV as at 30 November 2019 represents the remaining development cost that has not yet been charged to profit & loss statement according to percentage of completion recognition method;

(2) Third Avenue is a mixed development project in Selangor, Malaysia comprising 701 residential units, 31 commercial units and an office block. Third Avenue comprising the office building is not subject to the independent valuation for reason as described below, and the remaining unsold 5 SOHO units and 2 commercial units were not revalued due to immateriality;

(3) The Company has a 65% interest in Peach Garden comprising the remaining 26 plots of freehold land in Ho Chi Minh City, Vietnam. The plots of land have been fully sold but the land titles have not yet been transferred to the buyers as at 30 November 2019. The Company has advised that the selling price is around the NBV of the property;

(4) This pertains to one remaining unsold unit at The Peak, which was not revalued due to immateriality;

(5) This is a landed property which is sold subsequent to 30 November 2019 and hence not subject to independent valuation. The details of the sale are described below;

(6) Larmont Hotel comprises the hotel with 103 guest rooms, 4 office suites and car parking spaces; and

(7) This pertains to the 3 condominium units in Bangkok, Thailand which are held for rental and are classified as investment property. These properties are marked-to-market as at the last financial year end, being 31 May 2019.

Third Avenue - office building

The Group is currently in discussions with a potential buyer on the sale of the office building at the agreed selling price of MYR63.0 million (S$20.62 million*) subject to the finalisation of the terms and conditions of the sale and purchase agreement. In this regard, the potential buyer had paid to the Group an amount equivalent to 2% of the agreed selling price as earnest deposit.

Based on the agreed selling price, the above property would be sold at below its NBV of S$26.8 million as at 30 November 2019. After deducting commission and selling expenses, the property is expected to be sold at a loss of S$6.51 million.

Note:

* For comparison purposes, the equivalent S$ amount is based on the foreign exchange rate of S$1.00:MYR3.055 prevailing on 30 November 2019 as used by the Group in the preparation of the financial results of the Group for 6M2020.

31 Harvey Avenue

This property has been sold post 30 November 2019 and the sale is expected to be completed on 17 March 2020. Based on the contractual selling price, the property would be sold at a loss of S$0.38 million after deducting commission and selling expenses.

We have taken the above into consideration when computing the RNAV of the Group as at 30 November 2019 as set out in Section 7.2.4 below.

The table below sets out the summary of the Group's properties as revalued by the Valuers:

	Property and location	Valuer	Valuation Methodologies	Market value as at 30 November 2019	Group's interest (%)
Development properties					
1.	**Lattice One** 1 Seraya Crescent, Singapore - 16 pre-sold units and 32 remaining unsold units of residential apartments	JLL	Direct comparison approach[i]	S$69.70 million[i]	100

	Property and location	Valuer	Valuation Methodologies	Market value as at 30 November 2019	Group's interest (%)
2.	**35 Gilstead** 35 Gilstead Road, Singapore - 15 pre-sold units and 55 remaining unsold units of residential apartments	JLL	Direct comparison approach[(i)]	S$140.70 million[(i)]	60
Completed properties held for sale					
3.	**183 Longhaus** 183 Upper Thomson Road, Singapore - 10 remaining unsold commercial units	SREC	Market comparison method	S$40.00 million	100
PPE					
4.	**Larmont Hotel** 2-14 Kings Cross Road, Potts Point, New South Wales 2011, Australia - hotel, 4 office suites and car parking spaces	Savills Australia	• Discounted cash flow, capitalisation and direct comparison methods for the hotel; and • Capitalisation and direct comparison methods for the office suites and car parking spaces ("**others**")	• A$48.00 million (hotel); and • A$2.10–2.41 million[(iii)] (others), A$50.26 million (S$46.52 million)[(ii)]	55
Investment properties					
5.	**Workotel and Thistle Guest House** 15-21 Main South Road and 29 Ballantyne Avenue, Upper Riccarton, Christchurch, New Zealand - Administrative offices, amenities and various storage buildings, 5 dwellings and 107 accommodation units, the majority on a relocatable nature	Savills NZ	Direct comparison approach and amortization of EBITDA approach	NZ$7.60 million (S$6.69 million)[(ii)]	75
6.	**TEE Building** 25 Bukit Batok Street 22, Singapore 659591 - A 6-storey detached factory with ancillary office	JLL	Income method and direct comparison method	S$21.50 million	100

Source: *Valuation reports and valuation certificates*

Notes:

(i) JLL had used the direct comparison approach in estimating the gross development value ("**GDV**") of the development projects under construction, which takes into consideration the contracted selling prices for the pre-sold units and market value for the unsold units. Lattice One and 35 Gilstead were approximately 9.5% and 11.2% completed respectively as at 30 November 2019;

(ii) Based on the foreign exchange rates of A$1.00:S$0.9257 and NZ$1.00:S$0.8798 on 30 November 2019 as used by the Group in the preparation of the financial results of the Group for 6M2020; and

(iii) For the purpose of our RNAV analysis in Section 7.2.4 below, we have used the mid-point of the range of valuations for the 4 office suites and car parking spaces of A$2.3 million (S$2.1 million).

Properties held by significant associated companies

The table below sets out the summary of the properties held by significant associated companies which are revalued by the Valuers:

	Property and location	Valuer	Valuation Methodologies	Market value as at 30 November 2019	Group's interest (%)
Completed properties held for sale					
1.	**TRIO @ Sam Leong** 11 Sam Leong Road, Si1ngapore - 25 unsold commercial units	SREC	Market comparison approach	S$50.09 million	35
2.	**Hexacube** 160 Changi Road, Singapore - 23 unsold commercial units	Savills SG	Direct comparison method	S$45.17 million	30

Valuation methodologies

In general, the valuation methodologies used by the Valuers are broadly described as follows:

Direct comparison or market comparison method

This is based on direct comparison with recent transactions of comparable properties within the vicinity. Adjustments are made to reflect differences between the comparable properties and the subject property including location, size of property, tenure, changes in market timing and conditions, age and condition of the properties and other relevant factors affecting values.

Income or investment or capitalisation method

This method entails the estimation of gross rental income less the necessary expenses such as property tax and land rental to derive a net rental income. This is then capitalised at an appropriate yield rate for the remaining period of the lease to arrive at the current market value.

Discounted cash flow method (used in the valuation of the Larmont Hotel)

This method takes into account the ability of the property to generate income over a period based on certain assumptions. Provision is made for room rate and occupancy growth throughout the time horizon and also capital expenditure through a fixtures, fittings and equipment reserve. Each year's net operating income during the period is discounted to arrive at the present value of expected future cash flows. The property's anticipated sale value at the end of the period (i.e. its terminal or reversionary value) is also discounted to its present value and added to the discounted income stream to arrive at the present market value of the property.

Amortisation of EBITDA approach

This is similar to a discounted cash flow method.

7.2.4 Computation of RNAV of the Group as at 30 November 2019

The RNAV of the Group is arrived at based on:

(a) the unaudited NAV of the Group as at 30 November 2019, and adjusting for:

(b) the net revaluation surplus arising from the valuation of the properties held by the Group;

(c) the net revaluation surplus arising from the properties held by significant associated companies;

(d) the loss on the potential sale of the office building at Third Avenue;

(e) the loss on the sale of 31 Harvey Avenue.

The net revaluation surplus arising from the valuation of properties takes into account (i) estimated cost to sell including commission and marketing expenses; and (ii) potential tax liability on the revaluation surplus which would arise on a hypothetical sale of the properties at the market value for the purpose of Rule 26.3 of the Code. The Company has advised that, in a hypothetical scenario where the above properties are sold, the Group may incur potential tax liability at the relevant tax rates in the respective jurisdictions. As an illustration, the Company has advised that the applicable corporate income tax rate for the properties in Singapore is 17.0% and for Australia is 30.0%. However, Management is of the view that there is no potential tax liability on the disposal of TEE Building in Singapore and Workotel and Thistle Guest House in New Zealand as any gain on disposal is capital in nature and is not subject to tax in these jurisdictions.

Group's properties

The table below summarises the Group's share of the net revaluation surplus/deficit arising from the valuation of the Group's properties as at 30 November 2019:

Property and location	NBV as at 30 November 2019 (S$'million)	Market value as at 30 November 2019 (S$'million)	Net revaluation surplus/(deficit)[(1)] (S$'million)	Percentage share of the net revaluation surplus/(deficit)[(2)] (S$'million)
Development properties				
1. Lattice One	41.54	69.70	4.03	4.03
2. 35 Gilstead	90.71	140.70	5.47	3.28
Completed properties held for sale				
3. 183 Longhaus	27.43	40.00	8.65	8.65
PPE				
4. Larmont Hotel	38.19	46.52	5.86	3.21
Investment properties				
5. Workotel and Thistle Guest House	7.04	6.69	(0.35)	(0.26)
6. TEE Building	21.50	21.50	NIL	NIL
Group's share of total net revaluation surplus				**18.91**

Properties held by significant associated companies

The table below summarises the Group's share of the net revaluation surplus arising from the valuation of the properties held by its significant associated companies as at 30 November 2019:

Property and location	NBV as at 30 November 2019 (S$'million)	Market value as at 30 November 2019 (S$'million)	Net revaluation surplus/(deficit)[(1)] (S$'million)	Percentage share of the net revaluation surplus/(deficit)[(2)] (S$'million)
Completed properties held for sale				
1. TRIO @ Sam Leong	46.90	50.09	0.16	0.06
2. Hexacube	28.54	45.17	11.93	3.58
Group's share of total net revaluation surplus				**3.64**

Source: *Management, valuation reports and valuation certificates*

Notes:

(1) This is generally arrived at based on the difference between the market value and the NBV of the property, and deducting selling expenses, any potential tax liabilities and after taking into consideration tax losses carried forward. In respect of the development projects, the net revaluation surplus is arrived at based on the GDV of the respective projects and after deducting cost of development, selling expenses, any potential tax liabilities after taking into consideration tax losses carried forward, and after adjusting for revenue and cost already recognised for sold units on the percentage of completion basis; and

(2) Based on the Group's interest in the respective properties.

Price-to-RNAV ("**P/RNAV**") ratio implied by the Offer Price

The net asset backing of the Group is measured by its NAV, NTA, revalued NAV or revalued NTA value.

The NAV and NTA based valuation approach provide an estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time and would be more relevant for asset-based companies or where the subject company intends to realise or convert the uses of all or most of its assets. Such a valuation approach would be particularly appropriate when applied in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings-based valuation.

The NAV and NTA based valuation approach show the extent to which the value of each Share is backed by the Group's tangible and intangible assets. NTA is derived by deducting intangible assets from the NAV and the NTA based valuation approach shows the extent to which the value of each Share is backed by its net tangible assets.

The P/NAV ratio implied by the Offer Price is **0.7 times** based on the NAV per Share of S$0.2513 as at 30 November 2019, that is, the Offer Price is at a discount of **28.8%** to the NAV per Share.

As shown above, the total net revaluation surplus on the revalued properties held by the Group and by its significant associated companies are S$18.91 million and S$3.64 million respectively. Accordingly, after taking into consideration the above net revaluation surpluses, the estimated loss from the potential sale of the office building at Third Avenue and the loss from the sale of 31 Harvey Avenue, the unaudited RNAV of the Group as at 30 November 2019 is computed as follows:

	Estimated RNAV of the Group	**S$'million**	**Per Share[(1)] (S$)**
(a)	Unaudited NAV of the Group as at 30 November 2019	112.29	0.2513
(b)	Add: net revaluation surplus arising from valuation of properties held by the Group	18.91	0.0423
(c)	Add: net revaluation surplus arising from valuation of properties held by significant associated companies	3.64	0.0081
(d)	Less: loss on potential sale of office building at Third Avenue	(6.51)	(0.0146)
(e)	Less: loss on sale of 31 Harvey Avenue	(0.38)	(0.0009)
	Estimated RNAV of the Group as at 30 November 2019	**127.95**	**0.2863**[(2)]

Notes:

(1) Based on 446,876,000 issued Shares; and

(2) Does not add up due to rounding.

Based on the RNAV per Share of S$0.2863 as at 30 November 2019, the Offer Price of S$0.179 represents a P/RNAV ratio of 0.6 times, or a discount of 37.5% to the RNAV per Share.

As discussed in Section 7.2.1 above, an earnings approach in assessing the valuation of the Group (implied by the Offer Price) is not appropriate as the Group has reported historical losses. We have therefore considered the asset backed approach, in particular, the P/RNAV multiple, in assessing the valuation of the Group (implied by the Offer Price).

Confirmation by the Company

Besides taking into consideration the independent valuation of the properties provided to us, in our evaluation of the financial terms of the Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 30 November 2019, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NAV as at 30 November 2019.

In respect of the above, the Directors and the Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, and save as disclosed in the valuation reports, the Company's estimation of the potential tax liabilities/(credit) on the revaluation surplus/(deficit), tax losses carried forward as disclosed in this Letter and save for the announcements made by the Company since 30 November 2019 to the Latest Practicable Date:

(a) there are no material differences between the realisable value of the Group's assets and their respective book values as at 30 November 2019 which would have a material impact on the NAV of the Group;

(b) other than that already provided for or disclosed in the Group's financial statements as at 30 November 2019, there are no other contingent liabilities (save for corporate guarantees provided in the ordinary course of business of the Group), bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;

(c) there are no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;

(d) there are no intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with SFRS(I) and which have not been so disclosed and where such intangible assets would have a material impact on the overall financial position of the Group; and

(e) save for the proposed TEE Building Disposal (which has been announced by the Company) and the potential sale of the office building at Third Avenue (as described above), there are no material acquisitions and disposals of assets by the Group between 30 November 2019 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business, save for the sales of development properties which is in the ordinary course of business of the Group and any announced plans and intentions that the Offeror may have for the Group.

7.2.5 Cessation of quarterly reporting and change in financial year end

The Company had, on 18 February 2020, following recent amendments to Rule 705(2) of the Listing Manual ("**Amended Listing Rules**") which came into effect on 7 February 2020, announced that it will not be required to release its financial results on a quarterly basis. The Board has, after due deliberation (including taking in consideration, *inter alia*, the compliance efforts in connection therewith) decided not to continue with quarterly reporting of the Company and Group's financial results, and instead, the Company will announce the financial results on a half-yearly basis, as required under the Amended Listing Rules. Therefore, the next financial results release will be in respect of the full financial year.

In the same announcement, the Company further announced the change of its financial year end from 31 May to 31 March. Accordingly, following the change of the financial year end, the current financial year of the Company will be for a 10-month period from 1 June 2019 to 31 March 2020.

The change in the financial year end is to align its financial year end to meet the overall reporting and consolidation calendar of the Offeror.

Therefore, Shareholders should note that the Company will announce its full year results of the Group for the 10-month period from 1 June 2019 to 31 March 2020 by 30 May 2020.

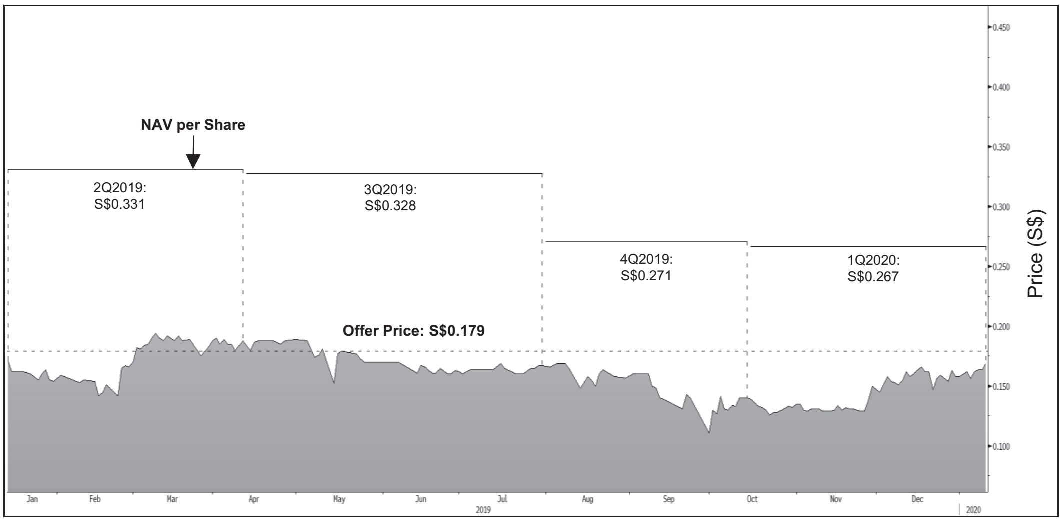
7.3 Historical Share price performance compared to the reported NAV per Share

We note that the Shares have historically been trading at significant discounts to the reported NAV per Share, prior to the Pre-Conditional Offer Announcement. In this regard, we have assessed the reported NAV per Share based on the quarterly financial statements of the Group and compared them against the Share price performance for the relevant periods up to the Last Trading Day.

Following the Pre-Conditional Offer Announcement and up to the Latest Practicable Date, the Shares had traded close to and up to the Offer Price, presumably supported by the Offer Price. Hence, comparison of the share price performance against the reported NAV per Share during this period would not be meaningful.

The chart below shows an overview of the Share price performance from 14 January 2019 and to the Last Trading Day vs the reported NAV per Share as announced by the Company from time to time during this period:

Share price vs reported NAV per Share
(from 14 January 2019 and up to the Last Trading Day)



Source: *Bloomberg L.P. and the Company's results announcements for the relevant periods*

The table below shows the statistics of the discounts that the Shares have been trading at compared to the reported NAV per Share from 14 January 2019 and up to the Last Trading Day:

	Discount of the average Share price to the NAV per Share for the relevant periods (%)
Maximum	48.1
Minimum	46.0
Mean	47.0
Median	46.9

The Company (implied by the Offer Price)	**28.8 (based on NAV per Share as at 30 November 2019)** **37.5 (based on RNAV per Share as at 30 November 2019)**

From the above, we note that:

(a) the Shares have been trading at significant discounts to the respective reported NAV per Share for the relevant periods of between 46.0% and 48.1%, with the mean and median discounts of 47.0% and 46.9% respectively;

(b) the discount of 28.8% implied by the Offer Price to the NAV per Share as at 30 November 2019 is lower than the mean and median discounts, as overall, the Offer Price is higher than the historical traded Share Price; and

(c) as the RNAV per Share is higher than the NAV per Share due mainly to the revaluation surpluses arising from the valuation of the properties, the discount of 37.5% implied by the Offer Price to the RNAV per Share as at 30 November 2019 is therefore wider than the Offer Price to NAV per Share. Notwithstanding the above, the discount of the Offer Price compared to RNAV per Share is still lower than the mean and median discounts, as shown in the table above.

7.4 Comparison with precedent non-privatisation takeover offers of companies listed on the SGX-ST

It is the present intention of the Offeror to maintain the listing status of the Company on the SGX-ST following the completion of the Offer, although the Offeror has also reserved its right to re-evaluate its positon, taking into account, among other things, the level of acceptances it receives and the prevailing market conditions at the relevant time.

Therefore, for the purpose of assessing the Offer Price, we have compared the financial terms of the Offer with those of recent non-privatisation takeover offers that were announced since January 2018 and completed as at the Latest practicable Date, where the offeror has indicated similar intentions to maintain the listing status of the offeree company and these companies continued to be listed on the SGX-ST after the close of their respective offers ("**Precedent Non-Privatisation Takeover Offers**"). These Precedent Non-Privatisation Takeover Offers pertain to target companies which are engaged in different businesses, including property development and property related activities, but exclude real estate investment trusts and business trusts.

In total, there are 9 of such Precedent Non-Privatisation Takeover Offers, of which 2 are engaged in property development and/or property related activities. These takeover offers could be conditional or unconditional with respect to the level of acceptances for the offer.

The analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out:

(a) the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs over the 1-month and 3-month periods prior to the announcement of the Precedent Non-Privatisation Takeover Offers; and

(b) the premium or discount represented by each of the respective offer prices to the NAV or NTA of the respective target companies. We note that certain transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their latest announced book values. In this respect, we have compared the offer price with the revalued NAV, revalued NTA or adjusted NAV or adjusted NTA of the Precedent Non-Privatisation Takeover Offers, where applicable.

We wish to highlight that the target companies listed in the Precedent Non-Privatisation Takeover Offers as set out in the analysis below may not be directly comparable to the Company or the Group in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. The premium or discount that an offeror pays in any particular Precedent Non-Privatisation Takeover Offers varies in different specific circumstances depending on, *inter alia*, factors such as the intention of the offeror, the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence or absence of competing bids for the target company, and the existing and desired level of control in the target company. The list of the Precedent Non-Privatisation Takeover Offers is by no means exhaustive and as such any comparison made only serves as an illustration. Conclusions drawn from the comparisons made may not necessarily reflect the perceived or implied market valuation of the Company.

Shareholders should note that the above comparison with the Precedent Non-Privatisation Takeover Offers is purely for illustrative purposes only.

			Premium/(Discount) of Offer Price over/(to)			
Name of company	**Sector**	**Date of announcement**	**Last transacted price prior to announce-ment (%)**	**1-month VWAP prior to announce-ment (%)**	**3-month VWAP prior to announce-ment (%)**	**P/NAV (times)**
CH Offshore Ltd.	Offshore support service provider in oil and gas	26 Jul 2018	0.0	(11.0)	(11.6)	0.5(1)
Chew's Group Limited	Food products	22 Aug 2018	26.2(10)	30.9(10)	33.4(10)	1.2(2)
Sunrise Shares Holding Ltd.	Trading and distribution of electrical products, the manufacture and assembly of electrical distribution and control equipment, and the provision of property consultancy and management services in the real estate and hospitality industries.	06 Dec 2018	21.4	30.8	36.0	0.3(3)
Thakral Corporation Limited	Real estate related investment and marketing and distribution of brands in beauty, wellness and lifestyle categories	04 Mar 2019	11.1	17.1	18.1	0.5(4)
Sevak Limited	Distribution of operator products and distribution services, ICT distribution and managed services, and mobile devices retail business.	21 Mar 2019	5.9(11)	9.3(11)	9.8(11)	1.1(5)

Name of company	Sector	Date of announcement	Premium/(Discount) of Offer Price over/(to) Last transacted price prior to announcement (%)	1-month VWAP prior to announcement (%)	3-month VWAP prior to announcement (%)	P/NAV (times)
Ying Li International Real Estate Limited	Property developer	03 Apr 2019	0.7	5.7	10.5	0.3[6]
JEP Holdings Limited	Provision of solutions for precision machining and engineering services	14 May 2019	(12.8)	(4.6)	(5.2)	0.7[7]
ISEC Healthcare Ltd.	Regional provider of a comprehensive suite of medical eye care services with ambulatory surgical centres	26 Aug 2019	5.9[12]	11.3[12]	15.1[12]	7.7[8][13]
DLF Holdings Limited	Engaged in the business of mechanical and electrical engineering project development and turnkey contracting services.	20 Sep 2019	(56.2)[13]	(54.4)[13]	(54.4)[13]	18.6[9][13]
High			**26.2**	**30.9**	**36.0**	**18.6**
Low			**(56.2)**	**(54.4)**	**(54.4)**	**0.3**
Mean			**7.3**	**11.2**	**13.3**	**0.7**
Median			**5.9**	**10.3**	**12.8**	**0.5**
Company (implied by the Offer Price)		**09 Jan 2020 (Pre-Conditional Offer Announcement Date)**	**8.0**	**12.1**	**19.6**	**0.6 (P/RNAV)**

Source: *SGX-ST announcements and circulars to shareholders in relation to the Precedent Non-Privatisation Takeover Offers*

Notes:

(1) Based on the revalued NAV per share of CH Offshore Ltd. as at 30 June 2018;

(2) Based on the adjusted NAV per share of Chew's Group Limited as at 31 March 2018;

(3) Based on the NAV per share of Sunrise Shares Holding Ltd. as at 30 June 2018;

(4) Based on the NAV per share of Thakral Corporation Limited as at 31 December 2018;

(5) Based on the NAV per share of Sevak Limited as at 31 December 2018;

(6) Based on the revalued NAV per share of Ying Li International Real Estate Limited as at 31 December 2018;

(7) Based on the revalued NAV per share of JEP Holdings Limited as at 31 December 2018;

(8) Based on the NTA per share of ISEC Healthcare Ltd. as at 30 September 2019;

(9) Based on the revalued NAV per share of DLF Holdings Limited as at 30 June 2019;

(10) The benchmark VWAP share prices of Chew's Group Limited used by the IFA to compute the premium of the offer price above market share prices were based on the date of the announcement of the term sheet on 8 June 2018 instead of the date of the offer announcement on 22 August 2018;

(11) The benchmark VWAP share prices of Sevak Limited used by the IFA to compute the premium of the offer price above market share prices were based on 1 February 2019, being the holding announcement date. The takeover transaction of Sevak Limited is a partial offer;

(12) The benchmark VWAP share prices of ISEC Healthcare Ltd. used by the IFA to compute the premium of the offer price to market share prices were based on 2 July 2019, being the last full trading day prior to the holding announcement date, instead of the pre-conditional offer announcement date; and

(13) Excluded as statistical outlier in the mean and median computations.

Based on the above, we note that:

(a) The premia implied by the Offer Price over the last transacted price and the VWAP for the 1-month period and 3-month period prior to the Pre-Conditional Offer Announcement Date are within the range and higher than the mean and median of the corresponding premia of the Precedent Non-Privatisation Takeover Offers;

(b) The P/RNAV ratio of 0.6 times implied by the Offer Price is within the range, and between the mean and median of the corresponding P/NAV ratios of the Precedent Non-Privatisation Takeover Offers; and

(c) With respect to the target companies which are engaged in property related businesses in the Precedent Non-Privatisation Takeover Offers, namely Thakral Corporation Limited and Ying Li International Real Estate Limited, the premia implied by the Offer Price over the last transacted price and the VWAP for the 1-month period and 3-month period prior to the Pre-Conditional Offer Announcement Date are higher than the mean statistics of these 2 target companies. The P/RNAV ratio of 0.6 times implied by the Offer Price is also higher than the mean statistics of these 2 target companies as shown below:

			Premium/(Discount) of Offer Price over/(to)			
Name of company	**Sector**	**Date of announcement**	**Last transacted price prior to announce-ment (%)**	**1-month VWAP prior to announce-ment (%)**	**3-month VWAP prior to announce-ment (%)**	**P/NAV (times)**
Thakral Corporation Limited	Real estate related investment and marketing and distribution of brands in beauty, wellness and lifestyle categories	04 Mar 2019	11.1	17.1	18.1	0.5
Ying Li International Real Estate Limited	Property developer	03 Apr 2019	0.7	5.7	10.5	0.3
Mean			**5.9**	**11.4**	**14.3**	**0.4**
Company (implied by the Offer Price)		**09 Jan 2020 (Pre-Conditional Offer Announcement Date)**	**8.0**	**12.1**	**19.6**	**0.6 (P/RNAV)**

7.5 Comparison of valuation ratios of selected listed companies which are broadly comparable to the Group

The Group is principally engaged in property development and property related businesses with a market capitalisation of S$80 million implied by the Offer Price.

For the purpose of assessing the Offer Price, we have attempted to compare the P/NAV and P/RNAV ratios of the Company implied by the Offer Price with those of selected companies listed on the SGX-ST that are involved in businesses which can be considered as broad proxies to the principal business of the Group, that is, listed companies that are engaged in property development and property related businesses ("**Comparable Peer Companies**"). For a meaningful comparison, we have selected Comparable Peer Companies with a market capitalisation of up to S$500 million as at the Pre-Conditional Offer Announcement Date, as broad proxies to the Group.

There are 14 of such Comparable Peer Companies, of which 3 are loss making for T12M. The Group was also loss-making for T12M.

We have had discussions with Management about the suitability and reasonableness of the selected Comparable Peer Companies acting as a basis for comparison with the Group. Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the selected Comparable Peer Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The accounting policies of the selected Comparable Peer Companies with respect to the values for which the assets, revenue or cost are recorded may differ from that of the Group.

We wish to highlight that the selected Comparable Peer Companies are not exhaustive and it should be noted that there may not be any listed company that is directly comparable to the Group in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of valuation statistics for the selected Comparable Peer Companies. Therefore, any comparison made serves only as an illustrative guide.

A brief description of the selected Comparable Peer Companies, as extracted from Bloomberg L.P. is set out below:

Company name	Principal Business
Top Global Limited ("**Top Global**")	Top Global develops real estate and offers support services. Top Global primarily develops mixed use projects with lifestyle amenities. Top Global operates throughout Asia.
Pollux Properties Ltd. ("**Pollux**")	Pollux is a property developer. Pollux focuses on the development of residential and commercial properties.
SLB Development Ltd. ("**SLB**")	SLB operates as a property development company. SLB develops industrial, commercial, and retail properties.
World Class Global Limited ("**World Class Global**")	World Class Global provides property development services. World Class Global constructs residential buildings, as well as offers property investment services. World Class Global serves customers worldwide.
Hatten Land Limited ("**Hatten Land**")	Hatten Land operates as a property developer. Hatten Land develops malls, hotels, and residential properties. Hatten Land serves customers in Singapore and Malaysia.
Heeton Holdings Limited ("**Heeton Holdings**")	Heeton Holdings develops and sells private residential properties. Heeton Holdings also manages and invests in residential, retail, and commercial properties.
Sing Holdings Limited ("**Sing Holdings**")	Sing Holdings develops real estate. Sing Holdings develops residential, commercial, and industrial properties and retains a stake in certain properties.
Hwa Hong Corporation Limited ("**Hwa Hong**")	Hwa Hong is an investment holding company. Hwa Hong's subsidiaries operate in general insurance, warehouse rental, packing of edible oil products, general trading in consumer products, and property management and development activities.
Hiap Hoe Limited ("**Hiap Hoe**")	Hiap Hoe is an integrated property developer. Hiap Hoe develops luxury and mid-tier residential properties. Hiap Hoe also seeks out civil engineering and construction contracts but its main focus is developing its own residential properties.
SingHaiyi Group Ltd. ("**SingHaiyi**")	SingHaiyi is a diversified real estate company focused on property development, real estate investment and property management services. The group also holds a

Company name	Principal Business
	diversified portfolio of income-generative assets in the commercial and retail sectors, with geographical reach into USA and widening exposure in Asia.
Stamford Land Corporation Ltd (“**Stamford Land**”)	Stamford Land is an investment holding company. Stamford Land owns and manages hotels and travel agencies. Stamford Land also develops and invests in properties.
Tuan Sing Holdings Limited (“**Tuan Sing**”)	Tuan Sing an investment holding company with interest mainly in property development, property investment and hotel ownership.
Chip Eng Seng Corp Ltd. (“**Chip Eng Seng**”)	Chip Eng Seng specializes in building construction activities in the private and public sector. Chip Eng Seng also owns, develops, and invests in properties.
Roxy-Pacific Holdings Limited (“**Roxy-Pacific**”)	Roxy-Pacific, through its subsidiaries, develops and sells residential properties. Roxy-Pacific also owns and invests in hotels.

Source: *Bloomberg L.P.*

For the purpose of our evaluation and for illustration, we have made comparison between the Group and the selected Comparable Peer Companies using the P/NAV ratio or NAV approach to show the extent to which the value of each share is backed by its net assets. The NAV approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities of the group.

Comparable Peer Companies	Last financial year end	Market capitalisation as at the Pre-Conditional Offer Announcement Date (S$' million)	P/NAV[1] (times)
Top Global	31 Dec 2018	58.49	0.2
Pollux	31 Mar 2019	91.06	0.5
SLB	31 May 2019	107.73	0.7
World Class Global	31 Dec 2018	119.06	1.0
Hatten Land	30 Jun 2019	122.65	1.0[2]
Heeton Holdings	31 Dec 2018	151.20	0.4
Sing Holdings	31 Dec 2018	160.40	0.6
Hwa Hong	31 Dec 2018	215.38	1.1
Hiap Hoe	31 Dec 2018	371.74	0.5
SingHaiyi	31 Mar 2019	388.12	0.6
Stamford Land	31 Mar 2019	391.13	0.8
Tuan Sing	31 Dec 2018	391.46	0.4
Chip Eng Seng	31 Dec 2018	481.56	0.6
Roxy Pacific	31 Dec 2018	495.51	1.0
High			1.1
Low			0.2
Mean			0.7
Median			0.6
Company (implied by the Offer Price)	**31 May 2019**	**79.99**	**0.7 (based on NAV as at 30 Nov 2019)** **0.6 (based on RNAV as at 30 Nov 2019)**

Source: *Bloomberg L.P., annual reports and latest publicly available financial information on the Comparable Peer Companies as at the Pre-Conditional Offer Announcement Date*

Notes:

(1) The P/NAV ratios of the Comparable Peer Companies are computed based on (a) their market capitalisations as at the Pre-Conditional Offer Announcement Date; and (b) their NAV values as set out in their latest available published financial statements as at the Pre-Conditional Offer Announcement Date; and

(2) Based on the foreign exchange rate of S$1.00:MYR3.017 on the Pre-Conditional Offer Announcement Date as extracted from Bloomberg L.P.. The reporting currency of Hatten Land is in MYR.

Based on the above, we note that:

(a) The P/NAV ratio of 0.7 times implied by the Offer Price is within the range, at the mean and higher than the median of the P/NAV ratios of the Comparable Peer Companies.

(b) The P/RNAV ratio of 0.6 times implied by the Offer Price is within the range, at the median and lower than the mean of the P/NAV ratios of the Comparable Peer Companies. This comparison may not directly comparable as the published NAV information on these Comparable Peer Companies may not have incorporated revaluation surpluses on their property assets; and

(c) When compared against Comparable Peer Companies which are loss-making for T12M, namely SLB, Hiap Hoe and Singhaiyi, the P/RNAV ratio of 0.6 times implied by the Offer Price is within the range of P/NAV ratios of these loss-making Comparable Peer Companies of between 0.5 times and 0.7 times.

7.6 Dividend track record of the Company

We set out below information on the dividends per Share declared by the Company in respect of the last three financial years and up to the Latest Practicable Date:

Cash dividends declared	FY2017	FY2018	FY2019	6M2020
Interim tax exempt dividend per Share (S$)	0.0015	0.0025	-	-
Final tax exempt dividend per Share (S$)	-	0.0015	-	-
Total	**0.0015**	**0.0040**	**-**	**-**
Average Share price[(1)] (S$)	0.1967	0.1915	0.1744	0.1511
Dividend yield[(2)] (%)	0.76	2.09	-	-

Source: *Bloomberg L.P., the Company's annual reports and announcements on SGXNET*

Notes:

(1) Based on the daily closing price of the Shares for the respective financial year/period; and

(2) Computed based on total dividends per Share divided by the average Share price.

Based on the above, we note that the Company had declared and paid dividends for FY2017 and FY2018 with the total dividend per Share declared ranging from S$0.0015 to S$0.0040 per annum, and the dividend yield ranging from approximately 0.76% to 2.09% per annum.

For FY2019 and 6M2020, the Company did not declare any dividends on grounds of prudence.

We note that the Group had reported losses attributable to equity holders of the Company for FY2017, FY2018, FY2019 and 6M2020.

The Company does not have a formal dividend policy. The Company had disclosed in its annual report that the form, frequency and amount of any proposed dividend will take into consideration the Group's operating results, financial position, committed capital expenditure, working capital requirements and any other relevant considerations the Board may deem appropriate.

We wish to highlight that the above dividend analysis of the Company serves only as an illustrative guide and is not an indication of the Company's future dividend policy.

Following the change of controlling Shareholder from TI to the Offeror, the Company's future dividend policy and any proposed dividends going forward will be determined by the Offeror and new board of directors of the Company that may be re-constituted.

7.7 Other relevant considerations in relation to the Offer

7.7.1 Unconditional Offer, no increase in Offer Price and Shut-Off Notice given

The Offer is unconditional in all respects. Accordingly, all valid acceptances tendered by Shareholders in respect of the Offer Shares by the close of the Offer will be accepted by the Offeror and will be paid for in cash.

Shareholders should note that the Offer Price is final. As the Offeror has stated that it does not intend to revise the Offer Price, it will not be allowed to amend or increase the Offer Price.

The Offeror has also given the Shut-Off Notice for the Offer to close on **5.30 p.m. on 20 March 2020**.

Shareholders should note that acceptances of the Offer received after 5.30 p.m. on 20 March 2020 will be rejected.

7.7.2 Likelihood of competing offers is remote

Prior to the Acquisitions by the Offeror, the attempts by TI to dispose of part or all of its interest in the Company had not been successful as noted in our analysis in Section 7.1 of this Letter. The Offer is a consequence of the successful completion of the Acquisitions by the Offeror and the disposal by TI of its entire interest in the Company. As at the Offer Announcement Date, the Offeror has acquired majority control of the Company.

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

As the Offeror has already acquired statutory control of the Company as at the Latest Practicable Date, the likelihood of a competing offer for the Shares is remote.

7.7.3 New controlling Shareholder

The Offer is made in compliance with the Code.

Regardless of the outcome of the Offer, the Offeror has already secured its dominant position as the new controlling Shareholder with a shareholding interest of 68.78% in the Company as at the Offer Announcement Date. The Offeror will therefore be able to pass all ordinary resolutions of the Company, except where such resolutions pertain to Interested Person Transactions (as defined in the Listing Manual of the SGX-ST) where the Offeror and its associates are deemed as Interested Persons (as defined in the Listing Manual of the SGX-ST) in the proposed transactions and will have to abstain from voting on these proposed transactions.

7.7.4 Offeror's intention for the listing status of the Company

It is the Offeror's present intention to maintain the listing status of the Company on the SGX-ST.

If the Company remains listed on the SGX-ST, Shareholders who did not accept the Offer will continue with the Company under the new leadership of the Offeror and the reconstituted Board following the cessation/resignations of Directors who are representatives of TI.

It should also be noted that the Offeror has disclosed that it reserves the right to re-evaluate its position on the listing status of the Company, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the Company does not meet the free float requirements under the Listing Manual.

7.7.5 Commentary by the Company in the results announcement for 6M2020

The Company had made the following comments in relation to its business outlook in its announcement dated 9 January 2020 on the unaudited results of the Group for 6M2020:

> *"Amidst the continued uncertainties in the global macro-environment, the operating environment in Singapore for the property market is expected to remain challenging and could affect the performance of the Group. Any delays in achieving 100% sales and/or completion of the Group's existing properties which are subject to regulatory timelines and (if applicable) failure to obtain extensions thereof could also adversely affect the Group's performance. The performance of the Group's overseas markets are also expected to be affected by local economic developments as well as foreign exchange fluctuations.*
>
> *Moving forward, the Group will take a cautious approach when seeking opportunities to acquire new land sites and in making any investments. It will focus on improving its operations and sales, realising value in its investments as well as reducing its gearing. The Group will continually assess the market situation and refine its sales strategies where necessary."*

In view of the cessation of quarterly reporting and change of financial year end as set out in Section 7.2.5 of this Letter, Shareholders should look out for the commentary by the Company on its business outlook in its next results announcement for the 10-month period from 1 June 2019 to 31 March 2020 to be announced on the SGXNET by 30 May 2020, being its first full year results after the change of the financial year end.

8. COMMERCIAL ARRANGEMENTS WITH TI

In connection with the Acquisitions, the Company will enter into certain commercial arrangements with TI upon completion of the Acquisitions as summarised in Section 1.2 of this Letter. The SIC has confirmed that the TEE Industrial Disposal, the New Lease and the TSA do not constitute a special deal under Rule 10 of the Code, subject to the IFA to the Company publicly stating in its opinion that the terms of these transactions are fair and reasonable so far as Shareholders are concerned in the context of Rule 10 of the Code.

The Acquisitions were completed on 3 February 2020.

We have been appointed as the IFA to opine on the TEE Industrial Disposal, the New Lease and the TSA.

The details of the commercial arrangements with TI are set out below and our evaluation and opinion on the TEE Industrial Disposal, the New Lease and the TSA are set out in Section 9 of this Letter.

8.1 TEE Industrial Disposal

(a) In conjunction with the Acquisitions, the Company had, on 3 February 2020, entered into the conditional sale and purchase agreement for the sale of TEE Industrial, a wholly-owned subsidiary of the Company, to TI. The principal activity of TEE Industrial is the owning and leasing of the premises in TEE Building.

The Company has stated that the TEE Industrial Disposal will help strengthen the financial position of the Group and reduce its leverage. The Group will also have more flexibility to redeploy its resources to other property development projects and for working capital purposes.

The existing lease for TEE Building was entered into between TEE Industrial and JTC Corporation as the head lessor of the land on which TEE Building is located, and it includes a condition that TI is required to hold not less than 51% in TEE Industrial. Following the completion of the Acquisitions, since TI no longer own any Shares and consequently any interest in TEE Industrial, TEE Industrial has sought, and JTC Corporation has provided, TEE Industrial a grace period of up to 30 July 2020 to complete the TEE Industrial Disposal to TI.

The TEE Industrial Disposal is conditional on, *inter alia*: (i) approvals of shareholders of TI and the Company; (ii) the discharge by TI of the outstanding mortgage loan of TEE Industrial amounting to S$15.78 million as at 30 November 2019 ("**Mortgage Loan**"); and (iii) our opinion that the terms of the TEE Industrial Disposal are fair and reasonable pursuant to Rule 10 of the Code.

With respect to the EGM to be held by TI, pursuant to the PCK Undertaking, Mr Phua Chian Kin will vote in favour of the purchase of TEE Industrial by TI.

The Company is also required to convene an EGM to seek Shareholders' approval for the TEE Industrial Disposal as a major transaction under Chapter 10 of the Listing Manual.

As at the Latest Practicable Date, TI and the Company have not convened their respective EGMs to approve the purchase and the sale, as the case may be, of TEE Industrial.

We understand from the Company that the discharge of the Mortgage Loan by TI will enable the Company to withdraw its corporate guarantee which it had extended to Hong Leong Finance Limited ("**HLF**") as part of the security for the Mortgage Loan. The TEE Building is mortgaged to HLF for the Mortgage Loan.

(b) TEE Industrial owns a 6-storey industrial property with an aggregate gross floor area of 5,164 square metres ("**sq m**") located at 25 Bukit Batok Street 22, Singapore 659591, which is known as TEE Building. Other than the owning and leasing of TEE Building, TEE Industrial does not have any other business.

The TEE Building is on lease from JTC Corporation for a period of 30 years lease commencing from 1 May 1992 with an option to renew for a further term of 30 years.

The Company had commissioned JLL to carry out an independent valuation of TEE Building. Based on JLL's independent valuation report dated 11 December 2019, JLL had opined the market value of the unexpired leasehold interest of TEE Building, free from all encumbrances, to be S$21.50 million as at 30 November 2019 ("**TEE Building Valuation**"). JLL had determined the TEE Building Valuation using the direct comparison method and income capitalisation method.

In the direct comparison method, JLL had determined the valuation based on direct comparison with recent transactions of comparable properties within the vicinity, after making due adjustments for differences between the property and the comparable properties. In the income method, JLL had estimated the gross rental income less the necessary expenses such as property tax and land rental to derive a net rental income. This is then capitalized at an appropriate yield rate for the remaining period of the lease to arrive at the current market value.

JLL had noted that the plot ratio of the property has not been fully utilized as at the date of their valuation. Their valuation of S$21.50 million is on the assumption that the property is fully utilized, subject to formal planning approval from the relevant authorities, less off the construction cost of the additions and alterations.

(c) The TEE Building which is classified as investment property in the books of TEE Industrial is marked-to-market based on the TEE Building Valuation of S$21.50 million as at 30 November 2019. This had resulted in an impairment loss of S$0.50 million on the change in fair value of the property in the profit and loss statement of TEE Industrial for 6M2020. TEE Industrial had recorded a net loss after taxation of S$0.22 million for 6M2020.

The NAV of TEE Industrial is in the negative position of S$0.88 million as at 30 November 2019. TEE Industrial has a nominal paid-up capital of S$1 comprising one share.

The total assets of TEE Industrial of SS26.60 million as at 30 November 2019 comprise mainly the TEE Building at S$21.50 million. The total liabilities of TEE Industrial of S$27.48 million as at 30 November 2019 comprise the outstanding Mortgage Loan of S$15.78 million and outstanding payables owing from TEE Industrial to the Company of S$9.23 million.

(d) In view of TEE Industrial's negative NAV position, the Company will dispose of TEE Industrial to TI for a nominal amount of S$1 for the one share of TEE Industrial.

In addition, on completion of the TEE Industrial Disposal, TI will repay or procure the repayment of all outstanding payables owing by TEE Industrial to the Company as at that date less the negative NAV of TEE Industrial based on its latest management accounts then. The Company and TI had agreed that the extent of the amount of negative NAV shall not exceed S$1.0 million.

Based on the management accounts of TEE Industrial as at 30 November 2019, the Group will receive **cash consideration of S$8.35 million** upon the completion of the TEE Industrial Disposal comprising S$1 for the one sale of TEE Industrial, and the net settlement of outstanding payables of S$9.23 million less the negative NAV of S$0.88 million.

As at 3 February 2020, an amount of S$8.50 million is held in escrow pending completion of the TEE Industrial Disposal. In the event that the cash consideration is more than the escrow amount of S$8.50 million, TI will pay the difference to the Company based on the Company's written notification to TI at least 3 business days prior to the date of completion of the TEE Industrial Disposal.

8.2 New Lease

(a) TEE Industrial currently leases certain premises in TEE Building to TI, PBT Engineering Pte. Ltd. and Trans Equatorial Engineering Pte. Ltd. (which are wholly-owned subsidiaries of TI), and the Company. These leases expire on 29 February 2020. As an interim measure, parties to the commercial arrangements have agreed that these leases will continue on the existing rental terms up to and including the date of completion of the TEE Industrial Disposal.

The SIC has confirmed that the above Lease Extensions do not constitute a special deal under Rue 10 of the Code.

(b) However, upon completion of the TEE Industrial Disposal, TEE Industrial will enter into the New Lease with the Company in relation to the premises that the Company is currently using in the TEE Building. The New Lease pertains to an area of approximately 8,052.8 square feet ("**sq ft**") which will be rented out to the Company for S$17,716.16 per month ("**Rental Rate**").

The Rental Rate was derived from the market rental of S$2.20 per sq ft per month as concluded in the rental valuation report by SREC dated 27 December 2019. In arriving at its opinion, SREC had taken into consideration the rental rates of similar properties in the vicinity and made the necessary comparison and adjustments before arriving at the Rental Rate.

The New Lease will help minimize disruptions to the Company's operations subsequent to the TEE Industrial Disposal.

(c) The New Lease will be for a term of 6 months, with an option to renew for a further term of 6 months at the same Rental Rate of S$17,716.16 per month. There shall be no further option to renew.

(d) The Company shall upon the execution of the New Lease, deposit with TEE Industrial, as the landlord of the property, a security deposit of an amount equivalent to one (1) month's rent in cash ("**Security Deposit**").

(e) The Company has the right to terminate the New Lease for any reason whatsoever at any time during the term of the New Lease by giving to TEE Industrial, as the landlord of the property, at least one (1) month's written notice of termination. Upon expiry of such notice, the lease and the term shall be terminated without any compensation whatsoever to the landlord and the Company shall deliver vacant possession of the premises to the landlord in accordance with the terms of the New Lease agreement.

8.3 TSA

(a) TI has been providing certain IT, human resources and general administrative services to the Company. The Company requires the continued provision of these services for a period as well as the provision of certain transitional services from TI following the completion of the Acquisitions.

Hence, on completion of the Acquisitions, the Company has entered into the TSA with TI for TI to provide certain transitional services to the Company ("**Transitional Services**"), to minimize disruptions to the Company's operations subsequent to the completion of the Acquisitions.

These Transitional Services include, *inter alia*:

(i) IT/technology services such as server storage, networks/internet/emails, software support (including for accounting/payroll), trouble shootings, IT miscellaneous support ("**IT/Technology Services**");

(ii) human resources services such as payroll, recruitment, consultancy, personal data protection ("**Human Resources**");

(iii) general administration services such as cleaning, reception, courier services, telephone system administration ("**General Administrative**"); and

(iv) migration services through the development and implementation of a plan to transition the foregoing transitional services from being provided by TI to the Company (or as the Company may arrange) including providing resources, sharing of information/technical know-how as well as testing of IT systems and troubleshooting ("**Migration Services**").

(b) Each of the Transitional Services is for an initial period of 6 months commencing from 3 February 2020, with an option to extend for a further 6 months by notice in writing to TI, as the service provider, of not less than 10 business days before the expiry of the initial 6-month term ("**Service Term**").

(c) The Company may terminate one or more of the Transitional Services during the Service Term by giving prior written notice of at least one (1) month to TI, as the service provider, specifying the Transitional Services that the Company wishes to terminate ("**Terminated Service**") and the date of termination of such Terminated Service.

In addition, if the service provider has completed any Transitional Service prior to the end of the relevant Service Term and the Company confirms in writing that it no longer requires that Transitional Service, the service provider may terminate that Transitional Service immediately by providing written notice to the Company, specifying the Terminated Service and the date of termination.

(d) The Company will pay the following service fees for the Transitional Services ("**Service Fees**") as follows:

Transitional Services	Service Fees payable
IT/Technology Services	S$2,580 per month
Human Resources	S$2,760 per month
General Administrative	S$1,860 per month
Migration Services	S$250 per day per manpower This does not include all third-party costs (such as hardware/software expenditure, license fees, etc.) which are to be paid by the Company to the third parties directly.

If there are proposed changes to the scope, nature, volume or execution of any of the Transitional Services, the service provider will within a reasonable time provide a written estimate of the impact of the changes including the variations of the Service Fees.

If the cost of providing the Transitional Services changes to a material extent (including any change as a result of the change in the Transaction Services), the service provider will substantiate the proposed changes, and the proposed changes in the Service Fees will be subject to the Company's approval (which shall not be unreasonably withheld).

The Company had disclosed in its announcement on 3 February 2020 that the services rendered under the TSA will be charged at cost.

9. OUR EVALUATION OF THE TEE INDUSTRIAL DISPOSAL, THE NEW LEASE AND THE TSA

Our evaluation of the TEE Industrial Disposal, New Lease and the TSA pursuant to Rule 10 of the Code is as follows:

9.1 TEE Industrial Disposal

The basis of determining the cash consideration for the TEE Industrial Disposal after taking into account the recent independent market valuation of TEE Building is reasonable as TEE Industrial is essentially an asset backed company, owning and leasing the single property, TEE Building.

TEE Industrial is in negative NAV position as its paid-up share capital is only a nominal amount of S$1 and has accumulated losses of S$0.88 million as at 30 November 2019. Technically, TEE Industrial is in negative net worth and hence its one share has zero value. Hence, the one share is to be transferred to TI for a nominal sum of S$1.

TEE Industrial has been a wholly-owned subsidiary of the Company. As such, the Company could fund the operations of TEE Industrial by way of paid-up share capital and/or inter-company loans or advances, which are usually interest-free and with no fixed terms of repayment. Either method of funding or combination of such funding options is common funding options between the parent company and its wholly-owned subsidiaries, has no material impact to the Group and is not prejudicial to the interests of the Company or its Shareholders. Such inter-company loans or advances are seen as quasi-equity to the subsidiary company. Accordingly, losses incurred by such subsidiary company will affect the recoverable amount of the inter-company loans or advances by the parent company. In the case where the subsidiary company is funded by equity instead of inter-company loans, the losses incurred will result in reducing the net equity or NAV of the company. In terms of ranking in the return of monies in the event of a liquidation of the company, inter-company loans and advances are normally regarded as unsecured creditors which will rank ahead of equity but will rank after all secured debts of the company.

We note that in the case of TEE Industrial, the operations of TEE Industrial which holds TEE Building are funded mainly by way of the Mortgage Loan and the outstanding payables owing from TEE Industrial to the Company. The Mortgage Loan are secured on the property, TEE Building, and the corporate guarantee from the Company, while the amount owing to the Company are interest free and has no fixed repayment terms. Following from our analysis of the funding options above, outstanding payables owing to the Company can be considered as quasi-equity, and the accumulated losses incurred by TEE Industrial will reduce the recoverable amount of the outstanding payables owing from TEE Industrial to the Company.

Hence, the cash consideration which is derived ultimately by deducting the accumulated losses of TEE Industrial against the outstanding payables owing to the Company is reasonable, as the one share of TEE Industrial has zero value given the negative NAV of the company and is to be transferred to TI at a nominal sum of S$1.

The extent of the deduction of accumulated losses or negative NAV is capped at S$1.0 million. As at 30 November 2019, the negative NAV of TEE Industrial was S$0.88 million. Management is of the opinion that the negative NAV position of TEE Industrial as at 30 November 2019 is not expected to deviate materially by the time of the completion of the TEE Industrial Disposal. The above cap is also to the advantage of the Company as it limits the Company's exposure to further losses, if any, that TEE Industrial may incur after 30 November 2019 and up to the date of completion of the TEE Industrial Disposal.

Pursuant to the terms of the TEE Industrial Disposal, the outstanding Mortgage Loan will be fully repaid or refinanced by TI. This will release the Company of its obligations under the corporate guarantee which it had extended to HLF for the Mortgage Loan.

Accordingly, the terms of the TEE Industrial Disposal are fair and reasonable so far as Shareholders are concerned in the context of Rule 10 of the Code.

9.2 New Lease

The basis of determining the Rental Rate for the premises to be leased back to the Company following the TEE Industrial Disposal which is based on SREC's independent assessment of the fair market rental rate is at arm's length and reasonable.

The New Lease is for the interim period of up to 1 year (6 months plus option to renew for another 6 months period) and does not have any option to renew further. In addition, the Company has the right to terminate the New Lease at any time and for any reasons by giving at least one (1) month's written notice of termination. This is consistent with the intent of the Company that the New Lease is to help minimize disruptions to the Company's operations subsequent to the TEE Industrial Disposal.

The Security Deposit is commonly required by landlord for property leases. The Security Deposit of 1 month for the duration of the New Lease of up to 12 months is reasonable in that context.

As an illustration, based on the Rental Rate, if the Company were to lease the premises for the full 12 months period, the Company would pay total rent of S$212,594 to TI.

Accordingly, the terms of the New Lease are fair and reasonable so far as Shareholders are concerned in the context of Rule 10 of the Code.

9.3 TSA

TI has been providing certain IT/Technology, Human Resources and General Administrative services to the Company pursuant to a master service agreement dated 1 June 2016, the terms of which have not changed since then. The fees chargeable per month by TI to the Company for the IT/Technology, Human Resources and General Administrative services are S$2,150, S$2,300 and S$1,550, totalling S$6,000 per month.

In addition to the above services, TI has provided to the Company services in relation to strategic planning and business development, tax, accounts, communications and public affairs, corporate legal, business control and risk, and management ("**Strategic Planning and Other Services**"), which are also chargeable on a monthly basis to the Company, and at a higher amount of S$17,000 per month in view of the nature and scope of these services.

With the completion of the Acquisitions, the Offeror had identified the need for TI to continue to provide IT/Technology, Human Resources and General Administrative services to the Company for an interim period to minimize disruptions to the Company's operations subsequent to the completion of the Acquisitions. However, the Offeror does not require the continuation of the Strategic Planning and Other Services from TI but has identified the need for TI to assist in the Migration Services following the completion of the Acquisition.

Hence, the Transitional Services have been identified to pertain to IT/Technology, Human Resources, General Administrative and Migration Services and the Service Fees payable by the Company for these Transitional Services are set out in the table in Section 8.3(d) above, totalling S$7,200 per month.

We have had a discussion with Management and representative from TI to understand the basis of the Service Fees payable for the Transitional Services. They are as follows:

(a) the Service Fees for IT/Technology, Human Resources and General Administrative under the TSA are 20% higher than the existing fees to take into account inflation, higher staff cost and expanded scope of work on compliance matters as the existing rates have not been revised over the last 3½ years and the scope of work has not been reviewed since then;

(b) as a cross-check, TI had estimated the costings of each of these departments based on the head-count, payroll and related cost, office rental and equipment depreciation, etc and apportionment of the monthly cost allocation to the Company, and had arrived at the monthly fees higher than the Service Fees payable under the TSA;

(c) in respect of the Migration Services, the Company and TI envisage that in view of the nature of the services, the Company would require approximately 1 to 2 staff from the IT and HR departments over a period of 1 to 2 days to assist the Company to migrate the IT systems and handover all such services currently serviced by TI to the employees in the Company. As such, total fees for the Migration Services would be small, of up to S$2,000 in total.

As an illustration, if the Company were to utilise the TSA services (IT/Technology, Human Resources and General Administrative) for the full Service Term of 12 months (6 months plus option to renew for another 6 months period) and the maximum estimated time and resources required for the Migration Services, a total of S$88,400 would be payable by the Company to TI.

Pursuant to the TSA, the Company has the right to terminate any of the Transitional Services during the Service Term by giving at least one (1) month's written notice of termination. TI, as the service provider, can also terminate any of the Transitional Services if TI and the Company agree that the Transitional Service(s) has/have been completed prior to the end of the Service Term and the Company no longer requires that particular Transitional Service(s).

The above is consistent with the intent of the Company that the TSA is to help minimize disruptions to the Company's operations subsequent to the completion of the Acquisitions, and is on a "need-to" basis as such Transitional Services can be terminated once it is no longer required by the Company.

Accordingly, the terms of the TSA are fair and reasonable so far as Shareholders are concerned in the context of Rule 10 of the Code.

10. OUR RECOMMENDATION TO THE DIRECTORS ON THE OFFER AND OUR OPINION ON THE TEE INDUSTRIAL DISPOSAL, NEW LEASE AND TSA PURSUANT TO RULE 10 OF THE CODE

In arriving at our recommendation in respect of the Offer, we have taken into account, reviewed and deliberated on the following key considerations which we considered to be pertinent in our assessment of the Offer:

(a) Market quotation and trading activity of the Shares;

(b) Financial analysis of the Group;

(c) Historical Share price performance compared to the reported NAV per Share;

(d) Comparison with precedent non-privatisation takeover offers of companies listed on the SGX-ST;

(e) Comparison of valuation ratios of selected listed companies which are broadly comparable to the Group;

(f) Dividend track record of the Company; and

(g) Other relevant considerations in relation to the Offer.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Offer are fair and reasonable. Accordingly, we advise the Directors to recommend Shareholders to ACCEPT the Offer.

Overall, based on our evaluation of the terms of the TEE Industrial Disposal, the New Lease and the TSA, our understanding from Management of the commercial arrangements with TI and the information made available to us as at the Latest Practicable Date, we are of the opinion that the terms of the TEE Industrial Disposal, the New Lease and the TSA are fair and reasonable so far as the Shareholders are concerned in the context of Rule 10 of the Code.

In rendering the above advice, we have not given regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder. As each individual Shareholder may have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his legal, financial, tax or other professional adviser immediately. The Directors should advise Shareholders that the opinion and advice of Provenance Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to reject the Offer.

Our recommendation on the Offer is addressed to the Directors for their benefit, in connection with and for the purposes of their consideration of the Offer and may not be used or relied on for any other purposes (other than for the purpose of the Offer) without the prior written consent of Provenance Capital. The recommendation to be made by the Directors to Shareholders in respect of the Offer shall remain the responsibility of the Directors.

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

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

1. DIRECTORS

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

Name	Address	Description
Er. Dr. Lee Bee Wah	c/o 25 Bukit Batok Street 22 TEE Building Singapore 659591	Non-Executive Chairman and Independent Director
Mr. Phua Cher Chew[(1)]	c/o 25 Bukit Batok Street 22 TEE Building Singapore 659591	Executive Director and CEO
Dr. Tan Khee Giap	c/o 25 Bukit Batok Street 22 TEE Building Singapore 659591	Independent Director
Mr. Chin Sek Peng	c/o 25 Bukit Batok Street 22 TEE Building Singapore 659591	Independent Director
Dato Paduka Timothy Ong Teck Mong[(1)]	c/o 25 Bukit Batok Street 22 TEE Building Singapore 659591	Non-Executive Director
Mr. Neo Weng Meng, Edwin[(1)]	c/o 25 Bukit Batok Street 22 TEE Building Singapore 659591	Non-Executive Director

Note:

(1) On 3 February 2020, the Company announced the cessation of Mr. Phua Cher Chew, Dato Paduka Timothy Ong Teck Mong and Mr. Neo Weng Meng, Edwin as Directors with effect from the date falling immediately after the despatch of this Circular. Mr. Phua Cher Chew will also cease as the CEO with effect from 3 August 2020.

2. REGISTERED OFFICE OF THE COMPANY

The registered office of the Company is at 25 Bukit Batok Street 22 TEE Building Singapore 659591.

3. PRINCIPAL ACTIVITIES OF THE COMPANY

The Company was incorporated in Singapore on 18 December 2012 and is listed on the Main Board of the SGX-ST. The Company is a regional real estate developer and investor, with a presence in Singapore, Malaysia, Australia and New Zealand. The Group undertakes residential, commercial and industrial property development projects, as well as invests in income-generating properties such as hotels in Australia and short-term workers' accommodation in New Zealand.

4. SHARE CAPITAL OF THE COMPANY

4.1 Number and class of Shares

The Company has only one class of Shares, being ordinary shares. The Shares are quoted and listed on the Main Board of the SGX-ST. As at the Latest Practicable Date, the total issued and paid-up share capital of the Company is approximately S$142,238,075 comprising 446,876,000 Shares. The Company does not hold any treasury shares.

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

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting is reproduced in **Appendix F** of this Circular. The Constitution is available for inspection at the registered address of the Company at 25 Bukit Batok Street 22 TEE Building Singapore 659591. Capitalised terms and expressions not defined in the extract have the meanings ascribed to them in the Constitution and/or the Companies Act.

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

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 May 2019, being the end of the last financial year.

4.4 Convertible instruments

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

5. SUMMARY OF FINANCIAL INFORMATION

5.1 Consolidated statements of comprehensive income

A summary of the audited consolidated statement of comprehensive income of the Group for FY2017, FY2018 and FY2019 and the unaudited financial information of the Group for 2QFY2020 and 1HFY2020 is set out below.

	Unaudited 2QFY2020 (S$'000)	**Unaudited 1HFY2020 (S$'000)**	**Audited FY2019 (S$'000)**	**Audited FY2018 (Restated) (S$'000)**	**Audited FY2017 (S$'000)**
Revenue	16,314	37,013	100,520	109,161	94,690
Net (loss)/profit before tax	(6,518)	(8,087)	(26,154)	(9,423)	3,305
Net (loss)/profit after tax	(6,787)	(8,200)	(25,823)	(8,999)	289
Loss per share (cents)	(1.56)	(1.94)	(5.33)	(1.95)	(0.23)
Net dividends per share (cents)	–	–	–	0.40	0.15

The above summary should be read together with the annual reports and relevant financial statements, copies of which are available for inspection at the registered office of the Company at 25 Bukit Batok Street 22 TEE Building Singapore 659591 during normal business hours.

The unaudited financial information of the Group for 2QFY2020 is set out in fuller detail in **Appendix E** of this Circular.

5.2 Statement of financial position

A summary of the audited consolidated statement of financial position of the Group as at 31 May 2019 is set out below.

	Note	Group 31 May 2019 (S$'000)	31 May 2018 (S$'000) (Restated)	1 June 2017 (S$'000) (Restated)
ASSETS				
Current assets				
Cash and cash equivalents	11	**25,021**	28,997	34,068
Trade receivables	12	**17,725**	8,258	6,300
Other receivables	13	**9,397**	19,222	12,285
Inventories		**46**	58	27
Loans receivable from associates	14	**10,839**	14,376	25,860
Development properties	15	**175,883**	197,727	129,052
Contract assets	4	**34,682**	41,232	29,122
Completed properties and land held for sale	16	**42,974**	48,342	47,584
		316,567	358,212	284,298
Non-current assets held for sale	17	**–**	47,617	47,481
Total current assets		**316,567**	405,829	331,779
Non-current assets				
Other receivables	13	**–**	–	6,000
Investment in associates	18	**5,409**	11,932	40,269
Property, plant and equipment	20	**40,320**	370	735
Investment properties	21	**31,442**	33,905	35,812
Deferred tax assets	22	**3,861**	4,343	3,561
Total non-current assets		**81,032**	50,550	86,377
Total assets		**397,599**	456,379	418,156
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans	23	**1,994**	6,499	1,499
Trade payables	24	**17,781**	31,731	24,187
Other payables	25	**14,456**	18,966	21,867
Contract liabilities	4	**5,387**	4,513	3,879
Finance lease	26	**13**	13	12
Long-term borrowings	27	**87,436**	97,658	45,530
Financial guarantee liabilities	28	**130**	186	200
Term notes	29	**–**	–	29,939
Income tax payables		**37**	541	3,522
Total current liabilities		**127,234**	160,107	130,635

	Note	Group 31 May 2019 (S$'000)	31 May 2018 (S$'000) (Restated)	1 June 2017 (S$'000) (Restated)
Non-current liabilities				
Deferred tax liabilities	22	**386**	1,025	374
Finance lease	26	**13**	27	38
Long-term borrowings	27	**130,201**	128,999	112,248
Financial guarantee liabilities	28	**105**	235	301
Loans from non-controlling interests	30	**9,736**	8,056	3,680
Total non-current liabilities		**140,441**	138,342	116,641
Equity				
Share capital	31	**142,238**	142,238	142,238
Currency translation reserve	32	**(361)**	571	–
Merger reserve	33	**(5,969)**	(5,969)	(5,969)
Capital reserve	34	**(6)**	(6)	(6)
Accumulated (losses)/profits		**(14,610)**	9,900	19,711
Equity attributable to equity holders of the company		**121,292**	146,734	155,974
Non-controlling interests	35	**8,632**	11,196	14,906
Total equity		**129,924**	157,930	170,880
Total liabilities and equity		**397,599**	456,379	418,156

The above summary should be read together with the annual report for FY2019, the audited consolidated statements of financial position of the Group for FY2019, which are set out in **Appendix D** of this Circular, and the related notes thereto.

5.3 Significant accounting policies

A summary of the significant accounting policies of the Group is set out in Note 2 to the audited financial statements of the Group for FY2019, which are reproduced in **Appendix D** of this Circular.

Save as disclosed in this Circular and publicly available information on the Group (including but not limited to that contained in the audited financial statements of the Group for FY2019 and Sections 4 and 5 of the unaudited financial information of the Group for 2QFY2020), there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

5.4 Changes in accounting policies

As set out in the audited financial statements of the Group for FY2019, the Group has adopted Singapore Financial Reporting Standards (International) ("**SFRS(I)**") for the first time for financial year ended 31 May 2019.

The Group has adopted SFRS(I) 16, the accounting standard for leases which is effective for annual reporting period beginning on or after 1 June 2019.

SFRS(I) 16 introduces a single lessee accounting model. A lessee is required to recognise all leases on its statement of financial position to reflect its rights to use the leased assets ("ROU" assets) and the associated obligations for lease payments (lease liabilities), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, SFRS(I) 16 replaces the straight-line operating lease expenses with depreciation charge of ROU assets and interest expenses on lease liabilities.

The Group has adopted SFRS(I) 16 using the modified retrospective approach as of 1 June 2019, with no restatement of comparative information. Upon adoption of SFRS(I) 16 on 1 June 2019, the Group recognised right-of-use assets of S$2,049,000 and lease liabilities (current and non-current) of S$2,049,000.

Save as disclosed above and in this Circular, as at the Latest Practicable Date, there has been no change in the accounting policies of the Group since the date of its audited consolidated financial statements for FY2019 which will cause the figures set out in Sections 5.1 and 5.2 of **Appendix B** to this Circular to be not comparable to a material extent.

6. MATERIAL CHANGES IN FINANCIAL POSITION

Save:

(a) as disclosed in this Circular and publicly available information on the Company (including but not limited to announcements released by the Company in respect of the change in its financial year end from 31 May to 31 March as announced on 18 February 2020, and its financial results such as the unaudited financial information of the Group for 2QFY2020 as announced on 9 January 2020 and set out in **Appendix E** of this Circular, or which may be released by the Company subsequent to the despatch date of this Circular); and

(b) in respect of properties disposed by the Group in its ordinary course of business subsequent to the despatch date of this Circular (including the potential sale of the office building at Third Avenue, of which the Company is currently in discussions with a potential buyer for sale at an agreed selling price of MYR63.0 million (S$20.62 million[1]) subject to the finalisation of the terms and conditions of the sale and purchase agreement, and which the potential buyer has paid to the Group an amount equivalent to 2% of the agreed selling price as earnest deposit. Based on the agreed selling price, the said property would be sold at below its net book value of S$26.8 million as at 30 November 2019, and after deducting commission and selling expenses, the property is expected to be sold at a loss of S$6.51 million),

there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 31 May 2019, being the date to which the Company's last published audited financial statements were made up.

Note:

1. *Based on the foreign exchange rate of S$1.00 : MYR3.055 prevailing on 30 November 2019 as used by the Group in the preparation of the financial results of the Group for 1HFY2020.*

7. VALUATION OF THE SUBJECT PROPERTIES

The Company has commissioned independent valuations of the Subject Properties. As disclosed in the Valuation Reports and/or Certificates, the basis of valuation is market value. Copies of the Valuation Reports and/or Certificates are set out in **Appendix G** of this Circular. The Valuation Reports and/or Certificates in respect of the Subject Properties are available for inspection at the registered address of the Company at 25 Bukit Batok Street 22, Singapore 659591.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liabilities which would arise if the Subject Properties, which are the subject of a valuation given in connection with the Offer, were to be sold at the amount of the valuation. Based on information provided to the Company by the respective Valuers, in a hypothetical scenario where the Subject Properties are sold, the Group may incur potential tax liability at the relevant tax rates in the respective jurisdictions. As an illustration, the Company has advised that the applicable corporate income tax rate for the properties in Singapore is 17.0% and for Australia is 30.0%. However, the Company is of the view that there is no potential tax liability on the disposal of TEE Building in Singapore and Workotel and Thistle Guest House in New Zealand as any gain on disposal is capital in nature and is not subject to tax in these jurisdictions.

As announced by the Company on 3 February 2020, the Company has entered into a sale and purchase agreement with TEE International for the sale of the entire issued and paid-up share capital of TEE Industrial, which wholly-owns the TEE Building, to TEE International.

8. DISCLOSURE OF INTERESTS OF THE COMPANY AND THE DIRECTORS

8.1 Shareholdings and dealings

As at the Latest Practicable Date:

(a) the Company does not have any direct or deemed interests in any Offeror Securities;

(b) none of the Directors has any direct or deemed interests in any Offeror Securities:

(c) each of the Company and the Directors have not dealt for value in any Offeror Securities during the Relevant Period;

(d) save as disclosed below and in this Circular, none of the Directors has any direct or deemed interests in any Company Securities:

Interests in Shares

Name	Direct Interest		Deemed Interest	
	No. of Shares	%(1)	No. of Shares	%(1)
Er. Dr. Lee Bee Wah	2,159,033	0.48	–	–
Mr. Phua Cher Chew	4,379,537	0.98	–	–
Mr. Neo Weng Meng, Edwin	61,100	0.01	–	–
Dato Paduka Timothy Ong Teck Mong	664,885	0.15	–	–
Dr. Tan Khee Giap	–	–	–	–
Mr. Chin Sek Peng	260,000	0.06	100,000	0.02

Note:

(1) Based on the issued share capital of the Company of 446,876,000 Shares (excluding treasury shares) as at the Latest Practicable Date.

(e) save for the open market purchases of 47,200 Shares on 19 August 2019 for S$7,080 and 14,600 Shares on 20 August 2019 for S$2,190 by Er. Dr. Lee Bee Wah, none of the Directors has dealt for value in any Company Securities during the Relevant Period.

8.2 Directors' intentions in relation to the Offer

The following Directors who have direct and/or deemed interests in the Shares, have, taking into account their respective personal investment objectives, informed the Company of their intentions in respect of the Offer as follows:

(a) Er. Dr Lee Bee Wah has informed the Company that she intends to tender the 2,159,033 Shares held by her in acceptance of the Offer;

(b) Mr. Phua Cher Chew has informed the Company that he intends to tender the 4,379,537 Shares held by him in acceptance of the Offer;

(c) Mr. Chin Sek Peng has informed the Company that he intends to tender the 260,000 Shares held by him in acceptance of the Offer and his spouse intends to tender the 100,000 Shares held by her in acceptance of the Offer;

(d) Dato Paduka Timothy Ong Teck Mong has informed the Company that he intends to tender the 664,885 Shares held by him in acceptance of the Offer; and

(e) Mr. Neo Weng Meng, Edwin has informed the Company that he intends to reject the Offer in respect of the 61,100 Shares held by him.

8.3 Directors' service contracts

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

8.4 Arrangements affecting directors

As at the Latest Practicable Date:

(a) there are no payments or other benefits which will be made or given to any Director or any director of any corporation, which is by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;

(b) save for the resignations of Mr. Phua Cher Chew, Dato Paduka Timothy Ong Teck Mong and Mr. Neo Weng Mong, Edwin as Directors with effect from the date falling immediately after the despatch of this Circular, and Mr. Phua Cher Chew's resignation as the CEO with effect from 3 August 2020, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and

(c) none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

9. DISCLOSURE OF INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

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

10. MATERIAL CONTRACTS WITH INTERESTED PERSONS

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

11. MATERIAL LITIGATION

As at the Latest Practicable Date:

(a) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole; and

(b) the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

The following information on the Offeror has been extracted from Appendix C of the Offer Document and set out below.

*"**APPENDIX C – INFORMATION ON THE OFFEROR***

1. DIRECTORS

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

Name	***Address***	***Description***
Soo Kim Wai	*c/o 138 Cecil Street #12-01A Cecil Court Singapore 069538*	*Director*
Lum Sing Fai	*c/o 138 Cecil Street #12-01A Cecil Court Singapore 069538*	*Director*
Hooi Toong Wan	*c/o 138 Cecil Street #12-01A Cecil Court Singapore 069538*	*Director*

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

The Offeror is a private company limited by shares and was incorporated in the Republic of Singapore on 27 June 2018. Its principal activity is that of investment holding. As at the Latest Practicable Date, the issued and paid-up share capital of the Offeror is US$1.00, comprising 1 ordinary share, held by Amcorp.

3. SUMMARY OF FINANCIAL POSITION

***3.1** Set out below is a summary of certain financial information extracted from the Offeror's audited financial statements for the financial period commencing from 27 June 2018, being the date of the Offeror's incorporation, and ending on 31 March 2019 ("**FP2019**"). As the Offeror was incorporated on 27 June 2018, it has no audited financial statements prior to the Offeror's audited financial statements for FP2019. Since the Offeror's audited financial statements for FP2019, there have not been any interim financial statements prepared by the Offeror. The financial information referred to in this paragraph should be read in conjunction with the Offeror's audited financial statements for FP2019. A copy of the Offeror's audited financial statements for FP2019 are available for inspection at the registered office of the Offeror.*

3.2 Income Statements

Summary statements of profit or loss

	FP2019 (Audited) (S$)
Revenue	***–***
Exceptional items	***–***
Other operating expenses	*(5,139)*
Loss before income tax	***(5,139)***
Income tax	*–*
Loss for the financial period / total comprehensive loss for the financial period	***(5,139)***
Minority interests	***–***
Net loss per share	***(5,139)***
Net dividends per share	***–***

3.3 Balance Sheet

Summary statements of financial position

	As at 31 March 2019 (Audited) (S$)
ASSETS	
Current assets	
Prepayment	*5,325*
Cash and cash equivalents	*27,862*
TOTAL ASSETS	***33,187***
EQUITY AND LIABILITIES	
Capital and reserve	
Share capital	*1*
Accumulated losses	*(5,139)*
Current liabilities	
Other payables	*38,325*
TOTAL EQUITY AND LIABILITIES	***33,187***

4. MATERIAL CHANGES IN FINANCIAL INFORMATION

As at the Latest Practicable Date, save for the making and financing of the Acquisitions and the Offer, there has been no known material change in the financial position of the Offeror since the date of its last published audited financial statements, for the financial period ended 31 March 2019.

5. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Offeror are disclosed in Note 3 to the Offeror's audited financial statements for FP2019. Copies of the Offeror's audited financial statements for FP2019 are available for inspection at the registered office of the Offeror.

6. CHANGES IN ACCOUNTING POLICIES

*There have been no changes to the significant accounting policies of the Offeror since 31 March 2019, being the date of the last published audited financial statements of the Offeror, which would cause the figures set out in this **Appendix C** to be not comparable to a material extent.*

7. REGISTERED OFFICE

The registered office of the Offeror is at 138 Cecil Street, #12-01A Cecil Court, Singapore 069538."

The following information on Amcorp has been extracted from Appendix D of the Offer Document and set out below.

*"**APPENDIX D – INFORMATION ON AMCORP***

1. DIRECTORS

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

Name	***Address***	***Description***
Tan Sri Azman Hashim	*c/o 2-01, Block B, Amcorp Tower AMCORP Trade Centre, 18 Jalan Persiaran Barat 46050 Petaling Jaya Selangor, Malaysia*	*Executive Chairman*
Soo Kim Wai	*c/o 2-01, Block B, Amcorp Tower AMCORP Trade Centre, 18 Jalan Persiaran Barat 46050 Petaling Jaya Selangor, Malaysia*	*Group Managing Director*
Shalina Azman	*c/o 2-01, Block B, Amcorp Tower AMCORP Trade Centre, 18 Jalan Persiaran Barat 46050 Petaling Jaya Selangor, Malaysia*	*Deputy Group Managing Director*
Shahman Azman	*c/o 2-01, Block B, Amcorp Tower AMCORP Trade Centre, 18 Jalan Persiaran Barat 46050 Petaling Jaya Selangor, Malaysia*	*Director*

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

Amcorp is a public company limited by shares and was incorporated in Malaysia on 26 April 1910. Its principal activity is that of investment holding.

As at the Latest Practicable Date, the issued and paid-up share capital of Amcorp is RM1,637.9 million which is made up of:

(a) RM1,424.0 million ordinary shares, comprising 1,071.7 million ordinary shares (including 11.7 million treasury shares) and

(b) RM213.9 million redeemable preference shares, comprising 80,930 redeemable preference shares.

3. SUMMARY OF FINANCIAL POSITION

***3.1** Set out below is a summary of certain financial information extracted from the audited consolidated financial statements for FY2019, FY2018 and FY2017 of Amcorp (collectively, "**Amcorp's Financial Statements**"). The financial information referred to in this paragraph should be read in conjunction with Amcorp's Financial Statements and the accompanying notes as set out therein. A copy of Amcorp's Financial Statements is available for inspection at the registered office of the Offeror.*

3.2 Consolidated Income Statements

Summary consolidated statements of profit or loss

(RM'000)	FY2019 (Audited)	FY2018 (Restated) (Audited)	FY2017 (Audited)
Revenue	420,227	462,239	446,029
Share of results of joint ventures	30,937	203,989	18,109
Share of results of associates	197,428	147,909	175,698
Exceptional items	–	–	–
Profit before taxation	337,683	437,523	112,278
Profit for the financial year	315,978	378,537	48,764
Profit for the financial year attributable to: -			
Owner of the parent	262,498	298,721	11,814
Non-controlling interests	53,480	79,816	36,950
Earnings per share attributable to equity holder of the Company: -			
Basic (sen)	24.76	28.18	1.11
Diluted (sen)	24.76	28.18	1.11
Net dividends per share (sen)	–	–	–

Note: The audited financial statements for FY2019 and FY2018 (Restated) were prepared in accordance with MFRS, whilst the audited financial statements for FY2017 were prepared in accordance with FRS.

3.3 Consolidated Balance Sheets

Summary consolidated statements of financial position

(RM'000)	As at 31 March 2019 (Audited)
ASSETS	
Non-current assets	
Property, plant and equipment	280,818
Investment properties	102,270
Investments in joint ventures	696,148
Investments in associates	2,413,809
Financial investments at fair value through other comprehensive income	77,406
Financial assets at fair value through profit or loss	392
Financial investments at amortised cost	420
Inventories	72,754
Loan receivables	1,681,204
Long term receivables	9,402
Deferred tax assets	83,727
	5,418,350

(RM'000)	***As at 31 March 2019 (Audited)***
Current assets	
Financial investments at amortised cost	*377*
Inventories	*206,622*
Loans receivables	*159,552*
Trade receivables	*23,317*
Other receivables	*59,713*
Contract assets	*18,463*
Tax recoverable	*3,830*
Deposits, cash and bank balances	*1,310,148*
	1,782,022
TOTAL ASSETS	***7,200,372***
EQUITY AND LIABILITIES	
Equity attributable to owner of the parent	
Share capital	*1,373,616*
Treasury shares	*(12,701)*
Reserves	*2,298,750*
	3,659,665
Non-controlling interests	*525,989*
TOTAL EQUITY	***4,185,654***
LIABILITIES	
Non-current liabilities	
Borrowings	*1,857,275*
Hire purchase and lease creditors	*3,662*
Long term payables	*4,204*
Deferred tax liabilities	*2,134*
	1,867,275

(RM'000)	***As at 31 March 2019 (Audited)***
Current Liabilities	
Redeemable preference shares	*264,267*
Borrowings	*716,565*
Hire purchase and lease creditors	*1,935*
Trade payables	*45,999*
Other payables	*75,616*
Contract liabilities	*14,803*
Amount due to holding company	*7,734*
Amount due to a related company	*1*
Derivative liabilities	*8,741*
Current tax liabilities	*11,782*
	1,147,443
TOTAL LIABILITIES	***3,014,718***
TOTAL EQUITY AND LIABILITIES	***7,200,372***

4. MATERIAL CHANGES IN FINANCIAL INFORMATION

As at the Latest Practicable Date, save as a result of the making and financing of the Acquisitions and the Offer and as disclosed in Amcorp's Financial Statements, and any other information on Amcorp which is publicly announced, there have been no known material changes in the financial position of Amcorp since the date of the last published audited consolidated financial statements of Amcorp.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 *Amcorp's audited consolidated financial statements for FY2017 were prepared in accordance with FRS.*

In FY2019, Amcorp adopted the new MFRS framework for its financial period beginning on 1 April 2018. Its audited consolidated financial statements for FY2019 have been prepared in accordance with MFRS, IFRS and the requirements of the Companies Act 2016 in Malaysia. This was the first set of financial statements of Amcorp prepared in accordance with the MFRS, including MFRS 1 First-time Adoption of MFRS.

In addition to the new MFRS framework, Amcorp adopted MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014) in FY2019.

5.2 *The financial impact arising from the transition to MFRS and adoption of MFRS 9 as disclosed in Note 4 to Amcorp's audited consolidated financial statements for FY2019 is summarised below.*

(a) Adoption of MFRS 9

Upon adoption of MFRS 9 on 1 April 2018:

(i) Amcorp has made an irrevocable election to classify certain equity investments previously classified as financial investments available-for-sale as financial investments at fair value through other comprehensive income;

(ii) Re-measured certain unquoted equity investments at fair value;

(iii) Classified all financial assets previously classified as loans and receivables and held-to-maturity as financial investments at amortised cost; and

(iv) Adopted a forward looking expected credit loss model in recognition of impairment provision for financial assets.

Amcorp has elected the exemption under MFRS 1 which allows Amcorp not to restate comparative information in the year of initial application. In Amcorp's audited consolidated financial statements for FY2019, it continued to apply FRS 139 Financial Statements: Recognition and Measurement and FRS 7 Financial Instruments: Disclosures for FY2018 figures and FY2018 figures have not been restated to comply with MFRS 9. Adjustments to align the carrying amounts of financial assets under FRS 139 and MFRS 9 are recognised in the retained earnings or the relevant reserves as at 1 April 2018.

(b) Adoption of MFRS 15 Revenue from Contract with Customers

(i) The adoption of MFRS 15 affected Amcorp's recognition of revenue and cost of sales for its property development activities, whereby:

(ii) It had deferred the recognition of the revenue from sales of properties where it was not able to determine the probability that it would be able to collect the consideration to which it would be entitled and if it does not have enforceable rights to payment for performance completed to date;

(iii) Sales related expenses had been capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation; and

(iv) Purchasers' cost borne by Amcorp in securing contracts with customers would be accounted for as a reduction against the gross development value of the projects.

In Amcorp's audited consolidated financial statements for FY2019, Amcorp has applied MFRS 15 retrospectively in its opening MFRS statements of financial position at the transition date of 1 April 2017 and throughout all year presented. Comparative figures, including consolidated statements of profit or loss for FY2018 have been restated to give effect to these changes.

The significant accounting policies of Amcorp are disclosed in Note 5 to Amcorp's audited consolidated financial statements for FY2019. A copy of Amcorp's audited consolidated financial statement for FY2019 is available for inspection at the registered office of the Offeror, during normal business hours.

6. CHANGES IN ACCOUNTING POLICIES

*There have been no changes to the significant accounting policies of Amcorp since 31 March 2019, being the date of the last audited consolidated financial statement of Amcorp, except for the adoption of the following new MFRS, amendments to MFRS and Issues Committee ("**IC**") Interpretation that are effective for the financial period starting 1 April 2019:*

MFRS 16	*Leases*
Amendments to MFRS 3	*Annual Improvements to MFRS Standards 2015 – 2017 Cycle*
Amendments to MFRS 9	*Financial Instruments - Prepayments Features with Negative Compensation*
Amendments to MFRS 11	*Annual Improvements to MFRS Standards 2015 – 2017 Cycle*
Amendments to MFRS 123	*Annual Improvements to MFRS Standards 2015 – 2017 Cycle*
Amendments to MFRS 128	*Long-term Interests in Associates and Joint Ventures*
IC Interpretation 23	*Uncertainty over Income Tax Treatments*

Adoption of the above new MFRS, amendments and IC Interpretation will not have any material effect to the figures set out in this Appendix D and will not cause the figures set out in this Appendix D to be not comparable to a material extent.

7. REGISTERED OFFICE

The registered office of Amcorp is at 2-01, Block B, Amcorp Tower, AMCORP Trade Centre, 18 Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor, Malaysia."

The audited consolidated financial statements of the Group for FY2019 which are set out below have been reproduced from the Company's annual report for FY2019, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in Note 2 to the audited consolidated financial statements of the Group for FY2019 set out below shall have the same meanings given to them in the annual report of the Company for FY2019.

A copy of the annual report of the Company for FY2019 is available for inspection at the registered address of the Company at 25 Bukit Batok Street 22 TEE Building Singapore 659591, during normal business hours until the Closing Date.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of TEE Land Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 May 2019.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 68 to 156 are properly drawn up so as to give a true and fair view of the financial positions of the Group and the Company as at 31 May 2019 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Er. Dr. Lee Bee Wah
Mr. Phua Cher Chew
Dato Paduka Timothy Ong Teck Mong
Dr. Tan Khee Giap
Mr. Chin Sek Peng
Mr. Lim Teck Chai, Danny (Resigned on 23 August 2019)
Mr. Neo Weng Meng, Edwin

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

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

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial year had interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act as shown below:

	Number of ordinary shares					
	Shareholdings registered in their own names			Shareholdings in which a director is deemed to have an interest		
Name of directors and companies in which interests are held	**At 1.6.2018**	**At 31.5.2019**	**At 21.06.2019**	**At 1.6.2018**	**At 31.5.2019**	**At 21.06.2019**
Holding company						
TEE International Limited						
Ordinary shares						
Er. Dr. Lee Bee Wah	764,000	1,054,320	1,054,320	–	–	–
Mr. Phua Cher Chew	666,556	246,556	246,556	–	–	–
Dato Paduka Timothy Ong Teck Mong	2,258,279	3,116,425	3,116,425	–	–	–
Mr. Neo Weng Meng, Edwin	200,000	–	–	–	–	–
Warrants to subscribe for ordinary shares at the exercise price of $0.189 - $0.215 each						
Er. Dr. Lee Bee Wah	76,400	87,053	87,053	–	–	–
Mr. Phua Cher Chew	66,655	75,950	75,950	–	–	–
Dato Paduka Timothy Ong Teck Mong	225,827	257,318	257,318	–	–	–
Mr. Neo Weng Meng, Edwin	20,000	22,788	22,788	–	–	–
The Company						
TEE Land Limited						
Ordinary shares						
Er. Dr. Lee Bee Wah	1,774,233	2,097,433	2,097,233	–	–	–
Mr. Phua Cher Chew	4,379,537	4,379,537	4,379,537	–	–	–
Dato Paduka Timothy Ong Teck Mong	664,885	664,885	664,885	–	–	–
Mr. Chin Sek Peng	260,000	260,000	260,000	100,000	100,000	100,000
Mr. Neo Weng Meng, Edwin	61,100	61,100	61,100	–	–	–

SHARE OPTIONS

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

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

Mr. Chin Sek Peng	(Chairman and independent non-executive director)	
Er. Dr. Lee Bee Wah	(Independent non-executive director)	
Dr. Tan Khee Giap	(Independent non-executive director)	
Mr. Lim Teck Chai, Danny	(Independent non-executive director)	(Resigned on 23 August 2019)

All members of this committee are non-executive and independent directors.

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Act, including the following:

- Reviews the audit plan of the independent auditor of the Company and the co-operation given by the management to the independent auditor;
- Reviews the quarterly, half-yearly and full-year result announcements of the Group and the Company before their submission to the Board of Directors of the Company;
- Reviews the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company and independent auditor's report on those financial statements before their submission to the Board of Directors of the Company;
- Reviews the effectiveness of the Group's material internal controls, including financial, operational, compliance, information technology controls and risk management policies;
- Meets with the independent auditor and where appropriate, the other committees and management in separate sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes, and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the independent auditor;
- Reviews the nature and extent of non-audit services, if any, provided by the independent auditor;
- Recommends to the Board of Directors the independent auditor to be nominated, approves the compensation of the independent auditor, and reviews the scope and results of the audit;
- Reports actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considers appropriate;
- Reviews the scope, results and cost effectiveness of internal audit procedures as well as the effectiveness of the Group's and Company's internal audit function; and
- Reviews the interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The Audit Committee has full authority to investigate any matter within its terms of reference, and has full access to and co-operation by the management and has full discretion to invite any director, executive officer or other employee of the Group to attend its meetings. The independent auditor has unrestricted access to the Audit Committee and the Audit Committee has reasonable resources available to enable it to discharge its functions properly.

The Audit Committee also undertakes such other functions as may be agreed to by the Audit Committee and the Board of Directors of the Company.

DIRECTORS' STATEMENT

INDEPENDENT AUDITOR

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Phua Cher Chew Director	Neo Weng Meng, Edwin Director

11 September 2019

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE Land Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of TEE Land Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 68 to 156, which comprise the statements of financial position of the Group and the Company as at 31 May 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 May 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Recognition of revenue from sales of residential and mixed-use properties

Description of key audit matter

The Group is in the business of constructing and developing residential and commercial properties. As disclosed in Note 4 to the financial statements, revenue from sales of residential and mixed-use properties amounted to $90,372,000 which represented approximately 90% of the Group's revenue for the financial year ended 31 May 2019.

As disclosed in Notes 2(b) and 3 to the financial statements, the Group recognises revenue either at a point in time or over time, depending on the contractual terms. Revenue from sales of residential and mixed-use properties is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

The determination of the estimated total construction and other costs to be incurred require significant management judgement and estimates, which may have an impact on the amounts of revenue and profits recognised during the year.

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE Land Limited

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Recognition of revenue from sales of residential and mixed-use properties (cont'd)

Our audit procedures to address the key audit matter

Our audit procedures in relation to revenue from sales of development properties, among others, included:

– We obtained an understanding and tested the design and implementation of the Group's relevant key controls over the recognition of revenue from sales of development properties;

– We obtained an understanding of the terms and conditions of the contracts with customers and reviewed management's assessment on the identification of the performance obligations, the timing of revenue recognition and the relevant adjustments on revenue recognition arising from the adoption of SFRS(I) 15.

– For revenue recognised over time, we reviewed management's estimated total construction and other related costs to be incurred for each of the properties, and assessed the reasonableness of the assumptions and estimates applied by management which include key elements such as development construction costs, variation works, other property expenses, and taking into consideration any effects of significant or unusual events that occurred during the financial year;

– We reviewed the basis in allocation of the contract costs to residential and mixed-use properties within the same development and also tested their arithmetic calculations;

– We discussed with management regarding the progress of the construction of development properties and compared the work performed to-date to the estimated total construction and other related costs and tested arithmetic computation of the revenue recognised based on the input method calculation; and

– We also reviewed the adequacy of disclosures in the financial statements.

Valuation of development properties and completed properties and land held for sale

Description of key audit matter

As at 31 May 2019, the Group has a portfolio of development properties comprising residential properties and mixed-use development properties in Singapore, with a net carrying value of $175,883,000. The Group also has completed properties in Singapore and Malaysia and freehold land held for sale in Vietnam on that date, with a net carrying value of $42,974,000, net of write-down of $4,052,000 as at 31 May 2019.

As disclosed in Notes 3, 15 and 16 to the financial statements, the development properties and completed properties and land held for sale (collectively "properties") are stated at the lower of cost and net realisable value. The determination of the net realisable values of these properties are dependent upon the management's estimates of future demand and selling prices of these properties. Management performs cost analysis for each property, taking into account the costs incurred to date, the development status, estimated costs to complete each property, the prevailing property market conditions, estimated future demand and selling prices of completed properties and land held for sale. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties. Management also compared the carrying amounts of the properties to the open market values estimated by valuers to determine whether a write-down is required for those properties with slower-than-expected sales or with low or negative margins. Changes to these estimates can have a significant impact to the financial statements.

INDEPENDENT AUDITOR'S REPORT
to the Members of TEE Land Limited

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Valuation of development properties and completed properties and land held for sale (cont'd)

Our audit procedures to address the key audit matter

Our audit procedures in relation to valuation of properties, among others, included:

– We obtained an understanding and tested the design and implementation of the Group's relevant controls related to assessment of net realiable values for properties;

– We assessed the Group's estimated sale values of the properties by comparing estimated sale values to, where available, recent transacted prices and prices of comparable properties located in the same vicinity as the properties;

– We compared the carrying amounts of the properties to the market values estimated by valuers;

– We considered the competencies, capabilities and objectivity of valuers;

– We assessed the appropriateness of the valuation models and property related data including estimates used by the valuers;

– We focused our work on properties with slower-than-expected sales or with low or negative margins. For projects which are expected to sell below their respective costs, we have reviewed management's assessment of realisable values of the assets and checked the computations of the write-down, if any, and considered the adequacy of the disclosures in respect of the write-down;

– We reviewed the budgeted development construction costs by making enquiries with management and comparing the estimation to the historical cost incurred and the approved budget; and

– We also performed substantive test including test of details of transactions on the accuracy and completeness of the total contract costs including test of major costs components of the contract costs to source documents.

Valuation of investment properties

Description of key audit matter

As at 31 May 2019, the Group has a portfolio of investment properties comprising a leasehold building in Singapore and freehold properties in New Zealand and Thailand, with a total carrying value of $31,442,000.

As disclosed in Notes 2(h), 3 and 21 to the financial statements, these investment properties are stated at fair values, determined based on valuations carried out by valuers.

In determining the fair values of the investment properties, the valuers have used valuation techniques which involves assumptions and significant unobservable inputs which are disclosed in Note 21 to the financial statements.

Any significant changes in the key assumptions could result in a significant impact to the fair values of the investment properties.

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE Land Limited

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Valuation of investment properties (cont'd)

Our audit procedures to address the key audit matter

Our audit procedures in relation to valuation of investment properties, among others, included:

– We assessed management's processes for the selection of valuers, the determination of the scope of work of the valuers, and the review and acceptance of the external valuation reports;

– We evaluated the professional qualifications and competencies of the valuers;

– We read the terms and scope of engagement of the valuers to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;

– We held discussions with the valuers and reviewed the key assumptions used by reference to externally published market data and comparable property transactions, where available, and we also considered whether these assumptions are consistent with the current market environment;

– We also reviewed the adequacy of disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE Land Limited

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE Land Limited

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Khor Boon Hong.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

11 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 May 2019

	Note	Group 2019 $'000	Group 2018 $'000 (Restated)
Revenue	4	**100,520**	109,161
Cost of sales		**(90,079)**	(85,232)
Gross profit		**10,441**	23,929
Other operating income	5	**1,353**	3,133
Selling and distribution costs		**(6,903)**	(11,896)
Administrative expenses		**(12,858)**	(9,016)
Other operating expenses	6	**(9,358)**	(11,026)
Finance costs	7	**(8,037)**	(7,385)
Share of results of associates	18	**(792)**	2,838
Loss before tax	8	**(26,154)**	(9,423)
Tax credit	9	**331**	424
Loss for the financial year		**(25,823)**	(8,999)
Other comprehensive (loss)/income			
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences arising on consolidation, representing other comprehensive income for the year		**(1,513)**	374
Total comprehensive loss for the financial year		**(27,336)**	(8,625)
Loss attributable to:			
Equity holders of the Company		**(23,840)**	(8,694)
Non-controlling interests		**(1,983)**	(305)
		(25,823)	(8,999)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(24,772)**	(8,123)
Non-controlling interests		**(2,564)**	(502)
		(27,336)	(8,625)
Loss per share for loss attributable to equity holders of the Company			
Basic (cents)	10	**(5.33)**	(1.95)
Diluted (cents)	10	**(5.33)**	(1.95)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 May 2019

		Group		
		31.5.2019	31.5.2018	1.6.2017
	Note	**$'000**	$'000	$'000
			(Restated)	(Restated)
ASSETS				
Current assets				
Cash and cash equivalents	11	**25,021**	28,997	34,068
Trade receivables	12	**17,725**	8,258	6,300
Other receivables	13	**9,397**	19,222	12,285
Inventories		**46**	58	27
Loans receivable from associates	14	**10,839**	14,376	25,860
Development properties	15	**175,883**	197,727	129,052
Contract assets	4	**34,682**	41,232	29,122
Completed properties and land held for sale	16	**42,974**	48,342	47,584
		316,567	358,212	284,298
Non-current assets held for sale	17	**–**	47,617	47,481
Total current assets		**316,567**	405,829	331,779
Non-current assets				
Other receivables	13	**–**	–	6,000
Investment in associates	18	**5,409**	11,932	40,269
Property, plant and equipment	20	**40,320**	370	735
Investment properties	21	**31,442**	33,905	35,812
Deferred tax assets	22	**3,861**	4,343	3,561
Total non-current assets		**81,032**	50,550	86,377
Total assets		**397,599**	456,379	418,156
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans	23	**1,994**	6,499	1,499
Trade payables	24	**17,781**	31,731	24,187
Other payables	25	**14,456**	18,966	21,867
Contract liabilities	4	**5,387**	4,513	3,879
Finance lease	26	**13**	13	12
Long-term borrowings	27	**87,436**	97,658	45,530
Financial guarantee liabilities	28	**130**	186	200
Term notes	29	**–**	–	29,939
Income tax payables		**37**	541	3,522
Total current liabilities		**127,234**	160,107	130,635

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 May 2019

		Group		
		31.5.2019	31.5.2018	1.6.2017
	Note	**$'000**	$'000	$'000
			(Restated)	(Restated)
Non-current liabilities				
Deferred tax liabilities	22	**386**	1,025	374
Finance lease	26	**13**	27	38
Long-term borrowings	27	**130,201**	128,999	112,248
Financial guarantee liabilities	28	**105**	235	301
Loans from non-controlling interests	30	**9,736**	8,056	3,680
Total non-current liabilities		**140,441**	138,342	116,641
Equity				
Share capital	31	**142,238**	142,238	142,238
Currency translation reserve	32	**(361)**	571	–
Merger reserve	33	**(5,969)**	(5,969)	(5,969)
Capital reserve	34	**(6)**	(6)	(6)
Accumulated (losses)/profits		**(14,610)**	9,900	19,711
Equity attributable to equity holders of the company		**121,292**	146,734	155,974
Non-controlling interests	35	**8,632**	11,196	14,906
Total equity		**129,924**	157,930	170,880
Total liabilities and equity		**397,599**	456,379	418,156

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

STATEMENT OF FINANCIAL POSITION

At 31 May 2019

		Company		
		31.5.2019	31.5.2018	1.6.2017
	Note	**$'000**	$'000	$'000
ASSETS				
Current assets				
Cash and bank balances	11	**459**	858	1,829
Other receivables	13	**110,877**	126,859	142,449
Loans receivables from associates	14	**–**	–	2,883
Total current assets		**111,336**	127,717	147,161
Non-current assets				
Other receivables	13	**13,229**	10,709	3,830
Investment in subsidiaries	19	**32,446**	32,861	32,996
Total non-current assets		**45,675**	43,570	36,826
Total assets		**157,011**	171,287	183,987
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans	23	**495**	5,000	–
Other payables	25	**13,269**	9,611	8,458
Long-term borrowings	27	**–**	10,000	–
Financial guarantee liabilities	28	**646**	907	2,056
Term notes	29	**–**	–	29,939
Income tax payable		**8**	93	73
Total current liabilities		**14,418**	25,611	40,526
Non-current liability				
Financial guarantee liabilities	28	**459**	1,027	833
Total non-current liability		**459**	1,027	833
Equity				
Share capital	31	**142,238**	142,238	142,238
Accumulated (losses)/ profits		**(104)**	2,411	390
Total equity		**142,134**	144,649	142,628
Total liabilities and equity		**157,011**	171,287	183,987

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2019

	Share capital $'000	Currency translation reserve $'000	Merger reserve $'000	Capital reserve $'000	Accumulated losses $'000	Equity attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
At 1 June 2018								
- as previously reported, FRS framework	142,238	(302)	(5,969)	(6)	15,584	151,545	11,856	163,401
- Cumulative effects of adopting SFRS(I) (Note 2(a))	–	873	–	–	(5,684)	(4,811)	(660)	(5,471)
At 31 May 2018 and 1 June 2018, SFRS(I) framework	142,238	571	(5,969)	(6)	9,900	146,734	11,196	157,930
Loss for the year	–	–	–	–	(23,840)	(23,840)	(1,983)	(25,823)
Other comprehensive loss for the year								
- currency translation difference on consolidation	–	(932)	–	–	–	(932)	(581)	(1,513)
Total comprehensive loss for the year	–	(932)	–	–	(23,840)	(24,772)	(2,564)	(27,336)
Dividends (Note 36)	–	–	–	–	(670)	(670)	–	(670)
At 31 May 2019	**142,238**	**(361)**	**(5,969)**	**(6)**	**(14,610)**	**121,292**	**8,632**	**129,924**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2019

	Share capital $'000	Currency translation reserve $'000	Merger reserve $'000	Capital reserve $'000	Accumulated profits $'000	Equity attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
At 1 June 2017								
- as previously reported, FRS framework	142,238	(873)	(5,969)	(6)	21,683	157,073	15,144	172,217
- Cumulative effects of adopting SFRS(I) (Note 2(a))	–	873	–	–	(1,972)	(1,099)	(238)	(1,337)
At 31 May 2017 and 1 June 2017, SFRS(I) framework	142,238	–	(5,969)	(6)	19,711	155,974	14,906	170,880
Loss for the year	–	–	–	–	(8,694)	(8,694)	(305)	(8,999)
Other comprehensive income for the year								
- currency translation difference on consolidation	–	571	–	–	–	571	(197)	374
Total comprehensive income/(loss) for the year	–	571	–	–	(8,694)	(8,123)	(502)	(8,625)
Capital injection by non-controlling interests	–	–	–	–	–	–	1,137	1,137
Repayment of deemed capital to non-controlling interests	–	–	–	–	–	–	(4,345)	(4,345)
Dividends (Note 36)	–	–	–	–	(1,117)	(1,117)	–	(1,117)
At 31 May 2018	142,238	571	(5,969)	(6)	9,900	146,734	11,196	157,930

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2019

	Share capital $'000	Accumulated (losses)/profits $'000	Total equity $'000
Company			
Balance at 1 June 2018	142,238	2,411	144,649
Loss for the year, representing total comprehensive loss for the year	–	(1,845)	(1,845)
Dividends (Note 36)	–	(670)	(670)
Balance at 31 May 2019	**142,238**	**(104)**	**142,134**
Balance at 1 June 2017	142,238	390	142,628
Profit for the year, representing total comprehensive income for the year	–	3,138	3,138
Dividends (Note 36)	–	(1,117)	(1,117)
Balance at 31 May 2018	142,238	2,411	144,649

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 May 2019

	Group	
	2019 **$'000**	2018 $'000 (Restated)
Operating activities		
Loss before tax	**(26,154)**	(9,423)
Adjustments for:		
Share of results of associates	**792**	(2,838)
Fair value loss on investment properties	**2,191**	1,495
Depreciation of property, plant and equipment	**2,135**	387
Remeasurement adjustment of non-current asset held for sale	**2,872**	–
Gain on disposal of stock dividend	**–**	(160)
Dividend income	**–**	(544)
Impairment loss on investment in associates	**3,600**	7,568
Impairment loss on trade receivables	**5**	6
Impairment loss on other receivables	**181**	181
Impairment on loan receivables from associates	**665**	–
Property, plant and equipment written off	**–**	10
Non-current asset held for sale written off	**–**	82
Completed properties and land held for sale written down	**542**	1,684
Gain on disposal of property, plant and equipment	**(30)**	–
Amortisation of capitalised contract costs	**3,800**	5,565
Amortisation of show flat expenses	**433**	514
Amortisation of financial guarantee liabilities	**(186)**	(255)
Amortisation of term notes	**–**	61
Interest income	**(349)**	(827)
Interest expenses	**8,037**	7,385
Operating cash flows before movements in working capital	**(1,466)**	10,891
Trade receivables	**(9,562)**	(1,825)
Other receivables	**4,960**	67
Inventories	**8**	(31)
Contract assets	**6,549**	(12,110)
Development properties	**(5,725)**	(83,057)
Completed properties and land held for sale	**31,032**	13,925
Trade payables	**(13,418)**	6,818
Other payables	**(3,422)**	(2,634)
Contract liabilities	**874**	634
Currency translation adjustments	**744**	(75)
Cash generated from/(used in) operations	**10,574**	(67,397)
Income tax paid	**(432)**	(3,521)
Income tax refunded	**56**	790
Net cash from/(used in) operating activities	**10,198**	(70,128)
Investing activities		
Sale proceeds from disposal of property, plant and equipment	**286**	–
Purchase of property, plant and equipment (Note 20)	**(257)**	(24)
Addition to investment property (Note 21)	**(46)**	–
Addition to non-current asset held for sale (Note 17)	**–**	(1,067)
Dividend received from associates	**2,131**	9,930
Proceeds from disposal of investment in associates	**–**	4,856
Proceeds from capital reduction in investment in associates	**–**	450
Repayment of loans receivable from associates	**3,221**	12,488
Loans receivable from associates	**(347)**	(919)
Interest received	**482**	2,476
Net cash from investing activities	**5,470**	28,190

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 May 2019

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Financing activities		
Interest paid	**(7,819)**	(6,999)
Drawdown of bank loans	**495**	10,000
Repayment of bank loans	**(5,000)**	(5,000)
Drawdown of long-term borrowings	**34,935**	96,408
Repayment of long-term borrowings	**(42,255)**	(27,021)
Drawdown of short term advances by related companies	**(5,400)**	(2,050)
Repayment of short term advances by related companies	**5,400**	2,050
Repayment of finance lease payables	**(12)**	(12)
Repayment of term notes	**–**	(30,000)
Repayment of deemed capital to non-controlling interests	**–**	(4,345)
Capital injection by non-controlling interests	**–**	1,137
Loans from non-controlling interests	**1,680**	4,376
Dividend paid to non-controlling interests	**–**	(1,841)
Dividends paid	**(1,787)**	–
Net cash (used in)/from financing activities	**(19,763)**	36,703
Net decrease in cash and cash equivalents	**(4,095)**	(5,235)
Cash and cash equivalents at beginning of the year	**28,997**	34,068
Effect of foreign exchange rate changes of cash and cash equivalents	**119**	164
Cash and cash equivalents at end of the year (Note 11)	**25,021**	28,997

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Bank loans (Note 23)	Finance lease (Note 26)	Long-term borrowings (Note 27)	Term notes (Note 29)	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 June 2017	1,499	50	157,778	29,939	189,266
Changes from financing cash flows:					
- Proceeds	10,000	–	96,408	–	106,408
- Repayment	(5,000)	(12)	(27,021)	(30,000)	(62,033)
Non-cash changes					
- Amortisation of term notes	–	–	–	61	61
Effect of changes in foreign exchange rate	–	2	(508)	–	(506)
Balance at 31 May 2018	6,499	40	226,657	–	233,196
Changes from financing cash flows:					
- Proceeds	495	–	34,935	–	35,430
- Repayment	(5,000)	(12)	(42,255)	–	(47,267)
Non-cash changes					
Effect of changes in foreign exchange rate	–	(2)	(1,700)	–	(1,702)
Balance at 31 May 2019	**1,994**	**26**	**217,637**	**–**	**219,657**

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

The Company (Registration No. 201230851R) is incorporated and domiciled in Singapore. The Company was admitted to the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST") on 6 June 2013.

The principal place of business and registered office is at 25 Bukit Batok Street 22, Singapore 659591.

The principal activities of the Company are investment holding. The principal activities of its associates and subsidiaries are disclosed in Notes 18 and 19 respectively.

The Company's immediate and ultimate holding corporation is TEE International Limited, a company incorporated in Singapore. Related companies refer to companies controlled by TEE International Limited.

2 Summary of significant accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ($) which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand ($'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, loan receivable from associates, bank loans, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards

In December 2017, the Accounting Standards Council ("ASC") issued the SFRS(I). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of Singapore Exchange ("SGX"), the Group has adopted SFRS(I) on 1 June 2018.

These financial statements for the year ended 31 May 2019 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 May 2018 were prepared in accordance with Singapore Financial Reporting Standards ("FRS").

In adopting SFRS(I) on 1 June 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 May 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group has also presented the statement of financial position as at 1 June 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are effective for the current financial year. The adjustments made by the Group on the adoption of SFRS(I) and the adoption of the new standards that are effective for annual financial period beginning on or after 1 June 2018 are disclosed below.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) and SFRS(I) 15 on the Group's financial position as at 1 June 2017 and 31 May 2018 and the Group's profit or loss and other comprehensive income and the Group's statement of cash flows for the year ended 31 May 2018.

Reconciliation of the Group's total comprehensive income reported in accordance with FRS to SFRS(I)

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 May 2018			
	FRS Framework	SFRS(I) 1	SFRS(I) 15	SFRS(I) Framework
	$'000	$'000	$'000	$'000
Revenue	111,921	–	(2,760)	109,161
Cost of sales	(86,154)	–	922	(85,232)
Gross profit	25,767	–	(1,838)	23,929
Finance costs	(4,479)	–	(2,906)	(7,385)
Loss before tax	(4,679)	–	(4,744)	(9,423)
Tax (expense)/credit	(187)	–	611	424
Loss for the financial year	(4,866)	–	(4,133)	(8,999)
Total comprehensive loss for the financial year	(4,491)	–	(4,134)	(8,625)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Reconciliation of the Group's equity reported in accordance with FRS to SFRS(I)

Statement of financial position

	FRS Framework $'000	SFRS(I) 1 $'000	SFRS(I) 15 $'000	SFRS(I) Framework $'000
As at 31 May 2018				
Current assets				
Trade receivables	21,688	–	(13,430)	8,258
Development properties	231,127	–	(33,400)	197,727
Contract assets	–	–	41,232	41,232
Completed properties and land held for sale	48,311	–	31	48,342
Non-current assets				
Deferred tax assets	3,116	–	1,227	4,343
Current liabilities				
Other payables	22,348	–	(3,382)	18,966
Contract liabilities	–	–	4,513	4,513
Equity				
Currency translation reserve	(302)	873	–	571
Accumulated profits	15,584	(873)	(4,811)	9,900
Non-controlling interests	11,856	–	(660)	11,196
As at 1 June 2017				
Current assets				
Trade receivables	18,571	–	(12,271)	6,300
Development properties	147,854		(18,802)	129,052
Contract assets	–	–	29,122	29,122
Non-current assets				
Deferred tax assets	2,947	–	614	3,561
Current liabilities				
Other payables	25,746	–	(3,879)	21,867
Contract liabilities	–	–	3,879	3,879
Equity				
Share capital				
Currency translation reserve	(873)	873	–	–
Accumulated profits	21,683	(873)	(1,099)	19,711
Non-controlling interests	15,144	–	(238)	14,906

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Reconciliation of the Group's statement of cash flows reported in accordance with FRS to SFRS(I)

Consolidated statement of cashflows

	Year ended 31 May 2018			
	FRS Framework $'000 (Restated)	SFRS(I) 1 $'000	SFRS(I) 15 $'000	SFRS(I) Framework $'000 (Restated)
Operating activities				
Loss before tax	(4,679)	–	(4,744)	(9,423)
Interest expenses	4,479	–	2,906	7,385
Operating cash flows before movements in working capital	12,729	–	(1,838)	10,891
Trade receivables	(2,984)	–	1,159	(1,825)
Contract asset	–	–	(12,110)	(12,110)
Development properties	(94,748)	–	11,691	(83,057)
Completed properties and land held for sale	13,956	–	(31)	13,925
Other payables	(3,131)*	–	497	(2,634)
Contract liabilities	–	–	634	634
Current translation adjustments	(73)	–	(2)	(75)
Cash generated from/(used in) operations	(67,397)*	–	–	(67,397)
Interest paid	(2,225)	–	2,225	–
Net cash from/(used in) operating activities	(72,353)*	–	(2,225)	(70,128)
Financing activities				
Interest paid	(4,774)	–	(2,225)	(6,999)
Loans from non-controlling interests	4,376*	–	–	4,376
Net cash from financing activities	38,928*	–	(2,225)	36,703

* The amount of $4,376,000 received from non-controlling interests in the previous financial year for the funding of property development projects have been reclassified from other payables in operating activities to loans from non-controlling interests in financing activities to conform to the current year's presentation. The details of the reclassification are as follow:

	Group		
	As previously reported $'000	Amount reclassified $'000	As reclassified $'000
Statement of cash flows			
For the financial year ended 31 May 2018			
Operating activities			
Other payable	1,245	(4,376)	(3,131)
Cash used in operations	(63,021)	(4,376)	(67,397)
Net cash used in operating activities	(67,977)	(4,376)	(72,353)
Financing activities			
Loans from non-controlling interests	–	4,376	4,376
Net cash from financing activities	34,552	4,376	38,928

The reclassification did not have any effect on the loss for the financial year ended 31 May 2018 and the consolidated statement of financial position as at 31 May 2018.

The adoption of SFRS (I) does not have any impact to the statement of financial position of the Company as at 1 June 2017, 31 May 2018 and 1 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Explanatory notes to reconciliation

SFRS(I)

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) with 1 June 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. Except as described below, the application of SFRS(I) did not have any significant impact on the financial statements.

Currency translation reserve

As permitted with the adoption of the new accounting framework SFRS(I), the Group elected the optional exemption to reset its cumulative currency translation differences for all foreign operations to $Nil on 1 June 2017. Accordingly, any gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative currency translation differences that arose before 1 June 2017. The Group has reclassified an amount of $873,000 in currency translation reserve to the opening accumulated profits as at 1 June 2017.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group and the Company adopted SFRS(I) 15 using the full retrospective approach. The Group and the Company have elected to apply the transition provisions under SFRS(I) 15 as at 1 June 2017 and, where applicable, have used the following practical expedients provided under SFRS (I) 15 as follows:

- contracts completed as at 1 June 2017 are not restated;
- for completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period; and
- for contracts which were modified before the date of transition, the Group did not retrospectively restate the contract for those contract modifications.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

<u>*Explanatory notes to reconciliation*</u> *(cont'd)*

SFRS(I) 15 Revenue from Contracts with Customers (cont'd)

The impact upon the adoption of SFRS(I) 15 are described below.

With the adoption of SFRS(I) 15, the Group recognises revenue from sales of residential property or mixed-use development property over time by measuring the progress towards complete satisfaction of performance obligations. Under the new standard, the methods of measuring progress include output methods or input methods. The Group has determined that the cost-based input method satisfies its performance obligation over time and it provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers.

Before 1 June 2018, the Group recognised revenue from sales of residential property or mixed-use development property by reference to the stage of completion of the development activity at the end of each reporting period based on the main contractors' contract costs incurred to-date compared to the total estimated main contractors' contract costs to complete the development. Under SFRS(I) 15, the Group recognised revenue from sales of residential property or mixed-use development property by reference to the stage of completion of the development activity at the end of each reporting period based on the main contractor's contract costs and other related costs incurred to-date compared to the total estimated main contractors' contract costs and other related costs to complete the development.

In addition, arising from the agenda decision issued by the IFRS Interpretation Committee (IFRIC) relating to the capitalisation of borrowing costs for the construction of a residential multi-unit estate development where revenue is recognised over time, the Group has ceased capitalisation of borrowing costs on its development properties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Explanatory notes to reconciliation *(cont'd)*

SFRS(I) 9 Financial Instruments

SFRS(I) 9 replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 June 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39.

At the date of initial application and 31 May 2019, the Group has assessed that the adoption of SFRS(I) 9 does not have any material impact to the financial position and results of the Group and the Company.

(a) *Classification and measurement*

Under SFRS(I) 9, the Group and the Company classify its financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 June 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised principal and interest were made based on the facts and circumstances as at the initial recognition of the assets.

The changes in classification and measurement arising from adopting SFRS(I) 9 are loans and receivables including trade receivables, other receivables (excluding prepayments, capitalised contract costs, deferred show flat costs and options money for purchase of properties), loans receivable from associates and cash and cash equivalents as at 31 May 2018 that held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest are classified and measured as financial assets at amortised cost beginning 1 June 2018.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Explanatory notes to reconciliation (cont'd)

SFRS(I) 9 Financial Instruments (cont'd)

(a) *Classification and measurement (cont'd)*

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

The following summarises the Group and the Company's required or elected reclassifications as at 1 June 2018 upon adoption on SFRS(I) 9:

Group	**SFRS(I) 9 measurement category**	
	Original carrying amount	**Amortised cost**
	$'000	**$'000**
At 1 June 2018		
SFRS(I) 9 measurement category		
Loans and receivables		
Cash and cash equivalents	28,997	28,997
Trade receivables	8,258	8,258
Other receivables	15,321	15,321
Loans receivable from associates	14,376	14,376

Company	**SFRS(I) 9 measurement category**	
	Original carrying amount	**Amortised cost**
	$'000	**$'000**
At 1 June 2018		
FRS 39 measurement category		
Loans and receivables		
Cash and cash equivalents	858	858
Other receivables	137,402	137,402

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Explanatory notes to reconciliation *(cont'd)*

SFRS(I) 9 Financial Instruments (cont'd)

(b) *Impairment*

SFRS(I) 9 requires the Group and Company to record expected credit losses on all of its financial assets at amortised cost either on a 12-month or lifetime basis. Upon adoption of SFRS(I) 9, there is no additional impairment required on the Group's and the Company's financial assets at amortised cost. The accumulated profits remain unchanged as at 1 June 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with FRS 39 to the opening loss allowances determined in accordance with SFRS(I) 9:

	Allowance for impairment under FRS 39 as at 31 May 2018	Remeasurement	ECL under SFRS(I) 9 as at 1 June 2018
	$'000	$'000	$'000
Group			
Loans and receivables under FRS 39/Financial assets at amortised cost under SFRS(I) 9	3,561	–	3,561

New standards, amendments to standards and interpretations that have been issued at the end of the reporting date but are not yet effective for the financial year ended 31 May 2019 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below.

SFRS(I) 16 Leases

SFRS(I) 16 replaces the existing FRS 17 "*Leases*". It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of assets and liabilities resulting from the adoption of SFRS(I) 16 at the date of initial application in the opening accumulated losses as at 1 June 2019. Right-of-use assets are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $3,177,000 [Note 38(b)]. The Group expects to recognise right-of-use assets of approximately $1,882,000 and lease liabilities of approximately $1,882,000 on 1 June 2019.

The Group is currently finalising the quantum of the final transition adjustments, which may be different upon finalisation.

The standard substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases using existing operating lease accounting model. The Group does not expect any significant impact on the financial statements as a lessor. However, some additional disclosures will be required in the financial statements upon adoption of the standard.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(b) Revenue

Sales of development properties

The Group is in the business of constructing and developing residential and commercial properties. The Group recognises revenue either at a point in time or over time, depending on the contractual terms. For development properties where the Group is restricted contractually from directing the properties for another use and has enforceable right to payment for performance completed to-date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

For development properties where the Group does not have enforceable right to payment with commensurates with performance completed to date, revenue is recognised when the customer obtains control of the asset, usually upon transfer of legal title.

Progress billings to customer are based on a payment schedule in the contract and are based upon achievement of specified construction milestones. Payment is typically due within two weeks. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. A contract liability is recognised when the Group has not yet performed under the contract but has received advanced payment from the customer. Contract assets are transferred to receivables when the right to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

The Group receive payments from customers for the sales of development properties. Under the payment schemes, the time when payments are made by the customer and the transfer of control of the property to the customer does not coincide and where the difference between the timing of receipts of the payments and the transfer of control of the property is 12 months or more, there exists a significant financing component arising from payments from customers. For such payment arrangements, the Group adjusts the promised amount of consideration for the effect of a financing component, if significant.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred. The Group has elected to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods that have not been recognised as expenses.

The sales and purchase agreements provide for payment of liquidated damages to buyers on delays in contractual handover of units. In addition, under certain sales and purchase agreements, the Group provides the customers guaranteed rental over a period of 3 years. Such payments for liquidated damages and rental guarantee give rise to variable considerations under SFRS(I) 15. The variable considerations are estimated and are constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is subsequently resolved.

Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(b) Revenue (cont'd)

Revenue from hotel operations

Revenue from hotel operations, comprising primarily the rental of rooms, food and beverage sales and other services, is recognised over the period in which the accommodation and related services are provided, except for revenue from the sale of food and beverages, which is recognised at a point in time when the food and beverage are delivered.

Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Dividend income

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

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary company. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(d) Basis of consolidation (cont'd)

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

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

When a change in the Company's ownership interest in subsidiary company results in a loss of control over the subsidiary company, the assets and liabilities of the subsidiary company including any goodwill, non-controlling interest and other components of equity related to the subsidiary company are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific FRS.

Any retained equity interest in the previous subsidiary company is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

(e) Associates

An associate is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

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

Subsequent to initial recognition, the Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(e) Associates (cont'd)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

For financial statements of the associate which are prepared as of the same reporting date of the Group, the most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the date of the audited financial statements used is not co-terminus with that of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the financial year.

In the Company's financial statements, investment in associates are carried at cost less accumulated impairment loss. On disposal of investment in associates, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

(f) Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss. The assets are not depreciated or amortised while they are classified as held for sale.

(g) Property, plant and equipment

Land and buildings are initially recorded at cost. Freehold land is subsequently stated at cost less any impairment in value.

Other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(g) Property, plant and equipment (cont'd)

Depreciation

No depreciation is provided on freehold land. Leasehold building is amortised evenly over the term of the lease.

Depreciation is calculated on a straight-line basis to write off the cost of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Building on freehold land	25 to 40
Computer	3
Renovation	5
Motor vehicles	3 to 5
Machinery and tools	3 to 5
Office equipment	2 to 6

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

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(h) Investment properties

Investment properties are those properties that are held to earn rental income and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers (the "valuers") on the highest and best use basis. Changes in fair values are recognised in profit or loss.

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

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

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

(i) Impairment of non-financial assets

At the end of each reporting period, the Group assesses 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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(i) Impairment of non-financial assets (cont'd)

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 profit or loss.

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 previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

(j) Development properties/completed properties and land held for sale

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties stated at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity. Net realisable value represents the estimated selling price less cost to complete and costs to be incurred in selling the property.

Development properties are classified as current when they are expected to be realised in, or are intended for sale in, the Group's normal operating cycle.

Completed properties and land held for sale but remained unsold at year end are stated at lower of cost and net realisable value. Cost is determined by apportionment of the total land cost, development costs and borrowing costs capitalised (in the case of commercial property) attributable to unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less costs to be incurred in marketing and selling, and the anticipated costs to completion, where appropriate.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using first-in, first-out method. Cost comprises purchase cost and other incidental cost in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(l) Financial assets

The accounting policy for financial assets before 1 June 2018 are as follows:

Classification

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are presented as "trade receivables", "other receivables" (excluding prepayments, deferred sales commission expenses, deferred show flat costs and options money for purchase of properties), "loans receivable from associates" and "cash and bank balances" on the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(l) Financial assets (cont'd)

The accounting policy for financial assets before 1 June 2018 are as follows (cont'd):

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

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

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

Offset

Financial assets and liabilities are offset and the net amount presented at the end of the reporting period only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The accounting policy for financial assets from 1 June 2018 onwards are as follows:

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(l) Financial assets (cont'd)

The accounting policy for financial assets from 1 June 2018 onwards are as follows (cont'd):

Classification and measurement

The Group classifies all its financial assets at amortised cost. The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets include cash and cash equivalents, loans receivable from associates, trade receivables, other receivables (excluding prepayments, deferred show flat costs, capitalised contract costs and options money for purchase of properties). The Group's financial assets are measured at amortised costs.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(l) Financial assets (cont'd)

Impairment (cont'd)

The accounting policy for financial assets from 1 June 2018 onwards are as follows (cont'd):

The Group considers significant increase in risk of default on a financial guarantee contract when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Group in full, without considering recourse by the Group to actions such as realising security (if any is held).

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

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

(m) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and excludes pledged fixed deposits and bank balance.

(n) Financial liabilities

Financial liabilities include trade payables, other payables (excluding provision for unutilised annual leave, advance received from customers and rental and security deposits), bank loans, finance lease, borrowings, term notes and financial guarantee liabilities.

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(o) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at higher of the initial fair value less cumulative amortisation and the expected loss computed using the impairment methodology under SFRS(I) 9. Financial guarantee contracts are amortised in profit or loss over the period of the guarantee.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(p) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage time is recognised as a finance cost in profit or loss.

(q) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(r) Leases

When Group entity is the lessee:

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the outstanding liability and finance charges. The corresponding leases liabilities, net of finance charges, are included in finance leases. The finance charge is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the assets or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When Group entity is the lessor:

Operating leases

Leases where the Group entity retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to leases) is recognised on a straight-line basis over the lease term.

Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(s) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(t) Employee benefits

Employee leave entitlement

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

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

(u) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

(v) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

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

Deferred income tax is provided on temporary differences arising on investment in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(v) Income taxes (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

(w) Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

(x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer ("CEO") who is Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about allocating resources and assessing performance of the operating segments.

(y) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and accumulated in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(y) Foreign currencies (cont'd)

Translation of Group entities' financial statements

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

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in the currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group/entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the paragraphs below).

Non-current asset held for sale

As disclosed in Note 17, freehold land and building on freehold land of Larmont Hotel Sydney ("Larmont Assets") was presented as non-current asset held for sale following the decision of the Group's management and directors on 26 July 2016 to sell the hotel in Australia and the Group's active marketing for sale since that date. Despite ongoing negotiations with potential buyers, the Group has not been able to conclude on the sale of the Larmont Assets.

Since the Larmont Assets no longer meets the classification as non-current asset held for sale, and in compliance with SFRS(I) 5 *Non-current assets held for sale and discontinued operations*, the Group has reclassified Larmont Assets from non-current assets held for sale to property, plant and equipment (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgements in applying the entity's accounting policies (cont'd)

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:

Revenue from sales of development properties

As disclosed in Notes 2(b), the Group recognises revenue either at a point in time or over time, depending on the contractual terms. Revenue from sales of residential and mixed-use properties is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

The determination of the estimated total construction and other costs to be incurred require significant management judgement and estimates, which may have an impact on the amounts of revenue and profits recognised during the year.

The estimated total construction and other costs to be incurred are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project managers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in the Group's other similar construction contracts for the past 3 to 5 years. Any changes to the estimated total construction and other costs to be incurred can have a significant impact to the amount of contract costs allocated to the development properties sold.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Any future change in variable consideration can have a significant impact to the amount of contract revenue recorded in current financial year.

Development properties/completed properties and land held for sale

Development properties, completed properties and land held for sale are stated at lower of cost and estimated net realisable value, assessed on an individual property basis.

The determination of the net realisable values of these properties are dependent upon the management's estimates of future demand and selling prices of these properties. Management performs cost analysis for each property, taking into account the costs incurred to date, the development status, estimated costs to complete each property, the prevailing property market conditions, estimated future demand and selling price of completed properties and land held for sale. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

Management also compared the carrying amounts of the properties to the open market values estimated by valuers to determine whether a write-down is required for those properties with slower-than-expected sales or with low or negative margins.

The process of evaluating the net realisable value of each property is subject to management judgment and the effect of assumptions in respect of the development plan, timing of sales, current market prices of the properties involved or of comparable properties and the prevailing property market conditions.

The carrying amounts of the Group's development properties and completed properties and land held for sale are disclosed in Notes 15 and 16 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Valuation of investment properties

Investment properties are stated at fair value based on an independent professional valuation. In determining the fair value, the valuers have used valuation techniques which involve certain estimates and significant unobservable inputs which are disclosed in Note 21. The key assumptions used to determine the fair value include market-corroborated capitalisation yield, terminal yield and discount rate.

The valuers have considered valuation techniques (including income capitalisation method, discounted cash flow method and direct comparison method) in arriving at the open market value as at the end of the reporting period. Income capitalisation method involves assessment of the income earning capacity and capitalised it at the adopted capitalisation rate to derive a core value. Discounted cash flow method recognises the time value of money by estimating the net present value of future cash flows. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuers have appropriate recognised professional qualifications and their estimates are reflective of current market conditions at the end of the reporting period. The carrying amount of investment properties are disclosed in Note 21.

Impairment of investment in associates and subsidiaries

The Group has significant interests in associates. The associates of the Group are mainly involved in the business of property development. Management exercises their judgement in estimating recoverable amounts of its investment in associates of the Group and subsidiaries of the Company.

The carrying amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, management needs to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of the Group's investment in associates and the Company's investment in subsidiaries are disclosed in Notes 18 and 19 respectively.

Calculation of allowance for impairment loss for financial assets at amortised cost and financial guarantee contracts

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on financial assets at amortised costs and financial guarantee contracts is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of financial assets at amortised costs and financial guarantee contracts. Details of ECL measurement and carrying values of financial assets are amortised costs and financial guarantees at the reporting date are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

4 Revenue

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Revenue from sales of development properties	**90,808**	99,501
Revenue from hotel operations	**7,310**	7,178
Rental income	**2,402**	2,482
	100,520	109,161

The following table provides a disaggregation disclosure of the Group's revenue by primary geographical market, major product or service lines and timing of revenue recognition.

	Sales of development properties		Hotel operations		Rental income		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
		(Restated)						(Restated)
Primary geographical markets								
Singapore	**77,879**	57,598	**–**	–	**1,204**	1,204	**79,083**	58,802
Malaysia	**12,493**	41,371	**–**	–	**–**	–	**12,493**	41,371
Australia	**–**	–	**7,310**	7,178	**–**	–	**7,310**	7,178
New Zealand	**–**	–	**–**	–	**1,198**	1,278	**1,198**	1,278
Vietnam	**436**	532	**–**	–	**–**	–	**436**	532
	90,808	99,501	**7,310**	7,178	**2,402**	2,482	**100,520**	109,161
Major product or service line								
Sales of residential and mixed-use properties	**90,372**	98,969	**–**	–	**–**	–	**90,372**	98,969
Sales of land held for sale	**436**	532	**–**	–	**–**	–	**436**	532
Hotel operation income	**–**	–	**7,310**	7,178	**–**	–	**7,310**	7,178
Rental income	**–**	–	**–**	–	**2,402**	2,482	**2,402**	2,482
	90,808	99,501	**7,310**	7,178	**2,402**	2,482	**100,520**	109,161
Timing of revenue recognition								
At a point in time	**436**	532	**331**	634	**–**	–	**767**	1,166
Over time	**90,372**	98,969	**6,979**	6,544	**2,402**	2,482	**99,753**	107,995
	90,808	99,501	**7,310**	7,178	**2,402**	2,482	**100,520**	109,161

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

4 Revenue (cont'd)

Transaction price allocated to remaining performance obligation

Revenue recognised during the year ended 31 May 2019 that was included in the contract liabilities balance at the beginning of the year was $1,428,000 (2018: $635,000).

The Group expects to recognise $29,081,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 May 2019 in the financial year 2020, with the remaining $5,083,000 after the financial year 2020.

Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:

– The performance obligation is part of a contract that has an original expected duration for one year or less, or

– The Group recognises revenue to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date. As permitted under SFRS(I) 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Contract assets and contract liabilities

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at the reporting date for development property units sold. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of development property units. The advances from customers are based on the billing schedule as established in the contracts. Contract liabilities are recognised as revenue as the Group performs under the contract.

Information relating to contract balances arising from contracts with customers is disclosed as follows:

		Group	
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Contract assets	**34,682**	41,232	29,122
Contract liabilities	**(5,387)**	(4,513)	(3,879)

The changes in contract assets are due to the differences between the agreed payment schedule and progress of the construction work.

There were no significant changes in the contract liability balances at the end of the reporting period.

5 Other operating income

	Group	
	2019	2018
	$'000	$'000
Interest income	**349**	827
Gain on disposal of property, plant and equipment	**30**	–
Foreign currency exchange gain	**–**	965
Dividend income	**–**	544
Gain on disposal of stock dividend	**–**	160
Amortisation of financial guarantee liabilities (Note 28)	**186**	255
Management fee income	**88**	138
Deposit forfeited for aborted sale of a completed property	**316**	–
Others	**384**	244
	1,353	3,133

6 Other operating expenses

	Group	
	2019	2018
	$'000	$'000
Foreign currency exchange loss	**1,026**	–
Completed properties and land held for sale written down	**542**	1,684
Property, plant and equipment written off (Note 20)	**–**	10
Non-current asset held for sale written off (Note 17)	**–**	82
Impairment loss on investment in associates (Note 18)	**3,600**	7,568
Fair value loss on investment properties (Note 21)	**2,191**	1,495
Impairment loss on trade receivables (Note 40(b))	**5**	6
Impairment loss on other receivables (Note 40(b))	**181**	181
Impairment loss on loans receivable from associates (Note 14)	**665**	–
Additional buyer's stamp duty	**728**	–
Option fee forfeited for aborted purchase of land	**420**	–
	9,358	11,026

7 Finance costs

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Interest on borrowings	**8,036**	7,379
Interest on bank overdraft	**–**	4
Interest on finance lease	**1**	2
	8,037	7,385

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

8 Loss before tax

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Loss before tax is arrived at after charging/(crediting):		
Audit fees paid to:		
- auditor of the Company	**114**	101
- other auditors*	**81**	70
- (over)/under provision in respect of prior year		
- auditor of the Company	**24**	21
- other auditors	**(29)**	19
Non-audit fees:		
- auditor of the Company	**41**	40
- other auditors*	**51**	49
- over provision in respect of prior year	**(3)**	(7)
Directors' fee	**294**	294
Directors' remuneration:		
- directors of the Company	**148**	453
- directors of the subsidiaries	**266**	67
Employee benefits expense (including directors' remuneration)	**4,405**	5,079
Rental expenses	**–**	118
Depreciation of property, plant and equipment (Note 20)	**2,135**	387
Remeasurement adjustment of non-current asset held for sale (Note 20)	**2,872**	–
Amortisation of capitalised contract costs (Note 13)	**3,800**	5,565
Amortisation of show flat expenses	**433**	514
Amortisation of term notes	**–**	61
Costs of defined contribution plans included in employee benefits expense	**165**	190

* Other auditors include independent member firms of Baker Tilly International network.

9 Tax credit

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Income tax		
- Current year	**109**	1,069
- Over provision in prior years	**(268)**	(1,645)
Deferred income tax		
- Current year (Note 22)	**(576)**	(154)
- Under provision in prior year	**374**	17
Foreign tax expenses	**30**	289
	(331)	(424)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

9 Tax credit (cont'd)

The income tax credit on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Loss before tax	**(26,154)**	(9,423)
Share of results of associates	**792**	(2,838)
Loss before tax exclude share of results of associates	**(25,362)**	(12,261)
Tax at the domestic income tax rate of 17% (2018: 17%)	**(4,312)**	(2,084)
Expense not deductible for tax purpose	**1,837**	2,855
Deferred tax assets not recognised	**2,645**	282
Singapore statutory stepped income exemption	**(26)**	(81)
Foreign tax expenses	**30**	289
Effect of different tax rates in other countries	**(477)**	124
Under/(over) provision in prior years	**106**	(1,628)
Others	**(134)**	(181)
	(331)	(424)

10 Loss per share

The calculation of the basic and diluted loss per share attributable to the equity holders of the Company is based on the following data:

	Group	
	2019	2018
		(Restated)
Net loss attributable to the equity holders of the Company ($'000)	**(23,840)**	(8,694)
Number of ordinary shares outstanding for basic and diluted loss per share ('000)	**446,876**	446,876
Basic and diluted loss per share (cents per share)	**(5.33)**	(1.95)

There are no dilutive ordinary shares for 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

11 Cash and cash equivalents

	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Group			
Cash at banks	**3,709**	3,796	21,501
Cash on hand	**2**	2	1
Fixed deposits	**2,944**	3,159	2,167
Project accounts			
- Cash at banks	**18,366**	20,035	6,380
- Fixed deposits	**–**	2,005	4,019
	25,021	28,997	34,068
Company			
Cash at banks	**457**	856	1,827
Fixed deposits	**2**	2	2
	459	858	1,829

Fixed deposits bear interest rate ranging from 0.50% to 6.70% (31.5.2018: 0.50% to 5.20%; 1.6.2017: 0.50% to 3.85%) per annum and mature within 6 months (31.5.2018: 6 months; 1.6.2017: 9 months) from the end of the reporting period.

Project accounts are subject to restrictions under the Housing Developers (Project Account) Rules (1997 Ed). Withdrawals from these project accounts are restricted to payments for project expenditure incurred until the completion of the project.

12 Trade receivables

		Group	
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
		(Restated)	(Restated)
Third parties	**15,543**	6,251	5,316
Related parties	**2,193**	2,013	984
Less: Impairment loss on trade receivables (Note 40(b))	**(11)**	(6)	–
	17,725	8,258	6,300

The average credit period given to customers is 14 to 30 days (31.5.2018: 14 to 30 days; 1.6.2017: 14 to 30 days). No interest is charged on the outstanding trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

13 Other receivables

	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000
Group			
Current			
Associates	**33**	102	88
Bank interest receivable	**–**	–	12
Deferred show flat costs	**2,109**	129	131
Deposits	**739**	231	255
Former joint developer	**–**	–	21
Holding company	**204**	1,675	1,567
Interest receivable	**1,828**	1,959	3,597
Non-controlling interests	**1,113**	1,114	1,115
Option money paid for purchase of properties	**3,374**	3,374	3,374
Prepayments	**803**	945	612
Third parties	**1,632**	10,421	1,477
Related parties	**58**	–	–
	11,893	19,950	12,249
Less: Impairment loss on other receivables (Note 40(b))	**(3,736)**	(3,555)	(3,374)
	8,157	16,395	8,875
Capitalised contract costs	**1,240**	2,827	3,410
	9,397	19,222	12,285
Non-current			
Loan to former joint developer	**–**	–	6,000
	9,397	19,222	18,285
Company			
Current			
Interest receivable	**980**	583	251
Prepayments	**15**	166	18
Subsidiaries	**110,409**	126,026	142,148
Third parties	**140**	84	32
	111,544	126,859	142,449
Less: Impairment loss on other receivables (Note 40(b))	**(667)**	–	–
	110,877	126,859	142,449
Non-current			
Subsidiaries	**13,229**	10,709	3,830
	124,106	137,568	146,279

Movements in capitalised contract costs relating to development properties are as follows:

	2019 $'000	2018 $'000
At beginning of year	**2,827**	3,410
Additions	**2,213**	4,982
Amortisation	**(3,800)**	(5,565)
At end of year	**1,240**	2,827

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

13 Other receivables (cont'd)

The amounts due from associates, former joint developer (current portion), holding company, related parties and non-controlling interests are non-trade in nature, unsecured, interest-free and repayable on demand.

The amount of $3,374,000 was for an option to acquire 26 plots of land located in Mukim Klang, Daerah Klang Negeri Selangor, Malaysia from a third party (the "Seller"). The Group has terminated the acquisition as a result of non-compliance of conditions precedent by the Seller and assessed and determined that the option money may not be collectible. Accordingly, impairment loss on other receivable has been provided for this option money amount since the financial year ended 31 May 2015. In 2019, management reassessed that the option money may still be uncollectible and hence remain as receivable net of impairment loss at the end of the reporting period.

The Company's current receivables from subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand except for amount of $Nil (31.5.2018: $3,872,000; 1.6.2017: $Nil) which bears interest rate at Nil (31.5.2018: 11.50%; 1.6.2017: Nil) per annum.

The Company's non-current receivables from subsidiaries are non-trade in nature, unsecured, bears interest rate at 5.00% (31.5.2018: 5.00%; 1.6.2017: 5.00%) per annum and expected to be repaid upon completion of the development project held by the subsidiary.

The fair value of non-current other receivables is computed based on cash flow discounted at market borrowing rate of 5.00% (31.5.2018: 5.00%; 1.6.2017: 5.00%) per annum. The fair value measurement is categorised within level 3 of the fair value hierarchy.

In FY2018, included in amounts receivable from third parties were:

(a) An amount of $8,421,000 being the amount receivable from the exercise of the call option by the Purchaser on the Option Shares in Chewathai Public Company Limited ("Chewathai"). The Purchaser, Chartchewa Company Limited, is the buyer of the Group's entire shareholding interest in the capital of Chewathai ("Chewathai Shares"), the Group's associate in Thailand. The Option Shares represents 151,119,300 Chewathai Shares for which the Purchaser had exercised call option on 28 May 2018. The amount of $8,421,000 has been fully repaid in August 2018.

(b) An amount of $646,000 being the amount receivable for the Distribution Shares, payable by the Purchaser. The Distribution Shares were the stock dividend declared by Chewathai before the exercise of the call option by the Purchaser, for which the Purchaser was obligated to purchase at the same price as the Chewathai Shares. The amount of $646,000 has been fully repaid in August 2018.

In FY2017, non-current loan to former joint developer was unsecured and repayable 12 months after the reporting date. The non-current loan to former joint developer bore floating interest of 1.1% per annum below Hong Leong Finance Enterprise Base Rate, which approximates an average of 4.15% per annum at 31 May 2017. The loan has been fully repaid in September 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

14 Loans receivable from associates

	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000
Group			
Loans receivable from associates	**11,504**	14,376	25,860
Less: Impairment loss on loans receivable from associates (Note 40(b))	**(665)**	–	–
	10,839	14,376	25,860
Company			
Loans receivable from associates	**–**	–	2,883

Loans receivable from associates are unsecured, interest-free and expected to be repaid upon completion of the development project held by the associates except for amounts of $1,231,000 (31.5.2018: $6,345,000; 1.6.2017: $18,627,000) which bear interest rate at 5.00% (31.5.2018: 5.00%, 1.6.2017: 4.00% to 5.00%) per annum.

The fair values of the Group's and the Company's loans receivable from associates approximate their carrying amounts at the end of the reporting period.

15 Development properties

Property under development, units for which revenue is recognised over time

	Group		
	31.5.2019 $'000	31.5.2018 $'000 (Restated)	1.6.2017 $'000 (Restated)
Land and land related costs	**167,420**	169,003	98,364
Development costs	**8,463**	28,724	30,688
	175,883	197,727	129,052

Details of the Group's development properties as at 31 May 2019 are as follows:

Name of property/Location	Description	Tenure	Estimated percentage of completion	Year to be completed/ Expected completion	Land area (sq m)	Gross floor area (sq m)	Group's interest in property (%)
183 Longhaus 183 Upper Thomson Road, Singapore	40 units of residential apartments and 10 commercial units	Freehold	96%	31 July 2019	1,576	4,727	100
Rezi 35 Geylang Lorong 35, Singapore	44 units of residential apartments	Freehold	46%	Fourth quarter 2019 $^{\alpha}$	1,115	3,121	51
Lattice One 1 Seraya Crescent, Singapore	48 units of residential apartments	Freehold	*	Second quarter 2021 $^{\alpha}$	2,477	3,468	100
35 Gilstead 35 Gilstead Road, Singapore	70 units of residential apartments	Freehold	5%	Second quarter 2021 $^{\alpha}$	3,538	4,953	60

* No revenue has been recognised in respect of these development properties.

α Standard calendar year quarters.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

15 Development properties (cont'd)

Development properties have operating cycles longer than one year and are intended for sale in the Group's normal operating cycle. Accordingly, the development properties are classified as current assets.

Development properties were pledged to banks to secure the bank loans and long-term borrowings granted to the Group as disclosed in Note 27.

Development properties recognised as "cost of sales" amounted to $44,522,000 (2018: $67,799,000) during the year.

16 Completed properties and land held for sale

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Balance at beginning of the year	**54,618**	52,176
Additions	**534**	–
Transferred from development properties	**26,416**	16,398
Recognised as an expense in the cost of sales	**(34,333)**	(13,956)
Exchange differences	**(209)**	–
	47,026	54,618
Less: Written down	**(4,052)**	(6,276)
Balance at end of the year	**42,974**	48,342

Details of the Group's completed properties and land held for sale as at 31 May 2019 are as follow:

Name of Property/location	**Description**	**Tenure**	**Land area (sq m)**	**Gross floor area (sq m)**	**Group's interest in property (%)**
31 Harvey Avenue, Singapore	1 unit of 3-storey house	Freehold	515	723	100
The Peak @ Cairnhill I 51 Cairnhill Circle, Singapore	2 units of residential apartments	Freehold	978	256	100
Third Avenue Jalan Teknokrat 3 Cyberjaya, Selangor, Malaysia	4 units of residential apartments, 3 commercial units and 1 office block	Freehold	24,085	20,725	100
Peach Garden Phu Huu Residential District 9, Ho Chi Minh City, Vietnam	28 plots of lands	Freehold	6,029	–	65

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For the financial year ended 31 May 2019

16 Completed properties and land held for sale (cont'd)

The Group writes down its properties to estimated net realisable value taking into account estimated net realisable values of the properties by reference to comparable properties, location and property market conditions. Write-down was made on certain properties due to the weakening market conditions of these properties.

The completed properties and land held for sale of $11,417,000 (31.5.2018: $35,605,000, 1.6.2017: $43,850,000) is pledged to banks to secure the long-term borrowings granted to the Group as disclosed in Note 27.

Completed properties recognised as "cost of sales" amounted to $34,333,000 (2018: $13,956,000) during the year.

17 Non-current asset held for sale

	Group	
	2019	2018
	$'000	$'000
Balance at beginning of the year	**47,617**	47,481
Reclassified to property, plant and equipment	**(47,617)**	–
Additions	**–**	1,067
Written off	**–**	(82)
Exchange difference	**–**	(849)
Balance at end of the year	**–**	47,617

Following the approval of the Group's management and directors on 26 July 2016 to sell the two hotels in Australia, the freehold land and building on freehold land were classified as "non-current assets held for sale" in the consolidated statement of financial position. One of the hotels was sold in financial year 2017.

The Group is actively marketing for sale of the remaining Larmont Hotel since the date of reclassification to non-current asset held for sale in financial year 2017. The sale has not been completed as at the end of the reporting period.

Since the Larmont Hotel no longer meets the classification as non-current asset held for sale, and in compliance with SFRS(I) 5 *Non-current assets held for sale and discontinued operations*, the Group has reclassified Larmont Hotel from non-current asset held for sale to the property, plant and equipment (Note 20). A remeasurement adjustment of $2,872,000 (Note 20) have been included in the "administrative expenses" in the Group's profit or loss for the year ended 31 May 2019.

At 31 May 2018 and 1 June 2017, details of the Group's non-current asset held for sale are as follows:

Address of properties	**Tenure of property**	**Existing use**	**Gross floor area (sq m)**	**Group's effective interest (%)**
Larmont Hotel Sydney 2-14 Kings Cross Road, Potts Point, New South Wales, 2011, Australia	Freehold	Hotel operations	4,876	55

In FY2017 and FY2018, the non-current asset held for sale was pledged to banks to secure the long-term borrowings granted to the Group (Note 27).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

18 Investment in associates

	Group		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Quoted equity shares, at cost	**–**	–	9,875
Unquoted equity shares, at cost	**1,724**	1,724	2,174
Share of post-acquisition profit, net of dividend received	**2,800**	5,723	22,454
	4,524	7,447	34,503
Deemed cost of investment	**4,756**	4,756	5,766
Impairment on investment in associates	**(3,871)**	(271)	–
	5,409	11,932	40,269

Deemed cost of investment is the fair value of financial guarantee on initial recognition provided by the Group to secure banking facilities of the associates.

Details of the Group's associates at 31 May 2019 are as follow:

Name of associate/ Place of incorporation and operation	**Principal activity**	**Proportion of ownership interest and voting power held**		
		31.5.2019	31.5.2018	1.6.2017
		%	%	%
Unique Development Pte. Ltd. (3) Singapore	Development of real estate	**20.0**	20.0	20.0
Unique Realty Pte. Ltd. (3) Singapore	Development of real estate	**20.0**	20.0	20.0
Residenza Pte. Ltd. (3) Singapore	Development of real estate	**32.0**	32.0	32.0
Unique Consortium Pte. Ltd. (3) Singapore	Development of real estate	**20.0**	20.0	20.0
Development 26 Pte. Ltd. (3) Singapore	Development of real estate	**45.0**	45.0	45.0
Unique Capital Pte. Ltd. (3) Singapore	Development of real estate	**20.0**	20.0	20.0
Chewathai Public Company Limited (2) *(formerly known as Chewathai Limited)* Thailand	Development of real estate	**–**	–	31.9
Development 32 Pte. Ltd. (3) Singapore	Development of real estate	**45.0**	45.0	45.0
Unique Commercial Pte. Ltd. (1) Singapore	Development of real estate	**35.0**	35.0	35.0
Wealth Development Pte. Ltd. (3) Singapore	Development of real estate	**30.0**	30.0	30.0
Unique Wellness Pte. Ltd. (4) Singapore	Dormant	**–**	20.0	20.0

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

18 Investment in associates (cont'd)

Name of associate/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held		
		31.5.2019	31.5.2018	1.6.2017
		%	%	%
Held by Chewathai Public Company Limited				
Chewathai Hup Soon Limited [(2)] Thailand	Development of real estate	**–**	–	15.9
Chewathai Interchange Co., Ltd [(2)]	Development of real estate	**–**	–	31.9

(1) Audited by Baker Tilly TFW LLP, Singapore

(2) Audited by Ernst & Young Office Limited, Thailand

(3) Audited by Ernst & Young LLP, Singapore

(4) Company had been struck off during the financial year 2019

In accordance with the requirements of Rules 715 and 716 of the SGX-ST Listing Manual, the directors of the Company and the Audit Committee, having reviewed the appointment of different auditors for the Group's associates, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

Movement in allowance for impairment loss is as follows:

	Group	
	2019	2018
	$'000	$'000
Balance at beginning of the year	**271**	–
Allowance made	**3,600**	7,568
Reversal of allowance upon disposal of an associate	**–**	(7,297)
Balance at end of the year	**3,871**	271

During the financial year, management performed an impairment assessment on the investment in associates (excluding Chewathai Public Company Limited). An impairment loss of $3,600,000 (31.5.2018: $271,000) was recognised to write down the investments in certain associates to their recoverable amounts of $1,570,000. The recoverable amount was determined based on its fair value less cost to sell, which represented its adjusted net assets value taking into account the fair value of underlying assets and liabilities of these associates. This fair value measurement is categorised within Level 3 of the fair value hierarchy.

In 2018, by an extraordinary general meeting held on 24 January 2018, the Group disposed of its entire shareholding interest of 239,119,300 ordinary shares in the capital of Chewathai, an associate of the Group (Note 13). The selling price per share was Baht 1.33, being negotiated at arms-length and arrived at on a "willing-buyer, willing-seller" basis, taking into account, *inter alia*, the market capitalisation and net asset value of Chewathai as at 30 September 2017.

The disposal was in two tranches as follows:

1. 88,000,000 ordinary shares in Chewathai was sold on 26 January 2018; and

2. the remaining 151,119,300 ordinary shares in Chewathai was sold upon the exercise of a call option by the purchaser on 28 May 2018 (Note 13).

The disposal of Chewathai was completed on 28 May 2018. An impairment loss on investment in Chewathai amounting to $7,297,000 was recorded in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

18 Investment in associates (cont'd)

In 2017, the fair value of quoted equity shares of Chewathai was Thai Baht 318,030,000 (equivalent to $12,944,000) based on quoted bid prices in an active market on 31 May 2017. The fair value measurement was classified with Level 1 of the fair value hierarchy.

Summarised financial information in respect of the Group's associates is set out below:

	Group		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Total assets	**135,722**	179,633	445,079
Total liabilities	**(118,285)**	(151,207)	(319,784)
Net assets	**17,437**	28,426	125,295
Group's share of associates' net assets	**4,524**	7,447	34,502
Revenue	**5,290**	121,106	135,351
(Loss)/profit for the year	**(3,883)**	8,125	(10,383)
Group's share of associates' results for the year	**(792)**	2,838	(2,090)
Dividend received	**2,131**	9,930	6,535

The Group has not recognised its share of losses amounting to $476,000 (2018: $Nil) in profit or loss during the financial year. The accumulated losses not recognised at the date of reporting period were $476,000 (31.5.2018: $Nil; 1.6.2017: $169,000).

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For the financial year ended 31 May 2019

18 Investment in associates (cont'd)

The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with financial reporting standards and includes adjustments by the Group to align with the Group's accounting policy for equity accounting purposes. Summarised and reconciliation of the financial information in respect of each of the Group's material associates is set out below:

	Unique Development Pte. Ltd.	Unique Realty Pte. Ltd.	Residenza Pte. Ltd.	Unique Consortium Pte. Ltd.	Unique Capital Pte. Ltd.	Development 26 Pte. Ltd.	Development 32 Pte. Ltd.	Wealth Development Pte. Ltd.	Unique Commercial Pte. Ltd.
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
31.5.2019									
Summarised statement of financial position									
Proportion of the Group's effective ownership interest	20.0%	20.0%	32.0%	20.0%	20.0%	45.0%	45.0%	30.0%	35.0%
Current assets	3,075	2,449	2,124	23,792	21	276	5,474	30,562	51,973
Non-current assets	943	–	–	1,723	13,159	–	–	–	151
Current liabilities	(687)	(391)	(825)	(5,335)	(8)	(109)	(1,203)	(9,454)	(6,027)
Non-current liabilities	–	(93)	–	(17,136)	(5,527)	(420)	(661)	(22,000)	(48,409)
Net assets/(liabilities)	3,331	1,965	1,299	3,044	7,645	(253)	3,610	(892)	(2,312)
Group's share of net assets	666	393	416	609	1,529	–	1,624	(267)	(446)
Deemed cost of investment	1,054	610	201	694	707	300	305	439	446
Impairment loss	(1,054)	(610)	(201)	(694)	(707)	(300)	(305)	–	–
Carrying amount of the Group's interest in associates	666	393	416	609	1,529	–	1,624	172	–
Summarised statement of profit or loss and total comprehensive income									
Revenue	–	2,550	–	–	–	–	–	–	2,740
Profit/(loss) for the year and total comprehensive (loss)/income for the year	52	(388)	(218)	(89)	(205)	(317)	(170)	(741)	(1,807)

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For the financial year ended 31 May 2019

18 Investment in associates (cont'd)

	Unique Development Pte. Ltd. $'000	Unique Realty Pte. Ltd. $'000	Residenza Pte. Ltd. $'000	Unique Consortium Pte. Ltd. $'000	Unique Capital Pte. Ltd. $'000	Development 26 Pte. Ltd. $'000	Chewathai Public Limited and its subsidiaries $'000	Development 32 Pte. Ltd. $'000	Wealth Development Pte. Ltd. $'000	Unique Commercial Pte. Ltd. $'000
31.5.2018										
Summarised statement of financial position										
Proportion of the Group's effective ownership interest	20.0%	20.0%	32.0%	20.0%	20.0%	45.0%	–	45.0%	30.0%	35.0%
Current assets	5,074	3,066	9,950	29,304	21	350	–	9,160	37,165	57,856
Non-current assets	946	–	–	13,546	13,112	–	–	–	–	83
Current liabilities	(1,541)	(642)	(2,524)	(21)	(8)	(286)	–	(1,801)	(10,317)	(7,233)
Non-current liabilities	–	(72)	–	(39,696)	(5,276)	–	–	(3,578)	(27,000)	(51,210)
Net assets/ (liabilities)	4,479	2,352	7,426	3,133	7,849	64	–	3,781	(152)	(504)
Group's share of net assets	896	470	2,376	627	1,570	29	–	1,701	(46)	(176)
Deemed cost of investment	1,054	610	201	694	707	300	–	304	440	446
Impairment loss	–	–	–	–	–	(271)	–	–	–	–
Carrying amount of the Group's interest in associates	1,950	1,080	2,577	1,321	2,277	58	–	2,005	394	270
Summarised statement of profit or loss and total comprehensive income										
Revenue	1,797	8,560	–	–	–	–	76,828	945	8,258	24,718
(Loss)/profit for the year and total comprehensive (loss)/income for the year	(17)	1,863	(70)	(2,914)	(404)	1,084	8,058	895	(349)	(21)

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For the financial year ended 31 May 2019

18 Investment in associates (cont'd)

	Unique Development Pte. Ltd. $'000	Unique Realty Pte. Ltd. $'000	Residenza Pte. Ltd. $'000	Unique Consortium Pte. Ltd. $'000	Unique Capital Pte. Ltd. $'000	Development 26 Pte. Ltd. $'000	Chewathai Public Limited and its subsidiaries $'000	Development 32 Pte. Ltd. $'000	Wealth Development Pte. Ltd. $'000	Unique Commercial Pte. Ltd. $'000
1.6.2017										
Summarised statement of financial position										
Proportion of the Group's effective ownership interest	20.0%	20.0%	32.0%	20.0%	20.0%	45.0%	31.9%	45.0%	30.0%	35.0%
Current assets	9,118	17,884	10,395	42	52	4,149	158,749	32,162	52,670	53,488
Non-current assets	944	–	–	69,474	13,172	–	22,678	–	–	103
Current liabilities	(2,666)	(7,818)	(2,638)	(24)	(9)	(3,169)	(97,455)	(3,970)	(52,472)	(5,665)
Non-current liabilities	–	(77)	(260)	(28,445)	(4,962)	–	(36,436)	(25,307)	–	(48,410)
Net assets/ (liabilities)	7,396	9,989	7,497	41,047	8,253	980	47,536	2,885	198	(484)
Group's share of net assets	1,479	1,998	2,399	8,209	1,651	441	16,968	1,298	59	–
Deemed cost of investment	1,054	610	201	691	707	300	1,185	304	335	379
Carrying amount of the Group's interest in associates	2,533	2,608	2,600	8,900	2,358	741	18,153	1,602	394	379
Summarised statement of profit or loss and total comprehensive income										
Revenue	9,638	–	–	–	–	–	29,955	33,223	62,535	–
(Loss)/profit for the year and total comprehensive (loss)/income for the year	(2,407)	(592)	(336)	(7,983)	(1,029)	(48)	410	619	1,080	(97)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

19 Investment in subsidiaries

	Company		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Unquoted equity shares, at cost	**30,178**	30,178	28,979
Impairment loss	**(2,117)**	(1,253)	(532)
Deemed cost of investment	**4,385**	3,936	4,549
	32,446	32,861	32,996

Deemed cost of investment is the fair value of financial guarantees on initial recognition provided by the Company to secure banking facilities of certain subsidiaries (Note 27). The full amount of the financial guarantee fee is deemed to be additional investment in subsidiaries.

Movement in the allowance for impairment loss is as follows:

	Company	
	2019	2018
	$'000	$'000
Balances at beginning of the year	**1,253**	532
Allowance made	**864**	721
Balance at end of the year	**2,117**	1,253

During the financial year, management performed an impairment assessment on the Company's investment in subsidiaries. An impairment loss of $864,000 (2018: $721,000, 2017: $532,000) was recognised to write down the investments in certain subsidiaries to their recoverable amounts of $1,183,000 (2018: $1,499,000, 2017: $455,000). The recoverable amount was determined based on its fair value less cost to sell, which represented its adjusted net assets value taking into account the fair value of underlying assets and liabilities of these subsidiaries. This fair value measurement is categorised within Level 3 of the fair value hierarchy.

Details of the Company's subsidiaries at 31 May 2019 are as follows:

Name of subsidiary/ Place of incorporation and operation	**Principal activity**	**Proportion of ownership interest and voting power held**		
		31.5.2019	31.5.2018	1.6.2017
		%	%	%
TEE Realty Pte. Ltd. (1) Singapore	Development of real estate	**100**	100	100
Development 83 Pte. Ltd. (1) Singapore	Development of real estate	**100**	100	100
TEE Property Pte. Ltd. (1) Singapore	Development of real estate and investment holding	**100**	100	100
TEE Homes Pte. Ltd. (1) Singapore	Development of real estate	**100**	100	100
TEE Development Pte. Ltd. (1) Singapore	Development of real estate	**100**	100	100
Development 72 Pte. Ltd. (1) Singapore	Development of real estate	**100**	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

19 Investment in subsidiaries (cont'd)

Details of the Company's subsidiaries at 31 May 2019 are as follows (cont'd):

Name of subsidiary/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held		
		31.5.2019	31.5.2018	1.6.2017
		%	%	%
TEE Industrial Pte. Ltd. [1] Singapore	Real estate activities with owned property	**100**	100	100
Development 16 Pte. Ltd. [1] Singapore	Development of real estate and investment holding	**100**	100	100
TEE Ventures Pte. Ltd. [1] Singapore	Development of real estate	**100**	100	100
TEE Hospitality Pte. Ltd. [1] Singapore	Development of real estate and investment holding	**100**	100	100
Development 35 Pte. Ltd. [1] *(formerly known as TEE Vista Pte. Ltd.)* Singapore	Development of real estate	**51**	51	51
TEE Vista Pte. Ltd. [1] *(formerly known as Ley Choon Development Pte Ltd)* Singapore	Development of real estate	**100**	100	100
TEE Forward Pte. Ltd. [1] Singapore	Development of real estate	**60**	60	–
Held by TEE Property Pte. Ltd.				
Viet-TEE Company Limited [2] Vietnam	Development of real estate	**65**	65	65
TEE Resources Sdn. Bhd. [3] Malaysia	Development of real estate	**100**	100	100
Klang City Development Pte. Ltd. [1] Singapore	Development of real estate and investment holding	**60**	60	60
Held by Klang City Development Pte. Ltd.				
Menara Jutamas Sdn. Bhd. [6] Malaysia	Development of real estate	**60**	60	60

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

19 Investment in subsidiaries (cont'd)

Details of the Company's subsidiaries at 31 May 2019 are as follows (cont'd):

Name of subsidiary/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held		
		31.5.2019	31.5.2018	1.6.2017
		%	%	%
Held by TEE Hospitality Pte. Ltd.				
TEE Oceania Pte Limited [(4)] New Zealand	Investment holding	**100**	100	100
JPJ Properties Pty Ltd [#] Australia	Hotel operations	**55**	55	55
Potts Point Hospitality Pty Ltd [(5)] Australia	Hotel operations	**55**	55	55
Teematic Private Limited [(4)] New Zealand	Investment holding	**75.1**	75.1	75.1
Held by Teematic Private Limited				
Workotel Limited [(4)] New Zealand	Rental accommodation operations	**75.1**	75.1	75.1

(1) Audited by Baker Tilly TFW LLP, Singapore

(2) Audited by Baker Tilly A&C, Vietnam

(3) Audited by Baker Tilly Monteiro Heng, Malaysia

(4) Audited by Baker Tilly Staples Rodway, New Zealand

(5) Audited by Baker Tilly Pitcher Partners, Australia

(6) Audited by Tee & Partners, Malaysia

JPJ Properties Pty Ltd had been deregistered on 7 August 2019

In accordance with the requirements of Rules 715 and 716 the SGX-ST Listing Manual, the directors of the Company and the Audit Committee, having reviewed the appointment of different auditors for the Group's subsidiaries, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

All the shares in a subsidiary, TEE Resources Sdn. Bhd. have been pledged as a security in connection with a loan from a substantial shareholder (Note 27). The pledge has been discharged subsequent to the end of the financial year.

Incorporation of TEE Forward Pte. Ltd.

On 6 November 2017, the Company incorporated a new subsidiary, TEE Forward Pte. Ltd. ("TEE Forward") with a paid-up share capital of one share at $1.00. On 4 December 2017, TEE Forward increased its paid-up share capital to 100 shares of $1.00 each, allotting 59 shares to the Company, 30 shares to TG (2013) Pte Ltd ("TG (2013)"), 5 shares to Kenmooreland Pte Ltd ("Kenmooreland") and 5 shares to Triple Fortune International Limited ("Triple Fortune") (collectively "Shareholders"). TG (2013), Kenmooreland and Triple Fortune are independent and unrelated third parties. On 1 February 2018, TEE Forward further increased its paid-up share capital to 2,000,000 shares of $1.00 each, allotting the new shares to the Shareholders in their shareholding proportion. Upon completion of the above subscriptions, the Company holds 60% of the issued share capital of TEE Forward.

19 Investment in subsidiaries (cont'd)

The table below shows the details of subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and operation	Effective equity interest and voting power held by non-controlling interests		
		31.5.2019	31.5.2018	1.6.2017
		%	%	%
TEE Oceania Pte Limited and its subsidiaries	New Zealand	**24.9**	24.9	24.9
JPJ Properties Pty Ltd	Australia	**45.0**	45.0	45.0
Potts Point Hospitality Pty Ltd	Australia	**45.0**	45.0	45.0
Development 35 Pte. Ltd. *(formerly known as TEE Vista Pte. Ltd.)*	Singapore	**49.0**	49.0	49.0
TEE Forward Pte Ltd	Singapore	**40.0**	40.0	–

Name of subsidiary	Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests		
	2019	2018	**31.5.2019**	31.5.2018	1.6.2017
	$'000	$'000	**$'000**	$'000	$'000
		(Restated)		(Restated)	(Restated)
TEE Oceania Pte Limited and its subsidiaries	**(144)**	(238)	**(99)**	43	288
JPJ Properties Pty Ltd	**156**	14	**–**	446	4,731
Potts Point Hospitality Pty Ltd	**(1,146)**	117	**8,773**	9,868	9,601
Development 35 Pte. Ltd. *(formerly known as TEE Vista Pte. Ltd.)*	**476**	(39)	**632**	156	195
TEE Forward Pte Ltd	**(1,387)**	(161)	**(748)**	639	–
Others *	**62**	2	**74**	44	91
Total	**(1,983)**	(305)	**8,632**	11,196	14,906

* Individually immaterial subsidiaries with non-controlling interests.

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For the financial year ended 31 May 2019

19 Investment in subsidiaries (cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amount before intragroup eliminations.

	TEE Oceania Pte Limited and its subsidiaries	JPJ Properties Pty Ltd	Potts Point Hospitality Pty Ltd	Development 35 Pte. Ltd.	TEE Forward Pte. Ltd.
	$'000	$'000	$'000	$'000	$'000
Summarised statements of financial position					
31.5.2019					
Current assets	4,240	–	1,242	29,536	95,066
Non-current assets	7,294	–	41,503	–	792
Current liabilities	(8,004)	–	(23,246)	(22,075)	(3,721)
Non-current liabilities	(4,494)	–	–	(6,171)	(94,007)
Net (liabilities)/assets	**(964)**	**–**	**19,499**	**1,290**	**(1,870)**
Non-controlling interests	**(99)**	**–**	**8,773**	**632**	**(748)**
31.5.2018					
Current assets	4,371	1,189	48,779	27,143	76,711
Non-current assets	8,686	–	335	220	82
Current liabilities	(12,786)	(101)	(27,183)	(1,284)	(1,341)
Non-current liabilities	(489)	–	–	(25,761)	(73,855)
Net (liabilities)/assets	(218)	1,088	21,931	318	1,597
Non-controlling interests	43	446	9,868	156	639
1.6.2017					
Current assets	4,150	16,763	48,416	25,340	–
Non-current assets	10,092	–	492	99	–
Current liabilities	(8,149)	(6,248)	(27,573)	(252)	–
Non-current liabilities	(5,323)	–	–	(24,790)	–
Net (liabilities)/assets	770	10,515	21,335	397	–
Non-controlling interests	288	4,731	9,601	195	–

NOTES TO THE FINANCIAL STATEMENTS

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19 Investment in subsidiaries (cont'd)

	TEE Oceania Pte Limited and its subsidiaries $'000	JPJ Properties Pty Ltd $'000	Potts Point Hospitality Pty Ltd $'000	Development 35 Pte. Ltd. $'000	TEE Forward Pte. Ltd. $'000
Summarised income statement					
2019					
Revenue for the year	1,641	–	7,310	17,023	183
Expenses	(2,415)	347	(9,857)	(16,051)	(3,651)
(Loss)/profit for the year	(774)	347	(2,547)	972	(3,468)
(Loss)/profit attributable to:					
Equity holder of the Company	(630)	191	(1,401)	496	(2,081)
Non-controlling interests	(144)	156	(1,146)	476	(1,387)
(Loss)/profit for the year	(774)	347	(2,547)	972	(3,468)
Other comprehensive income/(loss) attributable to:					
Equity holder of the Company	26	(97)	(673)	–	–
Non-controlling interests	2	(79)	(550)	–	–
Other comprehensive (loss)/income for the year	28	(176)	(1,223)	–	–
Total comprehensive (loss)/income attributable to:					
Equity holder of the Company	(604)	235	(2,074)	496	(2,081)
Non-controlling interests	(142)	185	(1,696)	476	(1,387)
Total comprehensive income for the year	(746)	420	(3,770)	972	(3,468)
Summarised statement of cash flows					
2019					
Net cash generated from/(used in) operating activities	130	932	899	4,672	(17,743)
Net cash generated from/(used in) investing activities	(5)	–	91	–	–
Net cash generated from/(used in) financing activities	(120)	(1,299)	(850)	–	18,139
Net cash (decrease)/increase in cash and cash equivalents	**5**	**(367)**	**140**	**4,672**	**396**

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For the financial year ended 31 May 2019

19 Investment in subsidiaries (cont'd)

	TEE Oceania Pte Limited and its subsidiaries $'000	JPJ Properties Pty Ltd $'000	Potts Point Hospitality Pty Ltd $'000	Development 35 Pte. Ltd. $'000	TEE Forward Pte. Ltd. $'000
Summarised income statement					
2018					
Revenue for the year	2,054	–	7,177	4,726	–
Expenses	(3,040)	40	(6,917)	(4,806)	(402)
(Loss)/profit for the year	(986)	40	260	(80)	(402)
(Loss)/profit attributable to:					
Equity holder of the Company	(748)	26	143	(41)	(241)
Non-controlling interests	(238)	14	117	(39)	(161)
(Loss)/profit for the year	(986)	40	260	(80)	(402)
Other comprehensive income/(loss) attributable to:					
Equity holder of the Company	3	134	(228)	–	–
Non-controlling interests	(5)	46	(187)	–	–
Other comprehensive (loss)/income for the year	(2)	180	(415)	–	–
Total comprehensive (loss)/income attributable to:					
Equity holder of the Company	(745)	160	(85)	259	(40)
Non-controlling interests	(243)	60	(70)	249	(28)
Total comprehensive income for the year	(988)	220	(155)	508	(68)
Summarised statement of cash flows					
2018					
Net cash generated from/(used in) operating activities	145	(707)	503	4,188	(75,161)
Net cash generated from/(used in) investing activities	(10)	304	(1,067)	–	–
Net cash generated from/(used in) financing activities	(144)	(14,455)	417	421	75,637
Net cash (decrease)/increase in cash and cash equivalents	(9)	(14,858)	(147)	4,609	476

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For the financial year ended 31 May 2019

20 Property, plant and equipment

	Freehold land $'000	Buildings on freehold land $'000	Computer $'000	Renovation $'000	Motor vehicle $'000	Machinery and tools $'000	Office equipment $'000	Total $'000
Group								
Cost								
At 1 June 2017	–	–	123	1,247	104	17	501	1,992
Exchange differences	–	–	2	49	3	(1)	(3)	50
Additions	–	–	5	–	–	6	13	24
Written off	–	–	–	(18)	–	–	–	(18)
At 31 May 2018	–	–	130	1,278	107	22	511	2,048
Reclassification (Note 17)	4,545	36,227	–	–	–	–	8,413	49,185
Exchange differences	(268)	(2,128)	(2)	(28)	(3)	(1)	(504)	(2,934)
Additions	–	–	4	46	6	1	200	257
Disposal	–	(274)	(16)	–	–	–	–	(290)
At 31 May 2019	**4,277**	**33,825**	**116**	**1,296**	**110**	**22**	**8,620**	**48,266**
Accumulated depreciation								
At 1 June 2017	–	–	91	845	65	10	246	1,257
Exchange differences	–	–	3	41	2	(1)	(3)	42
Depreciation	–	–	22	251	21	3	90	387
Written off	–	–	–	(8)	–	–	–	(8)
At 31 May 2018	–	–	116	1,129	88	12	333	1,678
Reclassification (Note 17)	–	871	–	–	–	–	697	1,568
Remeasurement (Note 17)	–	1,506	–	–	–	–	1,366	2,872
Exchange differences	–	(120)	(1)	(27)	(2)	(1)	(122)	(273)
Depreciation	–	1,015	11	153	17	4	935	2,135
Disposal	–	(18)	(16)	–	–	–	–	(34)
At 31 May 2019	**–**	**3,254**	**110**	**1,255**	**103**	**15**	**3,209**	**7,946**
Net carrying amount								
At 31 May 2019	**4,277**	**30,571**	**6**	**41**	**7**	**7**	**5,411**	**40,320**
At 31 May 2018	–	–	14	149	19	10	178	370
As at 1 June 2017	–	–	32	402	39	7	255	735

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For the financial year ended 31 May 2019

20 Property, plant and equipment (cont'd)

In 2017, the Group has reclassified both properties comprised freehold land and buildings on freehold land in Australia from property, plant and equipment to non-current assets held for sale (Note 17), as the management has decided to dispose both properties in order to realise their values.

As disclosed in Note 17, in compliance with SFRS(I) 5 *Non-current assets held for sale and discontinued operations*, the Group has reclassified Larmont Hotel from non-current asset held for sale (Note 17) to the property, plant and equipment.

The net carrying amounts of property, plant and equipment relating to the Larmont Hotel (Note 17) are as follows:

	31.5.2019
	$'000
Freehold land	**4,277**
Buildings on freehold land	**30,571**
Office equipment	**5,320**
	40,168

At the end of the reporting period, the net carrying amount of property, plant and equipment of the Group pledged to banks to secure the long-term borrowings granted to the Group amounted to $40,168,000 (31.5.2018: $Nil; 1.6.2017: $Nil) (Note 27).

The net carrying amount of the Group's motor vehicle includes an amount of $Nil (2018: $16,000, 2017: $33,000) which was held under finance lease (Note 26).

21 Investment properties

	Group	
	2019	2018
	$'000	$'000
At fair value:		
At beginning of year	**33,905**	35,812
Additions	**46**	–
Exchange differences	**(318)**	(412)
Fair value loss on investment properties (Note 6)	**(2,191)**	(1,495)
At end of year	**31,442**	33,905

21 Investment properties (cont'd)

The fair value of the Group's investment properties at 31 May 2019 have been determined based on valuations carried out by independent valuers with appropriate recognised professional qualifications and experience.

In determining the market value of the investment properties, the valuers have considered valuation techniques (including income capitalisation method, discounted cash flow method and direct comparison method) in arriving at the open market value as at the end of the reporting period. Income capitalisation method involves assessment of the income earning capacity and capitalised it at the adopted capitalisation rate to derive a core value. Discounted cash flow method recognises the time value of money by estimating the net present value of future cash flows. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at 31 May 2019, the fair value measurements of the Group's investment properties are classified within Level 3 of the fair value hierarchy.

The investment properties held by the Group as at 31 May 2019 are as follow:

Name of property/Location	Tenure	Description
Workotel 19 Main South Road , Upper Riccarton, Christchurch, New Zealand	Freehold	107 units and 4 houses for providing rental accommodation
Thistle Guesthouse 21 Main North Road, Upper Riccarton, Christchurch, New Zealand	Freehold	10 rooms with 1 ground floor apartment and an attached sleep-out for providing rental accommodation
Chewathai Ratchaprarop Condominium, No. 11, Ratchaprarop Road, Makkasan Sub-district, Ratchathewi District, Bangkok, Thailand	Freehold	3 condominium apartment units for providing rental accommodation
TEE Building 25 Bukit Batok Street 22, Singapore	Leasehold from 1 May 1992 to 30 April 2052	Industrial space for providing rental

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

21 Investment properties (cont'd)

The following table shows the significant unobservable inputs used in the valuation model:

Location	Fair value			Valuation methodology	Significant unobservable inputs (Level 3)	Range		
	31.5. 2019	31.5. 2018	1.6. 2017			**31.5. 2019**	31.5. 2018	1.6. 2017
	$'000	$'000	$'000					
New Zealand	**7,188**	8,197	9,676	Discounted cash flow method	Discount rate [2]	**10.00%**	8.00%	10.00%
				Direct comparison method	Price per square meter of gross floor area[1]	**$250 - $500**	$311 - $480	$300 - $480
Singapore	**22,000**	23,500	24,000	Direct comparison method	Price per square meter of gross floor area[1]	**$3,500 - $4,900**	$1,500 - $3,000	$1,800 - $3,000
Thailand	**2,254**	2,208	2,136	Direct comparison method	Price per square meter of gross floor area[1]	**$3,600 - $8,000**	$3,900 - $7,100	$4,000 - $6,600
				Income capitalisation method	Occupancy turnover[1]	**97.00%**	97.00%	97.00%
					Turnover[1]	**$2,700/ week**	$2,700/ week	$3,000/ week
					Operating income[1]	**$2,500/ week**	$2,600/ week	$2,600/ week
					Net operating income margin[1]	**91.00%**	91.00%	87.00%
					Capitalisation rate[2]	**6.00%**	6.00%	6.00%

(1) Any significant isolated increase/(decrease) in these inputs would result in a significantly higher/(lower) fair value measurement.

(2) Any significant isolated decrease/(increase) in this input would result in a significantly (higher)/lower fair value measurement.

The Group has pledged the investment properties except for freehold condominium apartment units in Bangkok, Thailand to banks to secure long-term borrowings granted to the Group (Note 27).

The property rental income from the Group's investment properties amounted to $2,402,000 (2018: $2,482,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $698,000 (2018: $765,000). Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income amounted to $5,000 (2018: $126,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

22 Deferred tax liabilities/(assets)

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods:

	Recognition profits from properties under development $'000	Tax losses $'000	Total $'000
Group			
At 1 June 2017 (Restated)	374	(3,561)	(3,187)
Charge/(credit) to profit or loss for the year (Note 9) (Restated)	666	(803)	(137)
Exchange differences (Restated)	(15)	21	6
At 31 May 2018 (Restated)	1,025	(4,343)	(3,318)
Charge/(credit) to profit or loss for the year (Note 9)	(620)	418	(202)
Exchange differences	(19)	64	45
At 31 May 2019	**386**	**(3,861)**	**(3,475)**

The following is the analysis of deferred tax balances for statements of financial position purposes:

	Group		
	31.5.2019	31.5.2018	1.7.2017
	$'000	$'000	$'000
Deferred tax liabilities	**386**	1,025	374
Deferred tax assets (Restated)	**(3,861)**	(4,343)	(3,561)
	(3,475)	(3,318)	(3,187)

Revenue from sale of development properties will only be taxable upon completion of the project.

Subject to the agreement by the tax authorities, the Group has unutilised tax losses of approximately $36,131,000 (31.5.2018: $25,399,000; 1.6.2017: $18,968,000) which is available for offset against future taxable income of the Group. Deferred tax asset of $3,861,000 (31.5.2018: $4,343,000; 1.6.2017: $3,561,000) has been recognised in respect of such tax losses. No deferred tax assets have been recognised in respect of the remaining unutilised tax losses of approximately $16,975,000 (31.5.2018: $1,696,000; 1.6.2017: $3,848,000) due to unpredictability of future profit streams.

No deferred tax liability has been recognised in respect of undistributed earnings of subsidiaries which would be subject to withholding tax if transferred out of the country. The Group is in a position to control the timing of the transfer of these accumulated profits and do not expect the accumulated profits to be remitted such as to attract withholding tax in the foreseeable future. Temporary differences arising in connection with interests in associates is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

23 Bank loans

The bank loans of a subsidiary of $1,499,000 bear interest rates ranging from 5.30% to 5.45% (31.5.2018: 5.10% to 5.30%; 1.6.2017: 5.00% to 5.10%) per annum and secured by the corporate guarantee of the Company.

The Group's and the Company's bank loan of $495,000 bore interest rate ranging from 5.30% to 5.45% (31.5.2018: Nil%; 1.6.2017: Nil%) per annum, unsecured and repayable on demand.

In 2018, the Group's and the Company's bank loan of $5,000,000 bore interest rate ranging from 4.77% to 5.05% (1.6.2017: Nil%) per annum. The loan has fully repaid in November 2018.

As at the end of reporting period, the Group and the Company had available $5,000 (31.5.2018: $500,000; 1.6.2017: $Nil) of undrawn borrowing facilities in respect of which all conditions precedent had been met.

24 Trade payables

	Group		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Third parties	**13,276**	25,385	7,994
Related company	**1,238**	290	15,158
Retention payables	**3,267**	6,056	1,035
	17,781	31,731	24,187

The credit period granted by contractors is 30 to 60 days (31.5.2018: 30 to 60 days; 1.6.2017: 30 to 60 days). No interest is charged on the outstanding balance.

Retention payables are classified as current as they are expected to be repaid within the Group's normal operating cycle.

The amounts payables to related company are unsecured, interest free and repayable on demand.

25 Other payables

	Group		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
		(Restated)	(Restated)
Holding company	**157**	1,084	759
Related companies	**153**	165	148
Non-controlling interests	**2,218**	2,218	2,254
Associates	**3,387**	5,335	8,406
Accrued expenses	**5,523**	3,271	1,896
Dividend payable	**–**	1,117	1,841
Option money received from customers	**958**	4,511	4,149
Other payables	**2,060**	1,265	2,414
	14,456	18,966	21,867

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

25 Other payables (cont'd)

	Company		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Holding company	**–**	902	602
Subsidiaries	**12,637**	7,041	7,066
Associates	**–**	–	21
Accrued expenses	**605**	528	673
Dividend payable	**–**	1,117	–
Other payables	**27**	23	96
	13,269	9,611	8,458

The amounts payable to holding company, related companies, subsidiaries, non-controlling interests and associates are non-trade in nature, unsecured, interest-free and repayable on demand.

26 Finance lease

	Group					
	Minimum lease payments			Present value of lease payment		
	31.5.2019	31.5.2018	1.6.2017	**31.5.2019**	31.5.2018	1.6.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Amounts payable under finance lease:						
Within one year	**14**	14	14	**13**	13	12
In the second to fifth years inclusive	**13**	28	40	**13**	27	38
	27	42	54	**26**	40	50
Less: Future finance charges	**(1)**	(2)	(4)	**–**	–	–
Present value of lease obligations	**26**	40	50	**26**	40	50
Presented by:						
Current				**13**	13	12
Non-current				**13**	27	38
				26	40	50

The lease term is 7 years (31.5.2018: 7 years; 1.6.2017: 7 years). The borrowing rate is 2.32% (31.5.2018: 2.32%; 1.6.2017: 2.32%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. The lease is on a fixed repayment basis and no arrangements have been entered into contingent rental payments.

The fair value of the finance lease at the end of the reporting period approximates its carrying amount as there are no significant changes in the interest rate available to the Group at the end of the reporting period. This fair value measurement is categorised within Level 3 of the fair value hierarchy.

The Group's obligations under finance lease are secured by the lessor's title to the Group's motor vehicle (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

27 Long-term borrowings

	Group		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Total borrowings	**217,637**	226,657	157,778
Amounts due for settlement within 12 months	**(87,436)**	(97,658)	(45,530)
Amounts due for settlement after 12 months	**130,201**	128,999	112,248

	Company		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Total borrowings	**–**	10,000	–
Amounts due for settlement within 12 months	**–**	(10,000)	–
	–	–	–

Included in total borrowings is an amount of $ Nil (31. 5.2018: $10,000,000; 1.6.2017: Nil) being the amount borrowed from a substantial shareholder. The loan bore interest rate of 11.50% (31.5.2018: 11.50%; 1.6.2017: Nil) per annum and has been fully repaid during the financial year. As disclosed in Note 19, the shares in a subsidiary have been pledged as a security in connection with this amount borrowed.

The Group's other long-term borrowings bear interest rates ranging from 2.80% to 4.95% (31.5.2018: 2.08% to 5.03%; 1.6.2017: 2.08% to 7.50%) per annum.

The Group's other long-term borrowings are secured against the development properties (Note 15), completed properties and land held for sale (Note 16), non-current asset held for sale (Note 17), freehold land and buildings on freehold land (Note 20), investment properties (Note 21) and corporate guarantees by the Company and other corporate shareholders of the certain subsidiaries (Note 38).

The Group's non-current long-term borrowings are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period. Accordingly, the fair value of these borrowings, determined from discounted cash flow analysis using a discount rate of 3.26% (31.5.2018: 3.19%; 1.6.2017: 3.13%) which are the marketing lending rate that the directors expect would be available to the Group at the end of the reporting period, would approximate their carrying amounts at the end of the reporting period. This fair value measurement for disclosure purpose is categorised in Level 3 of the fair values hierarchy.

As at the end of reporting period, the Group had available $24,627,000 (31.5.2018: $65,782,000; 1.6. 2017: $23,791,000) of undrawn borrowing facilities, in respect of which all conditions precedent had been met.

28 Financial guarantee liabilities

	Group			Company		
	31.5.2019	31.5.2018	1.6.2017	**31.5.2019**	31.5.2018	1.6.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Current	**130**	186	200	**646**	907	2,056
Non-current	**105**	235	301	**459**	1,027	833
	235	421	501	**1,105**	1,934	2,889

Movements in the financial guarantee liabilities are as follows:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
At beginning of year	**2,467**	2,292	**7,900**	7,261
Addition	**–**	175	**492**	639
At end of year	**2,467**	2,467	**8,392**	7,900
Less: Amortisation				
At beginning of year	**2,046**	1,791	**5,966**	4,372
Amortisation (Note 5)	**186**	255	**1,321**	1,594
At end of year	**2,232**	2,046	**7,287**	5,966
	235	421	**1,105**	1,934

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For the financial year ended 31 May 2019

28 Financial guarantee liabilities (cont'd)

Financial guarantee liabilities are the fair value of corporate guarantee on initial recognition provided by the Group and Company to secure banking facilities of associate and subsidiaries respectively. The Group and the Company recorded a deemed financial guarantee income in accordance with SFRS(I) 39 *Financial Instruments*. The deemed financial guarantee income is amortised over the financial guarantees period.

29 Term notes

In October 2014, the Company has in place a $250,000,000 Multicurrency Medium Term Note Programme ("MTN Programme") under which it can issue notes in series or tranches and may be denominated in Singapore dollar or other currency deemed appropriate at the time.

On 27 October 2014, the Company had completed the issuance of $30,000,000 of Senior Unsecured Fixed Rate Notes (the "Notes") with tenure of 3 years under the MTN Programme. The Notes were unsecured, bore a fixed interest rate of 6.50% per annum and payable semi-annually in arrears. The Notes had been fully repaid in October 2017.

30 Loans from non-controlling interests

The non-current shareholders' loans from non-controlling interests are for development properties "Rezi 35" and "35 Gilstead" (Note 15), bear interest rate at 5.00% (31.5.2018: 5.00%, 1.6.2017: 5.00%) per annum and repayable after 12 months from the end of the reporting period.

The fair value of the non-current loans from non-controlling interests at the end of the reporting period approximates their carrying amount as there are no significant changes in the interest rate available to the Group at the end of the reporting period. This fair value measurement is categorised within Level 3 of the fair value hierarchy.

31 Share capital

	Number of ordinary shares					
	31.5.2019	31.5.2018	1.6.2017	**31.5.2019**	31.5.2018	1.6.2017
				$'000	$'000	$'000
Group and Company						
Issued and paid up						
At beginning and end of year	**446,876,000**	446,876,000	446,876,000	**142,238**	142,238	142,238

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

32 Currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign operations into Singapore dollar are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of currency translation reserve.

33 Merger reserve

Merger reserve represents the difference between the amount of the share capital of the subsidiaries at the date on which they are acquired by the Company and the nominal amount of the share capital issued as consideration for the acquisition using the principles of merger accounting applicable to business combination under common control.

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For the financial year ended 31 May 2019

34 Capital reserve

The capital reserve represents the effects of changes in ownership in subsidiaries when there is no change in control.

35 Non-controlling interests

Included in non-controlling interests is an amount of $11,471,000 (31.5.18: $11,454,000, 1.6.2017: $15,462,000) of loan due to non-controlling interests which has been classified as equity as the loan is repayable at the discretion of a subsidiary of the Group.

36 Dividends

	Group and Company	
	2019	2018
	$'000	$'000
Final tax exempt (one-tier) dividend of 0.15 cent per ordinary share in respect of the financial year ended 31 May 2018	**670**	–
Interim tax exempt (one-tier) dividend of 0.25 cent per ordinary share in respect of the financial year ended 31 May 2018	**–**	1,117
	670	1,117

37 Significant related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

(a) Holding company and its subsidiaries

	Group	
	2019	2018
	$'000	$'000
Management fees paid to holding company	**295**	295
Rental income received from holding company	**(626)**	(626)
Rental income received from related companies	**(578)**	(578)

(b) Associates

	Group	
	2019	2018
	$'000	$'000
Dividend income from Chewathai	**–**	(544)
Dividend income from other associates	**(2,131)**	(9,930)
Interest income	**(115)**	(636)
Financial guarantee income	**(186)**	(255)
Management fee income	**(86)**	(132)

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For the financial year ended 31 May 2019

37 Significant related party transactions (cont'd)

(c) Professional fees paid to an independent non-executive director of the holding company

An independent non-executive director of the holding company is a partner of a firm which provided professional services to the Group amounting to $Nil (2018: $2,000).

(d) Professional fees paid to directors of the Company.

An independent non-executive director of the Company is a partner of a firm which provided professional services to the Group amounting to $26,000 (2018: $119,000).

(e) Loan from a substantial shareholder of the Company

A loan of $10,000,000 was extended by a substantial shareholder in previous year. The amount has been fully repaid during the financial year. The loan interest and commitment fee expenses for the financial year amounted to $616,000 (2018: $969,000).

(f) Compensation of directors and key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	Group	
	2019	2018
	$'000	$'000
Short-term benefits	**1,388**	1,500
Post-employment benefits	**63**	83
	1,451	1,583

38 Operating lease commitments and contingent liabilities

(a) Operating lease commitments - the Group as lessor

The Group leases out industrial/commercial premise space to holding company, related parties and third parties under non-cancellable operating leases. The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

	Group	
	2019	2018
	$'000	$'000
Within one year	**551**	703
In the second to fifth year inclusive	**670**	38
Total	**1,221**	741

(b) Operating lease commitments - the Group as lessee

The Group leases land from non-related parties under non-cancellable operating lease agreements. The leases have a tenure of 30 years. Renewals of leases are subject to approval by lessor. No restrictions are imposed on dividends or further leasing.

	Group	
	2019	2018
	$'000	$'000
Within one year	**97**	97
In the second to fifth year inclusive	**386**	386
Later than fifth years	**2,694**	2,791
Total	**3,177**	3,274

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

38 Operating lease commitments and contingent liabilities (cont'd)

(c) Contingent liabilities

Corporate guarantees

Details and estimates of maximum amounts of contingent liabilities are as follows:

(i) The Company has provided corporate guarantees of $115,133,000 (31.5.2018: $177,408,000; 1.6.2017: $186,238,000) to banks for bank borrowings of $95,444,000 (31.5.2018: $107,133,000; 1.6.2017: $110,888,000) taken by its wholly-owned subsidiaries at the end of the reporting period.

(ii) The Company has provided corporate guarantees of $85,125,000 (31.5.2018: $92,088,000; 1.6.2017: $33,266,000), to banks for bank borrowings of $123,692,000 (31.5.2018: $111,023,000; 1.6.2017: $48,389,000) taken by the certain subsidiaries at the end of the reporting period.

(iii) The Company has provided corporate guarantees of $31,940,000 (31.5.2018: $31,940,000; 1.6.2017: $41,835,000) to banks for bank borrowings of $22,397,000 (31.5.2018: $25,482,000; 1.6.2017: $28,122,000) taken by its associates at the end of the reporting period.

The earliest period that the guarantee could be called is within 1 year (31.5.2018: 1 year; 1.6.2017: 1 year) from the end of the reporting period. Based on the expectations at the end of the reporting period, the Group and Company consider that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffered credit losses.

Others

One of the Group's subsidiaries has not met the required timeline for the completion of a development project due to external factors. The matter is under appeal with the relevant authority for an extension. In the event that the appeal is not successful, management estimates that the potential charge to be approximately $4.8 million. Based on the facts and circumstances of this matter, the directors are of the view that the subsidiary has reasonable ground for obtaining an extension of time for the completion of the development project. To-date, this development project has been completed and it is within the requested extension period. Accordingly, no provision for any liability has been made in these financial statements.

39 Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments - property development, hotel operations and investment properties. The accounting policies of these reportable segments are the same as the Group's accounting policies described in Note 2.

The property development segment involves in the development and sale of development properties. The hotel operations segment involves hotel operations in Sydney, Australia. The investment properties segment involves providing rental of accommodation and industrial space.

Segment revenue represents revenue generated from external and internal customers. Segment profit represents the profit earned by each segment after allocation of central administrative costs and finance costs. Eliminations represent intercompany transactions and dividends which was eliminated in the consolidated financial statements. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Management monitors the operating results of each of its business unit for the purpose of making decisions on resource allocation and performance assessment. Segment assets and liabilities are presented net of inter-segment balances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

39 Segment information (cont'd)

Information regarding each of the Group's reportable segments is presented below.

	Corporate and others		Property development		Hotel operations		Investment properties		Eliminations		Group	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000 (Restated)	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000 (Restated)
Segment revenue												
External sales	**–**	–	**90,808**	99,501	**7,310**	7,178	**2,402**	2,482	**–**	–	**100,520**	109,161
Intercompany sales	**–**	–	**–**	–	**–**	–	**923**	1,256	**(923)**	(1,256)	**–**	–
Total revenue	**–**	–	**90,808**	99,501	**7,310**	7,178	**3,325**	3,738	**(923)**	(1,256)	**100,520**	109,161
Segment results												
Segment results	**(1,237)**	5,097	**(11,170)**	13,320	**(1,949)**	1,545	**(727)**	(262)	**(2,242)**	(24,576)	**(17,325)**	(4,876)
Share of results of associates	**–**	–	**(792)**	2,838	**–**	–	**–**	–	**–**	–	**(792)**	2,838
Finance costs	**(615)**	(1,873)	**(6,548)**	(3,723)	**(1,307)**	(1,160)	**(681)**	(629)	**1,114**	–	**(8,037)**	(7,385)
(Loss)/profit before tax	**(1,852)**	3,224	**(18,510)**	12,435	**(3,256)**	385	**(1,408)**	(891)	**(1,128)**	(24,576)	**(26,154)**	(9,423)
Tax (expense)/credit	**7**	(85)	**(428)**	743	**1,055**	(128)	**(303)**	(106)	**–**	–	**331**	424
(Loss)/profit for the year	**(1,845)**	3,139	**(18,938)**	13,178	**(2,201)**	257	**(1,711)**	(997)	**(1,128)**	(24,576)	**(25,823)**	(8,999)
(Loss)/profit attributable to:												
Equity holder of the Company	**(1,845)**	3,139	**(18,089)**	13,376	**(1,211)**	126	**(1,567)**	(759)	**(1,128)**	(24,576)	**(23,840)**	(8,694)
Non-controlling interests	**–**	–	**(849)**	(198)	**(990)**	131	**(144)**	(238)	**–**	–	**(1,983)**	(305)
(Loss)/profit for the year	**(1,845)**	3,139	**(18,938)**	13,178	**(2,201)**	257	**(1,711)**	(997)	**(1,128)**	(24,576)	**(25,823)**	(8,999)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

39 Segment information (cont'd)

	Corporate and others 31.5.2019 $'000	Property development 31.5.2019 $'000	Hotel operations 31.5.2019 $'000	Investment properties 31.5.2019 $'000	Group 31.5.2019 $'000
Segment assets					
Segment assets	614	311,811	41,410	34,494	388,329
Investment in associates	–	5,409	–	–	5,409
Deferred tax assets	–	2,460	1,335	66	3,861
Total assets	614	319,680	42,745	34,560	397,599
Segment liabilities					
Segment liabilities	(868)	(44,733)	(605)	(1,415)	(47,621)
Loans and borrowings	(495)	(175,983)	(22,615)	(20,538)	(219,631)
Current and deferred tax liabilities	(8)	26	–	(441)	(423)
Total liabilities	(1,371)	(220,690)	(23,220)	(22,394)	(267,675)
Net (liabilities)/assets	(757)	98,990	19,525	12,166	129,924
Other segment items					
Amortisation of capitalised contract costs	–	3,800	–	–	3,800
Amortisation of show flat expenses	–	433	–	–	433
Amortisation of financial guarantee liabilities	–	(186)	–	–	(186)
Depreciation of property, plant and equipment	–	200	1,864	71	2,135
Remeasurement adjustment of non-current asset held for sale	–	–	2,872	–	2,872
Fair value loss on investment properties	–	–	–	2,191	2,191
Gain on disposal of property, plant and equipment	–	–	(30)	–	(30)
Impairment on investment in associates	–	3,600	–	–	3,600
Impairment loss on trade receivables	–	–	5	–	5
Impairment loss on other receivables	–	181	–	–	181
Impairment loss on loans receivable from associates	–	665	–	–	665
Purchase of property, plant and equipment	–	(52)	(200)	(5)	257
Write-down of completed properties and land held for sale	–	542	–	–	542

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

39 Segment information (cont'd)

	Corporate and others	Property development	Hotel operations	Investment properties	Group
	31.5.2018	31.5.2018	31.5.2018	31.5.2018	31.5.2018
	$'000	$'000	$'000	$'000	$'000
		(Restated)			(Restated)
Segment assets					
Segment assets	1,107	352,840	49,147	37,010	440,104
Investment in associates	–	11,932	–	–	11,932
Deferred tax assets	–	3,583	335	425	4,343
Total assets	1,107	368,355	49,482	37,435	456,379
Segment liabilities					
Segment liabilities	(2,992)	(58,389)	(874)	(1,472)	(63,727)
Loans and borrowings	(15,000)	(170,916)	(25,521)	(21,719)	(233,156)
Current and deferred tax liabilities	(93)	(902)	–	(571)	(1,566)
Total liabilities	(18,085)	(230,207)	(26,395)	(23,762)	(298,449)
Net (liabilities)/assets	(16,978)	138,148	23,087	13,673	157,930
Other segment items					
Amortisation of capitalised contract costs	–	5,565	–	–	5,565
Amortisation of show flat expenses	–	514	–	–	514
Amortisation of financial guarantee liabilities	–	(255)	–	–	(255)
Depreciation of property, plant and equipment	–	315	–	72	387
Fair value loss on investment properties	–	–	–	1,495	1,495
Impairment on investment in associates	–	7,568	–	–	7,568
Impairment loss on trade receivables	–	–	6	–	6
Impairment loss on other receivables	–	181	–	–	181
Property, plant and equipment written off	–	10	–	–	10
Non-current asset held for sale written off	–	–	82	–	82
Purchase of property, plant and equipment	–	15	–	9	24
Addition to non-current asset held for sales	–	–	1,067	–	1,067
Write-down of completed properties and land held for sale	–	1,684	–	–	1,684

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

39 Segment information (cont'd)

Geographical information:

Segment revenue: Segment revenue is analysed based on the location of customers.

	Revenue	
	2019	2018
	$'000	$'000
		(Restated)
Singapore	**79,083**	58,802
New Zealand	**1,198**	1,278
Australia	**7,310**	7,178
Vietnam	**436**	532
Malaysia	**12,493**	41,371
	100,520	109,161

Segment non-current assets: Segment non-current assets (excluding deferred tax assets and financial assets) are analysed based on the location of those assets.

	Non-current assets		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
		(Restated)	(Restated)
Singapore	**27,478**	35,560	64,458
New Zealand	**7,227**	8,259	9,760
Australia	**40,168**	–	–
Malaysia	**44**	180	461
Thailand	**2,254**	2,208	2,137
	77,171	46,207	76,816

Information about major customers:

The Group does not have any single major customer that contributes 10% or more to the Group's revenues.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

40 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group			Company		
	31.5.2019	31.5.2018	1.6.2017	**31.5.2019**	31.5.2018	1.6.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
		(Restated)	(Restated)			
Financial assets:						
Loans and receivables	**–**	66,952	79,820	**–**	138,260	150,973
Finance assets at amortised costs	**58,830**	–	–	**124,550**	–	–
Financial liabilities:						
Financial liabilities at amortised cost	**260,826**	287,784	235,352	**14,852**	26,539	41,286

Financial assets consist of cash and cash equivalents, trade receivables, other receivables (excluding prepayments, deferred show flat costs, options money paid for purchase of properties and contract costs) and loans receivable from associates.

Financial liabilities consist of bank loans, trade payables, other payables (excluding option money received from customers), finance lease, long-term borrowings, financial guarantee liabilities, term notes and loans from non-controlling interests.

(b) Financial risk management objectives and policies

The Group and the Company is exposed to a variety of financial risks, such as market risk, including foreign exchange risk, interest rate risk, credit risk, liquidity risk and cash flow risks. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's performance.

The Company does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments

(b) Financial risk management objectives and policies (cont'd)

Foreign exchange risk

The Group transacts business in various foreign currencies, including Singapore Dollar ("SGD"), New Zealand Dollar ("NZD") and Thai Baht ("THB") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the financial assets and financial liabilities denominated in foreign currencies based on the information provided to key management are as follows:

	SGD $'000	NZD $'000	THB $'000
Group			
31 May 2019			
Cash and bank balances	**–**	**6**	**35**
Trade and other receivables	**–**	**2,873**	**3**
Trade and other payables	**(21,900)**	**–**	**(22)**
Net financial asset/(liabilities) denominated in foreign currencies	**(21,900)**	**2,879**	**16**
31 May 2018			
Cash and bank balances	–	6	100
Trade and other receivables	2	2,929	9,276
Trade and other payables	(25,999)	–	(84)
Net financial asset/(liabilities) denominated in foreign currencies	(25,997)	2,935	9,292
1 June 2017			
Cash and bank balances	–	7	8
Trade and other receivables	1	3,027	337
Loan receivable from associates	–	–	2,882
Trade and other payables	(17,551)	–	(140)
Net financial asset/(liabilities) denominated in foreign currencies	(17,550)	3,034	3,087

The Company is not exposed to any significant foreign currency risk as the Company's transactions are mainly denominated in Singapore dollar.

The Group has a number of investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign exchange risk sensitivity

A 5% (31.5.2018: 5%; 1.6.2017: 5%) strengthening/(weakening) of the Malaysia Ringgit against the Singapore dollar at the end of the reporting period would (decrease)/increase the Group's (loss)/profit after income tax approximately by $909,000 (31.5.2018: $1,078,000; 1.6.2017: $728,000). This analysis assumes that all other variables remain constant.

A 5% (31.5.2018: 5%; 1.6.2017: 5%) strengthening/(weakening) of the New Zealand dollar against the Singapore dollar at the end of the reporting period would increase/(decrease) the Group's (loss)/profit after income tax approximately by $119,000 (31.5.2018: $121,000; 1.6.2017: $125,000). This analysis assumes that all other variables remain constant.

40 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Foreign exchange risk sensitivity (cont'd)

A 5% (31.5.2018: 5%; 1.6.2017: 5%) strengthening/(weakening) of the Thai Baht against the Singapore dollar at the end of the reporting period would increase/(decrease) the Group's (loss)/profit after income tax approximately by $1,000 (31.5.2018: $386,000; 1.6.2017: $128,000). This analysis assumes that all other variables remain constant.

Interest rate risk

The Group has exposure to interest rate risk through the impact of floating interest rate on borrowings. The Group obtained financing through bank loans and the details of the Group's interest rate exposure are disclosed in Notes 23 and 27.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 50 basis points higher or lower and all other variables were held constant, the Group's (loss)/profit for the year ended 31 May 2019 would increase/decrease by $1,098,000 (31.5.2018: $1,116,000; 1.6.2017: $789,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate of borrowings.

The Company's profit or loss was not affected by changes in interest rates as the Company did not have any borrowings or intercompany loans that are at variable rates.

Credit risk

The Group's principal financial assets are cash and bank balances, trade and other receivables and loans receivable from associates.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a mean of mitigating the risk of financial loss from defaults.

The Group's credit risk is primarily attributable to its trade and other receivables and loans receivable from associates. The Group manages these risks by monitoring credit worthiness and limiting the aggregate use to any individual counterparty. The Group does not expect to incur material credit losses on its financial instruments. The amounts presented in the statements of financial position are net of allowance for impairment losses. An allowance for impairment loss is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

At the reporting date, the non-trade amounts due from subsidiaries represent a significant portion of the Company's financial assets. Except as disclosed, there is no significant concentration of credit risk for the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

The carrying amount of financial assets and contract assets represent the maximum exposure to credit risk, before taking into account any collateral held.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition unless the Group has reasonable and supportable information to indicate that amount is subject to low credit risk	Lifetime ECL - not credit-impaired
Contractual payment is more than 90 days past due or there is evidence of credit impairment and adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operates	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external, if available, or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecasted adverse change in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligation;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

Regardless of the evaluation of the above factors, the Group considers that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, based on the Group's historical information of payment trends of its receivables.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

At the end of the reporting period, the Group has significant credit risk exposures mainly arising on trade receivables. The Company has significant credit risk exposures arising on non-trade amounts due from subsidiaries.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of each financial assets presented on the statement of financial position and the amount of $232,198,000 (2018: $301,436,000, 2017: $261,339,000) relating to corporate guarantees given by the Company to banks for the subsidiary companies' bank borrowings (Note 38(c)).

Movements in credit loss allowance of financial assets at amortised cost are as follows:

	Trade receivables (Note 12) $'000	Other receivables (Note 13) $'000	Loans receivables from associates (Note 14) $'000
Group			
Balance at 1 June 2018, under FRS 39 and SFRS(I) 9	6	3,555	–
Loss allowance measured:			
Lifetime ECL credit-impaired	5	181	665
Balance at 31 May 2019	**11**	3,736	665

	Other receivables (Note 13) $'000
Company	
Balance at 1 June 2018, under FRS 39 and SFRS(I) 9	–
Loss allowance measured:	
Lifetime ECL credit-impaired	667
Balance at 31 May 2019	**667**

The credit loss for cash and cash equivalents and other receivables is immaterial as at 31 May 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets

The Group has applied the simplified approach to provide for impairment for ECLs prescribed by SFRS(I) 9, which permits the use of the lifetime expected credit loss for impairment of all contract assets and trade receivables. To measure the ECLs, contract assets and trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporate forward looking information.

The ECL on trade receivables are estimated by reference to payment history, current financial situation of the debtor and an assessment of the current and future wider economic conditions and outlook for the industry in which the debtor operates at the reporting date.

For sales of development properties, the Group is contractually entitled to forfeit a fixed percentage of the purchase price received from the customer and repossess the sold property for resale. The credit loss risk in respect of contract assets is mitigated by these financial safeguards. Sales to hotel individual customers are settled in cash or using major credit cards. The credit risk relating to balances not past due pending receipt of payment from credit card companies is not deemed to be significant. Credit risk in respect of trade receivables related to property leasing is deemed to be low with security deposits received from tenants.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

At the reporting date, the maximum exposure to credit risk for trade receivables and contract assets by geographical region was as follows:

	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Singapore	**38,162**	18,663	15,836
New Zealand	**4**	11	19
Australia	**589**	596	314
Vietnam	**17**	9	3
Malaysia	**13,635**	30,211	19,250
	52,407	49,490	35,422

At the reporting date, the maximum exposure to credit risk for trade receivables and contract assets by business segment was as follows:

	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Property development	**49,621**	46,870	34,106
Hotel operations	**589**	595	314
Investment properties	**2,197**	2,025	1,002
	52,407	49,490	35,422

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

The following are credit risk management practices and quantitative information about trade receivables and contract assets.

	Contract assets $'000	Trade receivables $'000
Group		
31.5.2019		
Not past due	34,682	14,055
Past due 0 to 30 days	–	295
Past due 31 to 60 days	–	1,036
Past due 61 to 90 days	–	135
Past due over 91 days	–	2,204
Balance at 31 May 2019	34,682	17,725

A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor such as when the debtor has been placed under liquidation, has entered into bankruptcy proceedings, cannot be located or are not recoverable despite legal recourse made to recover the debt, including reminders and letters of demand issued for debts due for more than 12 months.

Loans receivable from associates

The Group applies the general approach for expected credit loss model to measure the loss allowance on loans receivable from associates. The Group has taken into account the historical default experience and forward-looking information, as appropriate, for example the Group has considered the consistently low historical default rate, financial position, projects undertaken by the associates and cash flow projection, as well as equity interests, undistributed accumulated profits in these associates and expected future earnings that would be distributed by the associates. The Group concluded that there has been no significant increase in the credit risk since the initial recognition. Accordingly, the Group is not exposed to significant credit loss in respect the loans receivable from associates.

Non-trade receivables from subsidiaries

The Company applies the SFRS(I) 9 general approach for measuring expected credit losses for its non-trade receivables from subsidiaries.

The Company has non-trade receivables from its subsidiaries of $122,971,000 (31.5.2018: $136,735,000; 1.6.2017: $145,148,000) for the purpose of satisfying their funding requirements. In respect of an amount of S$8,541,000, the Company has made loss allowance amounting to $667,000 (31.5.2018: $Nil; 1.6.2017: $Nil) for the year ended 31 May 2019. There are no changes to the assumptions used when assessing the loss allowance during the financial year.

For the remaining non-trade receivables from subsidiaries amounting to S$116,217,000, The Company assessed the latest performance and financial position of the subsidiaries, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. The assessment reflects a low credit risk exposure. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Other financial assets at amortised cost

Other financial assets at amortised costs include other receivables and cash and cash equivalents.

Loss allowance for other receivables is measured using 12-months ECL. The ECL on other receivables are estimated by reference to track records of the counterparties, the business and financial conditions where information is available and knowledge of any events or circumstances impeding recovery of the amounts.

The table below details the credit quality of the Group's and the Company's financial assets and other item, as well as maximum exposure to credit risk:

Group	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
		$'000	$'000	$'000
Trade receivables	Lifetime - credit impaired	17,736	(11)	17,725
Contract asset	Lifetime ECL	34,682	–	34,682
Other receivables	N.A. Exposure limited	5,245	–	5,245
	Lifetime - credit impaired	3,736	(3,736)	–
Loans receivable from associates	N.A. Exposure limited	2,734	–	2,734
	Lifetime - credit impaired	8,770	(665)	8,105
Cash and cash equivalents with financial institutions	N.A. Exposure limited	25,021	–	25,021
Company				
Other receivables	12-month ECL	116,217	–	116,217
	Lifetime - credit impaired	8,541	(667)	7,874
Cash and cash equivalents with financial institutions	N.A. Exposure limited	459	–	459

The Group's and the Company's other receivables comprise 1 debtor and 5 debtors respectively that individually represented more than 10% of the other receivables.

Financial guarantee

The Company issued financial guarantees to banks for borrowings of its subsidiaries and associates. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company assessed that its subsidiaries and associates have strong financial capacity to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Previous accounting policy for impairment of financial assets

At 31 May 2018, the Group's and the Company's other receivables comprise 1 debtor (1.6.2017: 1 debtor) and 5 debtors (1.6.2017: 4 debtors) respectively that individually represented more than 10% of the other receivables.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions which are regulated and have good credit standing.

Financial assets that are either past due and/or impaired

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees (Note 38(c)), represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

At the end of the reporting period, there are no other class of financial assets that are either past due and/or impaired except for trade receivables and other receivables as disclosed in Notes 12 and 13.

Analysis of trade receivables as at the end of the reporting period:

	Group	
	31.5.2018	1.6.2017
	$'000	$'000
Not past due and not impaired	4,731	2,417
Past due and not impaired	3,533	3,883
	8,264	6,300
Impaired trade receivables		
Less: Allowance for impairment loss	(6)	–
	8,258	6,300

Trade receivables that are past due and not impaired:

	Group	
	31.5.2018	1.6.2017
	$'000	$'000
Past due 0 to 30 days	556	1,171
Past due 31 to 60 days	152	686
Past due 61 to 90 days	107	292
Past due over 91 days	2,718	1,734
	3,533	3,883

40 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Previous accounting policy for impairment of financial assets

Movement in the impairment loss of trade receivables as follows:

	Group 2018 $'000
Balance at the beginning of the year	–
Additions	6
Balance at the end of the year	6

Movement in the impairment loss of other receivables as follows:

	Group 2018 $'000
Balances at the beginning of the year	3,374
Addition	181
Balances at the end of the year	3,555

The Group's other receivables that are impaired at the end of the reporting period and the allowance for impairment losses are as follows:

	Group	
	31.5.2018 $'000	1.6.2017 $'000
Gross amounts	3,736	3,374
Less: Allowance for impairment losses	(3,555)	(3,374)
	181	–

Before accepting any new customer, the Group assesses the potential customer's credit quality and define credit limits by customer.

The Group closely monitors the credit quality of its trade receivables and considers trade receivables that are neither past due nor impaired to be of a good credit quality. The Group does not hold any collateral over these balances.

In determining the recoverability of other receivables, the Group and the Company consider any change in the credit quality of the other receivables from the date credit was initially granted up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Liquidity and cash flow risks

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Group minimises liquidity risk by keeping committed credit lines available. Undrawn facilities are disclosed in Notes 23 and 27.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	% p.a.	$'000	$'000	$'000	$'000	$'000
Group						
31.5.2019						
Non-interest bearing	–	31,198	–	–	–	31,198
Finance lease (fixed rate)	2.32	13	14	–	(1)	26
Fixed interest rate instruments	5.00	487	10,282	–	(1,033)	9,736
Variable interest rate instruments	3.26	95,129	125,439	16,127	(17,064)	219,631
Financial guarantee liabilities	–	31,940	235	–	(31,940)	235
		158,767	135,970	16,127	(50,038)	260,826
31.5.2018						
Non-interest bearing	–	46,111	–	–	–	46,111
Finance lease (fixed rate)	2.32	13	29	–	(2)	40
Fixed interest rate instruments	8.60	11,338	9,331	–	(2,613)	18,056
Variable interest rate instruments	3.19	100,345	125,362	17,636	(20,187)	223,156
Financial guarantee liabilities	–	32,126	235	–	(31,940)	421
		189,933	134,957	17,636	(54,742)	287,784

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Liquidity and cash flow risks

Non-derivative financial liabilities

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	% p.a.	$'000	$'000	$'000	$'000	$'000
Group						
1.6.2017						
Non-interest bearing	–	41,905	–	–	–	41,905
Finance lease (fixed rate)	2.32	13	42	–	(5)	50
Fixed interest rate instruments	6.28	36,134	–	–	(1,015)	35,119
Variable interest rate instruments	3.13	50,297	104,421	19,242	(16,183)	157,777
Financial guarantee liabilities	–	56,817	301	–	(56,617)	501
		185,166	104,764	19,242	(73,820)	235,352

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	% p.a.	$'000	$'000	$'000	$'000
Company					
31.5.2019					
Non-interest bearing	–	13,252	–	–	13,252
Variable interest rate instruments	5.45%	495	–	–	495
Financial guarantee liabilities	–	232,276	1,027	(232,198)	1,105
		246,023	**1,027**	**(232,198)**	**14,852**
31.5.2018					
Non-interest bearing	–	9,605	–	–	9,605
Fixed interest rate instruments	11.50	10,863	–	(863)	10,000
Variable interest rate instruments	5.05	5,240	–	(240)	5,000
Financial guarantee liabilities	–	302,343	1,027	(301,436)	1,934
		328,051	1,027	(302,539)	26,539
1.6.2017					
Non-interest bearing	–	8,458	–	–	8,458
Fixed interest rate instruments	6.50	30,750	–	(811)	29,939
Financial guarantee liabilities	–	221,560	833	(219,504)	2,889
		260,768	833	(220,315)	41,286

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Liquidity and cash flow risks (cont'd)

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	% p.a.	$'000	$'000	$'000	$'000
Group					
31.5.2019					
Non-interest bearing	–	54,655	–	–	54,655
Fixed interest rate instruments	6.11%	4,216	–	(41)	4,175
		58,871	–	(41)	58,830
31.5.2018					
Non-interest bearing	–	50,146	–	–	50,146
Fixed interest rate instruments	4.31	16,857	–	(51)	16,806
		67,003	–	(51)	66,952
1.6.2017					
Non-interest bearing		49,007	–	–	49,007
Fixed interest rate instruments	4.12	25,086	–	(273)	24,813
Variable interest rate instruments	4.15	249	6,158	(407)	6,000
		74,342	6,158	(680)	79,820
Company					
31.5.2019					
Non-interest bearing		107,448	–	–	107,448
Fixed interest rate instruments	0.50 –11.50	4,730	14,042	(1,670)	17,102
		112,178	14,042	(1,670)	124,550
31.5.2018					
Non-interest bearing	–	123,678	–	–	123,678
Fixed interest rate instruments	0.50 –11.50	4,789	11,780	(1,987)	14,582
		128,467	11,780	(1,987)	138,260
1.6.2017					
Non-interest bearing	–	148,088	–	–	148,088
Fixed interest rate instruments	0.50 –4.00	2,885	–	–	2,885
		150,973	–	–	150,973

* Denotes amount less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

41 Fair value of assets and liabilities

(a) Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

(b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statement of financial position at the end of the reporting period:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31.5.2019				
Non-financial assets				
Investment properties	**–**	**–**	**31,442**	**31,442**
31.5.2018				
Non-financial assets				
Investment properties	–	–	33,905	33,905
1.6.2017				
Non-financial assets				
Investment properties	–	–	35,812	35,812

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of these financial assets and financial liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period and where the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

42 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances, and to ensure that all externally imposed capital requirements are complied with.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 23, 26, 27, 29 and 30 and equity attributable to equity holder of the Company, comprising of share capital, reserves and accumulated (losses)/profits. The Group is required to maintain the required gearing in order to comply with covenants in loan agreements with banks and financial institutions.

Management also ensures that the Group maintains certain security ratios of outstanding term loans over the value of the properties in order to comply with the loan covenants imposed by banks and financial institutions.

As at reporting date, the Group has complied with all bank covenants and all externally imposed capital requirements.

The Group monitors capital using debt ratio as follows:

		Group	
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
		(Restated)	(Restated)
Total assets	**397,599**	456,379	418,156
Total debt	**229,393**	241,252	192,946
Total equity	**121,292**	146,734	155,974
Total debt-to-total assets ratio (times)	**0.58**	0.53	0.46
Total debt-to-total equity ratio (times)	**1.89**	1.64	1.24

The Group's overall strategy including its objective, policies and processes with regards to capital risk management remains unchanged from prior year.

43 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 May 2019 were authorised for issue in accordance with a resolution of the directors dated 11 September 2019.

TEE LAND

TEE Land Limited
Incorporated in the Republic of Singapore
Company Registration No: 201230851R

Unaudited Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 November 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group S$'000 Second Quarter Ended		Increase/ (Decrease)	The Group S$'000 Half Year Ended		Increase/ (Decrease)
	30/11/2019	30/11/2018 Restated	%	30/11/2019	30/11/2018 Restated	%
Revenue	16,314	21,705	(24.8)	37,013	55,886	(33.8)
Cost of sales	(12,155)	(17,720)	(31.4)	(28,879)	(48,965)	(41.0)
Gross profit	4,159	3,985	4.4	8,134	6,921	17.5
Other operating income	165	257	(35.8)	863	794	8.7
Selling and distribution costs	(1,216)	(1,938)	(37.3)	(2,977)	(3,207)	(7.2)
Administrative expenses	(2,358)	(2,022)	16.6	(4,633)	(4,174)	11.0
Other operating expenses	(5,360)	(446)	N.M.	(5,440)	(1,422)	N.M.
Share of results of associates	(226)	(257)	(12.1)	(445)	(704)	(36.8)
Finance costs	(1,682)	(1,865)	(9.8)	(3,589)	(3,914)	(8.3)
Loss before tax	(6,518)	(2,286)	N.M.	(8,087)	(5,706)	41.7
Income tax (expense)/credit	(269)	163	N.M.	(113)	405	N.M.
Loss for the period	**(6,787)**	**(2,123)**	**N.M.**	**(8,200)**	**(5,301)**	**54.7**
(Loss)/profit attributable to:						
Owners of the Company	(6,966)	(2,037)	N.M.	(8,656)	(5,112)	69.3
Non-controlling interests	179	(86)	N.M.	456	(189)	N.M.
	(6,787)	**(2,123)**	**N.M.**	**(8,200)**	**(5,301)**	**54.7**

1(a)(ii) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group S$'000 Second Quarter Ended		Increase/ (Decrease)	The Group S$'000 Half Year Ended		Increase/ (Decrease)
	30/11/2019	30/11/2018 Restated	%	30/11/2019	30/11/2018 Restated	%
Loss for the period	(6,787)	(2,123)	N.M.	(8,200)	(5,301)	54.7
Other comprehensive loss/(income) for the period:						
Currency translation differences	(238)	145	N.M.	(537)	(569)	(5.6)
Total comprehensive loss for the period	(7,025)	(1,978)	N.M.	(8,737)	(5,870)	48.8

N.M.-not meaningful

TEE Land Limited

1(a)(ii) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year (Continued)

	The Group S$'000 Second Quarter Ended 30/11/2019	The Group S$'000 Second Quarter Ended 30/11/2018 Restated	Increase/ (Decrease) %	The Group S$'000 Half Year Ended 30/11/2019	The Group S$'000 Half Year Ended 30/11/2018 Restated	Increase/ (Decrease) %
Total comprehensive (loss)/income attributable to:						
Owners of the Company	(7,125)	(2,047)	N.M.	(9,006)	(5,583)	61.3
Non-controlling interests	100	69	44.9	269	(287)	N.M.
	(7,025)	**(1,978)**	**N.M.**	**(8,737)**	**(5,870)**	**48.8**

1(a)(iii) Notes to the income statement

	The Group S$'000 Second Quarter Ended 30/11/2019	The Group S$'000 Second Quarter Ended 30/11/2018 Restated	Increase/ (Decrease) %	The Group S$'000 Half Year Ended 30/11/2019	The Group S$'000 Half Year Ended 30/11/2018 Restated	Increase/ (Decrease) %
A Other operating income:						
Interest income	67	63	6.3	137	183	(25.1)
Financial guarantee income	49	47	4.3	84	93	(9.7)
Deposit forfeited for an aborted sale of properties	-	-	-	522	316	65.2
Gain on disposal of asset held for sale	-	31	N.M.	-	31	N.M.
Others	49	116	(57.8)	120	171	(29.8)
	165	257	(35.8)	863	794	8.7
B Finance costs:						
Loan interests	1,668	1,865	(10.6)	3,560	3,914	(9.0)
Lease liability	14	-	N.M.	29	-	N.M.
	1,682	1,865	(9.8)	3,589	3,914	(8.3)
C Other operating expenses:						
Additional buyer's stamp duty	4,680	-	N.M.	4,680	-	N.M.
Fair value loss on investment property	500	-	N.M.	500	-	N.M.
Foreign currency exchange loss	180	446	(59.6)	260	1,002	(74.1)
Option fee forfeited for aborted purchase of land	-	-	N.M.	-	420	N.M.
	5,360	446	N.M.	5,440	1,422	N.M.
D Amortisation of capitalised contract costs	645	1,155	(44.2)	1,311	1,849	(29.1)
E Amortisation of show flat expenses	272	16	N.M.	891	149	N.M.
F Depreciation of property, plant and equipment	439	95	N.M.	897	193	N.M.
H Adjustment for over provision of income tax in respect of prior years	(79)	(58)	36.2	(79)	(58)	36.2

N.M.-not meaningful

TEE Land Limited

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group S$'000		The Company S$'000	
	31/11/2019	31/05/2019	30/11/2019	31/05/2019
ASSETS				
Current assets				
Cash and bank balances	23,084	25,021	884	459
Trade receivables	10,436	17,725	-	-
Other receivables	8,867	9,397	110,837	110,877
Loans receivable from associates	10,632	10,839	-	-
Inventories	45	46	-	-
Contract assets	31,210	34,682	-	-
Development properties	134,798	175,883	-	-
Completed properties and land held for sale	66,974	42,974	-	-
Total current assets	286,046	316,567	111,721	111,336
Non-current assets				
Investment in associates	5,000	5,409	-	-
Investment in subsidiaries	-	-	32,766	32,446
Property, plant and equipment	38,292	40,320	-	-
Investment properties	30,793	31,442	-	-
Investment property – right-of-use asset	2,049	-	-	-
Deferred tax assets	4,205	3,861	-	-
Other receivables	-	-	11,437	13,229
Total non-current assets	80,339	81,032	44,203	45,675
Total assets	**366,385**	**397,599**	**155,924**	**157,011**
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans	1,300	1,994	-	495
Trade payables	16,618	17,781	-	-
Other payables	16,299	14,456	12,639	13,269
Contract liabilities	9,301	5,387	-	
Finance lease	13	13	-	-
Long-term borrowings	66,086	87,436	-	-
Financial guarantee liabilities	145	130	573	646
Income tax payable	404	37	-	-
Lease liability	39	-	85	8
Total current liabilities	110,205	127,234	13,297	14,418
Non-current liabilities				
Finance lease	7	13	-	-
Deferred tax liabilities	319	386	-	-
Long-term borrowings	124,706	130,201	-	-
Financial guarantee liabilities	42	105	245	459
Loans from non-controlling interests	7,927	9,736	-	-
Lease liability	1,992	-	-	-
Total non-current liabilities	134,993	140,441	245	459
Capital, reserves and non-controlling interests				
Share capital	142,238	142,238	142,238	142,238
Currency translation reserve	(711)	(361)	-	-
Merger reserve	(5,969)	(5,969)	-	-
Capital reserve	(6)	(6)	-	-
Accumulated (losses)/profits	(23,266)	(14,610)	144	(104)
Equity attributable to owners of the Company	112,286	121,292	142,382	142,134
Non-controlling interests	8,901	8,632	-	-
Total equity	121,187	129,924	142,382	142,134
Total liabilities and equity	**366,385**	**397,599**	**155,924**	**157,011**

TEE Land Limited

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

The Group S$'000 As at 30/11/2019		The Group S$'000 As at 31/05/2019	
Secured	Unsecured	Secured	Unsecured
67,399	-	88,948	495

Amount repayable after one year

The Group S$'000 As at 30/11/2019		The Group S$'000 As at 31/05/2019	
Secured	Unsecured	Secured	Unsecured
124,713	-	130,214	-

Details of any collateral

The total secured borrowings included the following:

(i) Obligations under finance lease secured on the motor vehicle of the Group; and

(ii) Bank loans and long-term borrowings are secured by legal mortgages over the Group's development properties, completed properties held for sale, property, plant and equipment, investment properties and corporate guarantee by the Company.

Note: These borrowings exclude non-current loans from non-controlling interests

TEE Land Limited

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group S$'000		The Group S$'000	
	Second Quarter Ended		Half Year Ended	
	30/11/2019	30/11/2018 Restated	30/11/2019	30/11/2018 Restated
Operating activities				
Loss before tax	(6,518)	(2,286)	(8,087)	(5,706)
Adjustments for:				
Share of results of associates	226	257	445	704
Depreciation of property, plant and equipment	439	95	897	193
Amortisation of financial guarantee liabilities	(49)	(47)	(84)	(93)
Amortisation of deferred capitalised contract costs	645	1,155	1,311	1,849
Amortisation of show flat expenses	272	16	891	149
Fair value loss on investment property	500	-	500	-
Gain on disposal of asset held for sales	-	(31)	-	(31)
Interest income	(67)	(63)	(137)	(183)
Interest expenses from borrowings	1,668	1,865	3,560	3,914
Interest expense from lease liability	14	-	29	-
Operating cash flows before movements in working capital	(2,870)	961	(675)	796
Trade receivables	7,806	14,748	7,225	4,306
Other receivables	(268)	(1,095)	(1,708)	7,754
Inventories	-	4	-	5
Development properties	6,031	(10,548)	12,767	(9,626)
Completed properties and land held by sale	625	34,416	4,179	53,257
Trade payables	(1,002)	1,880	(1,107)	(4,591)
Other payables	3,987	(1,022)	2,397	(3,494)
Contract assets	(2,005)	(37,900)	3,453	(40,368)
Contract liabilities	1,472	690	3,914	(335)
Unrealised currency translation loss	579	1,151	208	559
Cash from operations	14,355	3,285	30,653	8,263
Income tax paid	(225)	(77)	(225)	(300)
Income tax refund	-	-	32	-
Net cash generated from operating activities	14,130	3,208	30,460	7,963
Investing activities				
Dividends received from associates	-	240	-	2,131
Sale proceed from non-current asset held for sale	-	306	-	306
Purchase of property, plant and equipment	(3)	(39)	(23)	(50)
Addition to non-current asset held for sale	-	(96)	-	(134)
Repayment of loans receivables from associates	-	390	225	2,506
Loans receivable from associates	(18)	(36)	(18)	(36)
Interest received	8	49	64	339
Net cash (used in)/generated from investing activities	(13)	814	248	5,062
Financing activities				
Interest paid	(2,016)	(1,822)	(4,029)	(4,000)
Drawdown of bank loan	-	-	-	495
Repayment of bank loans	(694)	(5,000)	(694)	(5,000)
Drawdown of long-term borrowings	-	28,235	4,500	28,235
Repayment of long-term borrowings	(19,078)	(22,760)	(30,590)	(34,626)
Repayment of obligation under finance lease	(3)	(3)	(6)	(6)
Repayment of lease obligation	(24)	-	(48)	-
Loans from non-controlling interests	-	640	396	920
Loans repayment to non-controlling interests	-	-	(2,205)	-
Dividends paid	-	(670)	-	(1,787)
Net cash used in financing activities	(21,815)	(1,380)	(32,676)	(15,769)
Net (decrease)/increase in cash and cash equivalents	(7,698)	2,642	(1,968)	(2,744)
Cash and cash equivalents at beginning of period	30,756	23,662	25,021	28,997
Effect of foreign exchange rate changes	26	38	31	89
Cash and cash equivalents at end of period (Note A)	**23,084**	**26,342**	**23,084**	**26,342**

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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Continued)

Note A: Cash and cash equivalents

	The Group S$'000		The Group S$'000	
	Second Quarter Ended		Half Year Ended	
	30/11/2019	30/11/2018	30/11/2019	30/11/2018
Cash at banks	5,333	8,495	5,333	8,495
Cash on hand	3	4	3	4
Fixed deposits	3,004	2,942	3,004	2,942
Projects accounts (see Note below):				
- Cash at banks	14,744	14,901	14,744	14,901
Total cash and cash equivalents per statement of cash flows	**23,084**	**26,342**	**23,084**	**26,342**

Note:

Projects accounts are subject to restrictions under the Housing Developers (Project Account) Rules (1997 Ed). Withdrawals from these projects accounts are restricted to payments for project expenditure incurred until the completion of the project.

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1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Share capital	Currency translation reserve	Capital reserve	Merger reserve	Accumulated (losses)/profits	Equity attributable to owners of the company	Non-controlling interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
The Group								
Balance at 01/06/2019	142,238	(361)	(6)	(5,969)	(14,610)	121,292	8,632	129,924
(Loss)/profit the period	-	-	-	-	(8,656)	(8,656)	456	(8,200)
Other comprehensive loss for the period								
- currency translation difference on consolidation	-	(350)	-	-	-	(350)	(187)	(537)
Total comprehensive (loss)/income for the period	-	(350)	-	-	(8,656)	(9,006)	269	(8,737)
Balance at 30/11/2019	**142,238**	**(711)**	**(6)**	**(5,969)**	**(23,266)**	**112,286**	**8,901**	**121,187**
Previous Corresponding Period								
Balance at 01/06/2018	142,238	(302)	(6)	(5,969)	15,584	151,545	11,856	163,401
Cumulative effects of adopting SFRS(I)	-	873	-	-	(5,684)	(4,811)	(660)	(5,471)
Balance at 01/06/2018(restated)	142,238	571	(6)	(5,969)	9,900	146,734	11,196	157,930
Loss for the period	-	-	-	-	(5,112)	(5,112)	(189)	(5,301)
Other comprehensive loss for the period								
- currency translation difference on consolidation	-	(471)	-	-	-	(471)	(98)	(569)
Total comprehensive loss for the period	-	(471)	-	-	(5,112)	(5,583)	(287)	(5,870)
Dividend paid	-	-	-	-	(670)	(670)	-	(670)
Balance at 30/11/2018	**142,238**	**100**	**(6)**	**(5,969)**	**4,118**	**140,481**	**10,909**	**151,390**

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (Continued)

	Share capital	Accumulated (losses)/profits	Total
	S$'000	S$'000	S$'000
The Company			
Balance at 01/06/2019	142,238	(104)	142,134
Total comprehensive income for the period	-	248	248
Balance at 30/11/2019	**142,238**	**144**	**142,382**
Previous Corresponding Period			
Balance at 01/06/2018	142,238	2,411	144,649
Total comprehensive loss for the period	-	(564)	(564)
Dividends paid	-	(670)	(670)
Balance at 30/11/2018	**142,238**	**1,177**	**143,415**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	The Company	
	No of shares	Capital (S$'000)
Balance at 31/8/2019 and 30/11/2019	446,876,000	142,238

During the quarter ended 30/11/2019, there were no changes in the share capital of the Company.

As at 30/11/2019 and 30/11/2018, there were no shares held as treasury shares and outstanding convertibles.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	The Group and the Company	
	30/11/2019	31/05/2019
Total number of issued shares	446,876,000	446,876,000

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

The Company does not have treasury shares during or as at the end of the current financial period reported on.

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1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures presented have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Paragraph 5, the Group has adopted the same accounting policies and methods of computation for the current financial period as those adopted in the audited annual financial statements for the financial year ended 31 May 2019.

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

The Group has adopted SFRS(I) 16, the accounting standard for leases which is effective for annual reporting period beginning on or after 1 June 2019.

SFRS(I) 16 introduces a single lessee accounting model. A lessee is required to recognise all leases on its statement of financial position to reflect its rights to use the leased assets (“ROU” assets) and the associated obligations for lease payments (lease liabilities), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, SFRS(I) 16 replaces the straight-line operating lease expenses with depreciation charge of ROU assets and interest expenses on lease liabilities.

The Group has adopted SFRS(I) 16 using the modified retrospective approach as of 1 June 2019, with no restatement of comparative information. Upon adoption of SFRS(I) 16 on 1 June 2019, the Group recognised right-of-use assets of S$2,049,000 and lease liabilities (current and non-current) of S$2,049,000.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings)

	The Group		The Group	
	Second Quarter Ended		Half Year Ended	
	30/11/2019	30/11/2018 Restated	30/11/2019	30/11/2018 Restated
Loss per ordinary share of the Group based on net loss attributable to owners of the Company:				
(i) Based on the weighted average number of shares (cents)	(1.56)	(0.46)	(1.94)	(1.14)
(ii) On a fully diluted basis (cents)	N.A.	N.A.	N.A.	N.A.
(iii) Number of shares ('000)	446,876	446,876	446,876	446,876

The Company does not have any dilutive instruments as at 30/11/2019.

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7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year**

	The Group		The Company	
	Cents		Cents	
	As at 30/11/2019	As at 31/5/2019	As at 30/11/2019	As at 31/5/2019
Net asset value per ordinary share	25.1	27.1	31.9	31.8

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Income Statement

Second Quarter and Half Year ended 30 November 2019 ("2Q FY2020" and "1H FY2020", respectively) against Second Quarter and Half Year ended 30 November 2018 ("2Q FY2019" and "1H FY2019", respectively)

Revenue for 2Q FY2020 decreased by S$5.4 million (24.8%) due mainly to lower revenue from development projects, namely 24One Residences and 183 Longhaus which obtained TOP in April and July 2019 respectively, lower sale of unsold units in Third Avenue, offset to some extent by progressive recognition of revenue from Rezi 35 and 35 Gilstead. Revenue for 1H FY2020 decreased by S$18.9 million (33.8%) due mainly to the same reasons, and also recognition of sale of only one unit of The Peak @ Cairnhill I ("Peak I") compared to 10 units recognised in 1H FY2019.

Similarly, cost of sales for 2Q FY2020 decreased by S$5.6 million (31.4%). However, gross profit margin improved from 18.4% to 25.5% due to higher gross profit recorded from development projects, higher proportion of revenue from hotel and rental income (which has higher gross profit margin), and no sale of Peak I unit recognised compared to one unit in 2Q FY2019, sold at carrying value. For 1H FY2019, cost of sales correspondingly decreased by $20.1 million (41.0%). Gross profit margin increased from 12.4% to 22.0%, mainly for the same reasons, except that 10 units of Peak I were sold at carrying value in 1H FY2019 compared to only one in 1H FY2020.

Other operating income for 2Q FY2020 decreased by S$0.1 million (35.8%) due mainly to lower management fee income from TRIO, lower administrative charge income from Third Avenue and the absence of gain from the disposal of one commercial unit in Larmont Hotel Building in 2Q FY2019.

Selling and distribution costs for 2Q FY2020 decreased by S$0.7 million (37.3%) due mainly to lower sales commission arising from lower revenue for development projects, lower selling related expenses for Third Avenue, offset to some extent by higher show flat expenses, in particular for 35 Gilstead.

Administrative expenses for 2Q FY2020 increased by S$0.4 million (16.6%) due mainly to the depreciation charge for Larmont Hotel as the Hotel was reclassified from non-current asset held for sale to property, plant and equipment at year-end of FY2019. This was offset to some extent by lower staff cost for the Malaysian subsidiary, arising from reduction of headcount as the sold units were progressively handed over to the buyers from December 2019. Administrative expenses for 1H FY2020 increased by S$0.4 million (11.0%) for the same reasons, and also further offset by lower qualifying certificate charge for the lower number of unsold Peak I units in 2Q FY2020.

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8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (Continued)**

Income Statement (continued)

Other operating expenses for 2Q FY2020 increased from S$0.4 million to S$5.4 million. This was due mainly to the additional buyer's stamp duty ("ABSD") payable for a development project, as this project did not meet the required timeline for completion as disclosed under contingent liabilities in the annual report for FY2019, and fair value loss of TEE Building, offset by the lower unrealised exchange loss with the strengthening of the Malaysian Ringgit against the Singapore Dollar. For 1H FY2020, other operating expenses increased from S$1.4 million to S$5.4 million due mainly to the same reasons, and further offset by the absence of deposit forfeited from the aborted purchase of Teck Guan Ville and realised exchange loss from the Thai Baht in 1H FY2019.

Share of results of associates in 2Q FY2020 showed a lower loss of S$0.2 million compared to a loss of S$0.3 million in 2Q FY2019, due mainly to the capping of loss to our investment costs in a few of our associates. This is also the reason for the decrease in loss from share of results of associates for 1H FY2020.

As a result, the Group recorded a loss before tax of S$6.5 million in 2Q FY2020 compared to S$2.3 million in 2Q FY2019. Similarly, the Group reported a loss before tax of S$8.1 million in 1H FY2020 compared to S$5.7 million in 1H FY2019.

Income tax expense for 2Q FY2020 increased from a tax credit of S$0.2 million in 2Q FY2019 to a tax expense of S$0.3 million due mainly to profit generated by certain subsidiaries in 2Q FY2020, offset to some extent by deferred tax asset being recognised. This is also the reason for the income tax expense of S$0.1 million for 1H FY2020.

Overall, the loss after tax increased to S$6.8 million in 2Q FY2020 compared with S$2.1 million in 2Q FY2019. For 1H FY2020, the loss after tax increased from S$5.3 million in 1H FY2019 to S$8.2 million in 1H FY2019.

Statement of Financial Position

Trade receivables decreased by S$7.3 million due mainly to collections received.

Development properties decreased by S$41.1 million due mainly to the 10 commercial units of 183 Longhaus being transferred to completed properties held for sale, as the development project received its Temporary Occupation Permit on 31 July 2019, and also development costs expensed off as we progressively recognised revenue based on percentage of completion of the development projects. This was offset to some extent by addition to development costs as the construction of the development projects progressed.

Completed properties and land held for sale increased by S$24.0 million due mainly to the transfer of commercial units of 183 Longhaus from development properties, as explained above.

The investment property - right-of-use asset relates to the economic benefit from the lease of TEE Building for the duration of the lease period as required by the new accounting standard SFRS(I) 16 Leases. The corresponding liability is the lease liability (lease payments) under current and non-current liabilities.

Bank loans decreased by S$0.7 million due to repayment of bank loans.

Other payables increased by S$1.8 million due mainly to the ABSD payable as mentioned above, offset to some extent by the decrease in accrued expenses.

Contract liabilities increased by S$3.9 million due mainly to deposits received from customers for the purchase of our development projects, mainly for Lattice One and 35 Gilstead, offset to some extent by the transfer to income statement as the deposits were being recognised as revenue.

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8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (Continued)**

Statement of Financial Position (continued)

Long-term borrowings (current and non-current) decreased by S$26.8 million due mainly to repayment of bank loans from funds received from sale/milestone billings of development properties.

The decrease in financial guarantee liabilities (current and non-current) was due mainly to financial guarantee income being recognised.

The increase in income tax payable was due mainly to income tax provision made in 2Q FY2020, offset to some extent by income tax paid.

The decrease in deferred tax liabilities was mainly due to transfers to income tax payable as the deferred liabilities became payable.

Loans from non-controlling interests decreased by S$1.8 million due mainly to repayment of loan to the non-controlling interest of Development 35 Pte Ltd relating to the Rezi 35 project.

Statement of Cash Flows

Half Year ended 30/11/2019 ("1H FY2020")

Operating activities
The Group generated cash of S$30.5 million from operating activities in 1H FY2020 due mainly to the decrease in development properties and completed properties and land held for sale, decrease in net receivables, increase in net payables, increase in contract liabilities from the development property sale deposits collected and decrease in contract assets from the recognition of development property revenue.

Financing activities
Net cash of S$32.7 million was used in financing activities in 1H FY2020 due mainly to net repayment of long-term borrowings, payment of interest and repayment of loan to a non-controlling interest.

As a result, there was a net decrease in cash and cash equivalents of S$2.0 million, thereby bringing the total cash and cash equivalents amount to S$23.1 million as at 30 November 2019.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

There was no forecast or any prospect statement previously disclosed to shareholders.

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10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Amidst the continued uncertainties in the global macro-environment, the operating environment in Singapore for the property market is expected to remain challenging and could affect the performance of the Group. Any delays in achieving 100% sales and/or completion of the Group's existing properties which are subject to regulatory timelines and (if applicable) failure to obtain extensions thereof could also adversely affect the Group's performance. The performance of the Group's overseas markets are also expected to be affected by local economic developments as well as foreign exchange fluctuations.

Moving forward, the Group will take a cautious approach when seeking opportunities to acquire new land sites and in making any investments. It will focus on improving its operations and sales, realising value in its investments as well as reducing its gearing. The Group will continually assess the market situation and refine its sales strategies where necessary.

11 **Dividend**

(a) **Current Financial Period Reported On**
Any dividend declared for the current financial period reported on? No

(b) **Corresponding Period of the immediately Preceding Financial Year**
Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) **Date payable**

Not applicable.

(d) **Books closure date**

Not applicable.

12 **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision**

No interim dividend has been declared for the current reporting period on grounds of prudence.

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13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

Summary of Interested Person Transaction for financial period ended 30 November 2019:

Name of Interested Person	Nature of Transaction	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
TEE International Limited (Controlling shareholder of the Company)	Rental income	602,000	-
	Management fees	(148,000)	-

14 Confirmation by the Company Pursuant to Rule 720(1) of the Listing Manual of SGX-ST

The Company confirms that it has procured undertakings from all the Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the listing Manual of the SGX-ST.

NEGATIVE ASSURANCE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Phua Cher Chew and Neo Weng Meng, Edwin, being two Directors of TEE Land Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the second quarter and half year ended 30 November 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Phua Cher Chew
Chief Executive Officer
and Executive Director

Neo Weng Meng, Edwin
Non-Executive Director

Dated 9 January 2020

The provisions in the Constitution relating to rights of Shareholders in respect of capital, dividends and voting are reproduced below.

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution and/or the Companies Act, a copy of which is available for inspection at the registered office of the Company at 25 Bukit Batok Street 22 TEE Building Singapore 659591, during normal business hours until the Closing Date.

(A) RIGHTS IN RESPECT OF CAPITAL

ISSUE OF SHARES

3. (A) Subject to the Act and to these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards Dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that no options shall be granted over unissued shares except in accordance with the Act and the Designated Stock Exchange's listing rules.

(B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognize a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

(C) Except so far as otherwise provided by the conditions of issue or by these Articles, all new shares shall be issued subject to the provisions of the Statutes and of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.

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

5. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted by the rules of the Designated Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of the aforesaid time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 5(A).

(B) Notwithstanding Article 5(A) above, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:-

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided that:-

(1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;

(2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and these Articles; and

(3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

(C) The Company may, notwithstanding Articles 5(A) and 5(B) above, authorise the Directors not to offer new shares to Members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members on such terms and conditions as the Company may direct.

6. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

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

8. (A) Preference shares may be issued subject to such limitation thereof as may be prescribed by the Designated Stock Exchange. In particular, the total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance-sheets and attending General Meetings of the Company, and preference

shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the Dividend on the preference shares is in arrear for more than six months.

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

VARIATION OF RIGHTS

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

(B) The provisions in Article 9(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.

(C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

ALTERATION OF SHARE CAPITAL

10. The Company may by Ordinary Resolution:-

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

(b) sub-divide its shares, or any of them, provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived;

(c) convert or exchange any class of shares into or for any other class of shares; and/or

(d) cancel the number of shares which at the date of the passing of the resolution in that behalf 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 number of the shares so cancelled.

11. (A) The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorised, and consent or confirmation required, by law.

(B) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes and any applicable rules of the Designated Stock Exchange (hereafter, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Relevant Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

SHARE CERTIFICATES

12. (A) Every certificate shall be issued under the Seal and shall bear the facsimile signatures or the autographic signatures at least of any two Directors or one of the Director and the Secretary or such other person as may be authorised by the Directors, and shall specify the number and class of shares to which it relates and the amount paid up and the amount (if any) unpaid thereon. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Directors of the Company. No certificate shall be issued representing shares of more than one class.

(B) The provisions in this Article and in Articles 13 to 16 (so far as they are applicable) shall not apply to transfer of book-entry securities.

13. (A) The Company shall not be bound to register more than three persons as joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased Member.

(B) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the joint holders shall be sufficient delivery to all.

14. Every person whose name is entered as a Member in the Register of Members shall be entitled, within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the closing date of any application for shares or (as the case may be) the date of lodgement of a registrable transfer, to receive one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.

15. (A) Where a Member transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares (in the case of transfer) and the whole of such shares (in the case of sub-division) shall be issued in lieu thereof and the Member shall pay (in the case of sub-division) a maximum fee of S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) for each new certificate. Where some only of the shares comprised in a share certificate are transferred, the new certificate for the balance of such shares shall be issued in lieu thereof without charge.

(B) Any two or more certificates representing shares of any one class held by any Member may at his request be cancelled and a single new certificate for such shares issued in lieu thereof without charge.

16. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member company of the Designated Stock Exchange or on behalf of its or their client or clients as the Directors shall require, and in the case of defacement or wearing out, on delivery up of the old certificate, and in any case on payment of such sum not exceeding S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

CALLS ON SHARES

17. The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

18. Each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

19. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest in whole or in part.

20. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In the case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

21. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.

22. The Directors may if they think fit receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish *pro tanto* the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the Member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits.

FORFEITURE AND LIEN

23. If a Member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.

24. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be made forfeit.

25. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be made forfeit by a resolution of the Directors to that effect. Such forfeiture shall include all Dividends declared in respect of the forfeit share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be made forfeit hereunder.

26. A share so made forfeit or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposal, the forfeiture or surrender may be cancelled on such terms as the Directors shall think fit. The Directors may, if necessary, authorise some person to transfer a share so made forfeit or surrendered to any such other person as aforesaid.

27. A Member whose shares have been made forfeit or surrendered shall cease to be a Member in respect of such shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of such shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of such shares at that time of forfeiture or surrender or waive payment in whole or in part.

28. The Company shall have a first and paramount lien on every share (not being a fully paid share) and Dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article 28.

29. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

30. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities (including unpaid calls and accrued interest and expenses) and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser.

31. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly made forfeit or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, the Depository Register) or allottee thereof shall (subject to the execution

of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share, or where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

32. All transfers of shares shall be effected by written instruments of transfer in the form for the time being approved by the Directors and the Designated Stock Exchange and a transfer in the form for the time being approved by the Directors and the Designated Stock Exchange shall be accepted. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided always that an instrument of transfer in respect of which the transferee is the CDP shall be effective although not signed or witnessed by or on behalf of the CDP. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

33. The Registers of Members and of Transfers may be closed at such times and for such periods as the Directors may from time to time determine, Provided Always that such Registers shall not be closed for more than thirty days in any year, and that the Company shall give prior notice of each such closure, as may be required, to the Designated Stock Exchange, stating the period and purpose or purposes for which such closure is made.

34. (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) The Directors may decline to register any instrument of transfer unless:-

(a) such fee not exceeding S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

35. All instruments of transfer which are registered may be retained by the Company.

36. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all Dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, Provided Always that:-

(a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

(b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and

(c) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

37. (A) In case of the death of a Member whose name is registered in the Register of Members, the survivors or survivor, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

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

(C) Nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.

38. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, elect either to be registered himself as holder of the share or to have another person nominated by him registered as the transferee thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member.

39. Save as otherwise provided by or in accordance with these Articles, a person becoming entitled to a share in consequence of the death or bankruptcy of a Member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same Dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect

thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to General Meetings of the Company until he shall have been registered as a Member in respect of the share.

40. There shall be paid to the Company in respect of the registration of any probate or letters of administration or certificate of death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require.

CENTRAL DEPOSITORY SYSTEM

41. A reference to a Member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:-

(a) a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty-eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;

(b) the payment by the Company to CDP of any Dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;

(c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and

(d) the provisions in these Articles relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Statutes).

EXCLUSION OF EQUITIES

42. Except as required by the Statutes or law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by the Statutes or law otherwise provided) any other right in respect of any share, except an

absolute right to the entirety thereof in the registered holder and nothing in these Articles contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

STOCK

43. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination.

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

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

(B) RIGHTS IN RESPECT OF VOTING

GENERAL MEETINGS

46. An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months or such other period as prescribed by the Act and the byelaws and listing rules of the Designated Stock Exchange or other legislation applicable to the Company from time to time.

47. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

NOTICE OF GENERAL MEETINGS

48. Any Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting or any other Extraordinary General Meeting, by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the General Meeting is to be held and shall be given in manner hereinafter mentioned to all Members other than such as are not under the provisions of these Articles entitled to receive such notices from the Company, Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-

(a) in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and

(b) in the case of an Extraordinary General Meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the Members having a right to vote at thereat;

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Designated Stock Exchange, Provided Always that in the case of any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, at least twenty-one days' notice in writing of such Extraordinary General Meeting shall be given to the Designated Stock Exchange.

49. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member of the Company.

(B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

(C) In the case of any General Meeting at which business other than routine business ("special business") is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.

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

(a) declaring Dividends;

(b) receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;

(c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;

(d) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);

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

(f) fixing the Directors fees.

51. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

PROCEEDINGS AT GENERAL MEETINGS

52. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any General Meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the Members present shall choose one of their number) to be chairman of the General Meeting.

53. No business other than the appointment of a Chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two Members present in person or by proxy, provided that (i) a proxy representing more than one Member shall only count as one Member for purpose of determining if the quorum aforesaid is present; and (ii) where a Member is represented by more than one proxy, such proxies of such Member shall only count as one Member for purposes of determining if the quorum aforesaid is present.

54. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint.

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

56. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.

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

58. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-

(a) the chairman of the meeting; or

(b) not less than two Members present in person or by proxy and entitled to vote; or

(c) any Member present in person or by proxy, or where such a Member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding or representing as the case may be not less than one-tenth of the total voting rights of all the Members having the right to vote at the General Meeting; or

(d) any Member present in person or by proxy, or where such a Member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding shares conferring a right to vote at the General Meeting, of which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the share conferring that right,

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

59. Unless a poll is required, a declaration by the chairman of the General Meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the General Meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

60. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the General Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.

61. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the chairman of the Meeting may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the General Meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

62. Subject to any special rights or restrictions as to voting attached by or in accordance with these Articles to any class of shares, and to Article 4, each Member entitled to vote may vote in person or by proxy. On a show of hands every Member who is present in person or by proxy shall have one vote (provided that in the case of a Member who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the General Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on a poll every Member who is present in person or by proxy shall have one vote for every share of which he holds or represents. For the purposes of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the references to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company. A Member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a Member, or attend, vote or act at any General Meeting.

63. In the case of joint holders of a share, any one of such persons shall be entitled to vote, but if more than one of such persons is present at a meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.

64. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such Member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.

65. No Member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to General Meetings if any call or other sum payable by him to the Company in respect of such shares remains unpaid. Conversely, a member shall be entitled in respect of shares held by him to

vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to General Meetings if all call or other sums payable by him to the Company in respect of such shares have been paid.

66. No objection shall be raised as to the admissibility of any vote except at the General Meeting or adjourned General Meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the General Meeting whose decision shall be final and conclusive.

67. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

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

(a) to reject any instrument of proxy lodged if the Depositor, is not shown, to have any shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company; and

(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(B) Where a Member appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

(C) A proxy need not be a Member of the Company.

69. (A) An instrument appointing a proxy for any Member shall be in writing in any usual or common form or in any other form which the Directors may approve and:-

(a) in the case of an individual Member, shall be signed by the Member or his attorney duly authorised in writing; and

(b) in the case of a Member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney duly authorised in writing or a duly authorised officer of the corporation.

(B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a Member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument of proxy may be treated as invalid.

70. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting (or, if no place is so specified, at the Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the General Meeting as for the meeting to which it relates, Provided that an

instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.

71. An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the General Meeting.

72. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the General Meeting or adjourned General Meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

73. Subject to these Articles and the Statutes, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

CORPORATIONS ACTING BY REPRESENTATIVES

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

(C) RIGHTS IN RESPECT OF DIVIDENDS

DIVIDENDS

123. The Company may by Ordinary Resolution declare Dividends but no such Dividend shall exceed the amount recommended by the Directors.

124. If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed Dividends on any class of shares carrying a fixed Dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim Dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

125. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act-

(a) all Dividends in respect of shares must be paid in proportion to the number of shares held by a Member, but where shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all Dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the Dividend is paid.

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

126. (A) No Dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All Dividends remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any Dividend or any such moneys unclaimed after six (6) years from having been first payable shall be forfeited and shall revert to the Company provided always that the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividend so forfeited to the person entitled thereto prior to the forfeiture. If CDP returns any such Dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such Dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such Dividend or the date on which such other moneys are first payable.

(B) A payment by the Company to CDP of any Dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

127. No Dividend or other monies payable on or in respect of a share shall bear interest as against the Company.

128. (A) The Directors may retain any Dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(B) The Directors may retain the Dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.

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

130. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a Dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any 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.

131. Any Dividend or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such Member or person or persons may by writing direct.

Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

132. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any Dividend or other moneys payable or property distributable on or in respect of the share.

133. Any resolution declaring a Dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the Dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such Dividend of transferors and transferees of any such shares.

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

134. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 5(8)):

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) in the case of an Ordinary Resolution passed pursuant to Article 5(B)) such other date as may be determined by the Directors, in proportion to their then holdings of shares; and/or

(b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Article 5(8)) such other date as may be determined by the Directors, in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(B) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under this Article 134, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(C) In addition and without prejudice to the powers provided for by this Article 134, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any Dividend on any shares entitled to cumulative or non-cumulative preferential Dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by Members in General Meeting and on such terms as the Directors shall think fit.

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UEN No. 198404370K

Our Ref : 2190766 – 767

7 February 2020

TEE Land Limited
25 Bukit Batok Street 22
TEE Building
Singapore 659529
Attention : Mr Lawrence Toh

Dear Sir

VALUATION OF PROPERTIES FOR THE MANDATORY UNCONDITIONAL CASH OFFER BY AMCORP SUPREME PTE. LTD. (HEREINAFTER KNOWN AS THE "OFFEROR") FOR TEE LAND LIMITED

1.0 Instruction

Suntec Real Estate Consultants Pte Ltd (SRE) (hereinafter known as the "Valuer"), has been instructed by TEE Land Limited (hereinafter known as the "Client"), to determine the Market Value of the property interests in two (2) properties (each "subject property", collectively known as the "subject properties") for the mandatory unconditional cash offer by the Offeror.

2.0 Subject Properties to be valued

The properties being valued are listed below:

S/N	Property Address	Unit Numbers	Postal Code
1	183 Upper Thomson Road, 183 Longhaus	#B1-01/02/03/04/05 & #01-01/02/03/04/05	574429
2	11 Sam Leong Road, TRIO	Twenty-Five (25) unsold commercial units	207903

3.0 Inspection and Title searches

Our instruction is to conduct a desktop valuation. The subject properties were last valued by us formally in 2018 and 2019. No title searches and re-inspection of the subject properties have been carried out. We have assumed that the titles and conditions of the properties remain unchanged since our last valuation, and our opinion of the market value is indicative only.

4.0 Qualifications and Disclaimer

Our opinion of the value is based on generally accepted valuation principles and practices that rely on the use of reasonable assumptions, and it is our independent assessment based on our professional judgement and experience, taking into consideration the general market, economic and relevant industry conditions prevailing at the material date.

Our valuation complies with the Valuation Standards and Guidelines by the Singapore Institute of Surveyors and Valuers (SISV) and the International Valuation Standards by International Valuation Standards Council (IVSC).

The Valuer has relied upon material information supplied by the Client, which we assume to be true and accurate. The Valuer takes no responsibility for inaccurate data supplied by the Client and the subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the subject properties and are not a related corporation of nor do we have a relationship with the Client, its manager, adviser or other party/parties whom the Client is contracting with in relation to the subject properties. We confirm that there is no conflict of interest in our role as external valuers.

The Valuer's compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the Client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

In our valuation, we have not carried out any structural survey of the subject properties that have been completed or any testing of services. We have assumed that there are no structural defects and that all building services are fully functional. We have also not carried out any investigations on the suitability of the site and ground conditions for the existing or any new development, nor have we undertaken any archeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory.

We have prepared this valuation and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the circular or financial report, other than in respect of the information provided within this valuation report. We do not make any warranty or representation as to the accuracy of the information in any part of the circular or financial report other than as expressly made or given in this valuation report.

5.0 Material Date of Valuation

30 November 2019

6.0 Basis of Value

Our valuation is based on "Market Value".

Market Value is defined by the International Valuation Standards Council (IVSC) and adopted by the Singapore Institute of Surveyors and Valuers (SISV) as :

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

7.0 Valuation Premise

The subject properties are valued as separate, individual assets in their existing state and condition, and not collectively as a single portfolio of assets.

8.0 Valuation Approaches

We have adopted the Market Approach in our valuation of the subject properties.

In this method, recent transactions of other similar properties are analysed. The characteristics of these properties are compared with the subject property, and adjustments are made to reflect the differences. These differences include location, size of property, tenure, changes in market timing and conditions, age and condition of the properties and other relevant factors affecting values. The value after making these adjustments will be the market value of the subject property.

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Valuation of Properties For
TEE Land Limited

Our opinion of the indicative Market Value of the subject properties as at 30 November 2019 are in the valuation certificates attached. We are pleased to be of service and our invoice is attached for your kind attention.

Yours faithfully
For and on behalf of
SUNTEC REAL ESTATE CONSULTANTS PTE LTD

Chng Shih Hian
Senior Executive Director
Licensed Appraiser (Lands & Buildings)
MSISV, MRICS

Eugene Tham
Executive Director
Licensed Appraiser (Lands & Buildings)
MSISV

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UEN No. 198404370K

VALUTION CERTIFICATE

Date	:	7 February 2020
Our Reference	:	2190766/ST/ET
Valuation Prepared for	:	TEE Land Limited
Purpose of Valuation	:	This valuation report has been prepared in connection with the mandatory unconditional cash offer by Amcorp Supreme Pte. Ltd. for TEE Land Limited.
Address of Property	:	183 Upper Thomson Road #B1-01/02/03/04/05, #01-01/02/03/04/05 183 Longhaus Singapore 574429
Type of Property	:	10 commercial units (shops and restaurant units) located on the basement level and 1st storey of a 4-storey with attic commercial-cum-residential development known as 183 Longhaus.
Brief Description	:	The subject property is located along Upper Thomson Road, near to its junction with Jalan Pelatina. It is approximately 9 kilometres away from the city centre at Collyer Quay. The vicinity comprises mainly residential landed houses, with some private shophouses, commercial-cum-residential developments and condominium developments. Prominent developments nearby include Thomson Imperial Court, Thomson V One, Thomson V Two, Thomson Plaza and Sin Ming Plaza amongst others. Public transport facilities are available along Upper Thomson Road. The Marymount MRT Station and upcoming Upper Thomson MRT stations are sited nearby.
Legal Description	:	*Refer to Annex for individual unit strata lot legal description*
Tenure	:	Freehold
Registered Proprietor	:	TEE Ventures Pte. Ltd.

Total Provisional Strata Floor Area : Approximately 1,049 square metres (subject to final survey upon issue of strata certificate of title)
(*Refer to Annex for individual unit details*)

Age : Newly Completed
(Temporary Occupation Permit issued on 31 July 2019)

Condition : Good

Master Plan Zoning (2019) : Commercial & Residential

Basis of Valuation : We have carried out our valuation of the subject properties in their continued existing use without taking into account any redevelopment potential they may have.

Method of Valuation : Market Comparison Approach

Some of the recent transactions of similar properties are as follows:-

Address	Strata Floor Area (square metres)	Tenure	Consideration	Contract Date
301 Upper Thomson Road #01-42 Thomson Plaza	38	Leasehold 99 years wef 15/10/1976	S$1,500,000/- (S$3,667 psf)	19/11/2019
11 Sin Ming Road #01-14 Thomson V Two	25	Freehold	S$1,030,000/- (S$3,829 psf)	22/4/2019
301 Upper Thomson Road #01-43 Thomson Plaza	35	Leasehold 99 years wef 15/10/1976	S$1,550,000/- (S$4,111 psf)	18/3/2019

Valuation :

In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the Indicative Market Value of the subject properties, with vacant possession and free from all encumbrances is as follows:-

MATERIAL DATE OF VALUATION **30 November 2019**

Indicative Aggregate Market Value : S$40,000,000/-
(Singapore Dollars Forty Million)

(Please refer to Annex for breakdown of individual unit values.)

SUNTEC REAL ESTATE CONSULTANTS PTE LTD

Name of Valuer	:	**Eugene Tham**
Appraiser's Licence No.	:	**AD041-2006132G**
SISV	:	**Member**

Our Ref : 2190766/ST/ET

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Annex

Commercial Units in 183 Longhaus

No	Unit No.	Legal Description Mukim 15	Type	Provisional Strata Floor Area (sq. m)	Indicative Market Value (30 November 2019)
1	#01-01	U1888W A30C	Restaurant	106 (includes strata void area of 31sq.m & Accessory Lot of 5sq.m for Air-con Ledge)	S$4,030,000
2	#01-02	U1893P A31M	Restaurant	105 (includes strata void area of 31sq.m & Accessory Lot of 5sq.m for Air-con Ledge)	S$3,980,000
3	#01-03	U1898X A32W	Restaurant	41 (includes Accessory Lot of 4sq.m for Air-con Ledge)	S$2,110,000
4	#01-04	U1903P A33V	Restaurant	156 (includes strata void area of 54sq.m & Accessory Lot of 5sq.m for Air-con Ledge)	S$5,550,000
5	#01-05	U1908X A34P	Restaurant	169 (includes strata void area of 58sq.m & Accessory Lot of 5sq.m for Air-con Ledge)	S$6,010,000

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Annex

Commercial Units in 183 Longhaus

No	Unit No.	Legal Description Mukim 15	Type	Provisional Strata Floor Area (sq. m.)	Indicative Market Value (30 November 2019)
6	#B1-01	U1887M A20P A21T	Shop	68 (includes Accessory Lots of 2sq.m for Air-con Ledge and 1sq.m for Signage)	S$2,770,000
7	#B1-02	U1892V A22A A23K	Shop	101 (includes Accessory Lots of 2sq.m for Air-con Ledge and 1sq.m for Signage)	S$3,840,000
8	#B1-03	U1897N A24N A25X	Shop	65 (includes Accessory Lots of 2sq.m for Air-con Ledge and 1sq.m for Signage)	S$2,690,000
9	#B1-04	U1902V A26L A27C	Shop	103 (includes Accessory Lots of 2sq.m for Air-con Ledge and 1sq.m for Signage)	S$3,930,000
10	#B1-05	U1907N A28M A29W	Shop	135 (includes Accessory Lots of 2sq.m for Air-con Ledge and 1sq.m for Signage)	S$5,090,000
		Aggregate Values		**1,049**	**S$40,000,000**

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UEN No. 198404370K

VALUATION CERTIFICATE

Date	:	7 February 2020
Our Reference	:	2190767/LYM/CSH
Valuation Prepared for	:	TEE Land Limited
Purpose of Valuation	:	This valuation report has been prepared in connection with the mandatory unconditional cash offer by Amcorp Supreme Pte. Ltd. for TEE Land Limited.
Address of Property	:	11 Sam Leong Road TRIO Singapore 207903
Type of Property	:	Twenty-five (25) unsold units, comprising 6 restaurants and 19 shops, located within a 4-storey commercial development with two levels of basement carpark known as TRIO.
Brief Description	:	The subject development is located along Sam Leong Road, off Jalan Besar. It is approximately 3.0 kilometres from the city centre at Collyer Quay. The immediate vicinity comprises of low-rise shophouses, commercial-cum residential developments and shopping complexes. Prominent developments in the vicinity include City Square Residences, City Square Mall, Mustafa Centre, Parkroyal on Kitchener Road, New World Centre, Jalan Besar Plaza and Verdun House. Located in the vicinity are also numerous backpackers' hostel and budget hotels. Public transport facilities are available along the main road of Serangoon Road and Jalan Besar. The Farrer Park MRT station is also located nearby. Accessibility is further enhanced with the opening of the Jalan Besar MRT station of the Downtonwn Line (DTL 2)
Legal Description	:	*Refer to Annex for individual unit strata lot legal description*
Tenure	:	Freehold

Registered Proprietor : Unique Commercial Pte. Ltd.

Total Unsold Strata Floor Area : 1,699 square metres, or approximately 18,288 square feet
(Refer to Annex for individual unit details)

Age : Approximately 2 years
(Temporary Occupation Permit was issued on 19 January 2018)

Master Plan Zoning (2019) : Commercial with gross plot ratio 3.0 & within Conservation Area

Basis of Valuation : We have carried out the valuation of the subject properties in their continued existing use without taking into account any redevelopment potential they may have.

Method of Valuation : Market Comparison Approach

Some recent transactions of similar properties are as follows:

Address	Strata Floor Area (square metres)	Tenure	Consideration	Contract Date
91 Bencoolen Street #01-10 Sunshine Plaza	39.0	Leasehold 99 years wef 19/3/1997	S$1,538,000/- (S$3,664 psf)	22/11/2019
10 Jalan Besar #03-04 Sim Lim Tower	27.0	Freehold	S$698,000/- (S$2,402 psf)	22/11/2019
149 Rochor Road #01-10 Fu Lu Shou Complex	44.0	Leasehold 99 years wef 16/6/1980	S$1,800,000/- (S$3,801 psf)	06/11/2019
139 Tyrwhitt Road #01-01 Tyrwhitt 139	31.0	Freehold	S$1,200,000/- (S$3,596 psf)	03/10/2019
1 Tessensohn Road #01-04 1953	68.0	Freehold	S$2,207,000/- (S$3,015 psf)	17/04/2019
27 Foch Road #02-06 Hoa Nam Building	67.0	Freehold	S$1,300,000/- (S$1,803 psf)	15/03/2019

Valuation :

In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion the Indicative Market Value of the subject properties, free from all encumbrances is as follows:-

MATERIAL DATE OF VALUATION **30 November 2019**

Indicative Aggregate Market Value : S$50,090,000/-
(Singapore Dollars Fifty Million And Ninety Thousand)

(Please refer to Annex for breakdown of individual unit values.)

SUNTEC REAL ESTATE CONSULTANTS PTE LTD

Name of Valuer : Chng Shih Han
Appraiser's Licence No. : AD041-2006472D
SISV : Member

Our Ref: 2190767/LYM/CSH

SUNTEC REAL ESTATE

ANNEX

25 UNSOLD UNITS AT 11 SAM LEONG ROAD, TRIO, SINGAPORE 207903

No.	Unit Nos	Type	Legal Description (Strata & Accessory Lot, T.S. 17)	Strata Floor Area (sqm)	Indicative Market Value (30 November 2019)
1	01-11	shop	U16744N & A95X	57	$2,050,000
2	02-01	restaurant	U16748M & A99W	174	$4,100,000
3	02-02	shop	U16749W & A100P	82	$2,700,000
4	02-03	shop	U16750C & A101T	36	$1,300,000
5	02-04	shop	U16751M & A102A	34	$1,270,000
6	02-05	shop	U16752W & A103K	33	$1,240,000
7	02-06	shop	U16753V & A104N	32	$1,210,000
8	02-07	shop	U16754P & A105X	31	$1,180,000
9	02-08	shop	U16755T & A106L	58	$2,030,000
10	02-09	restaurant	U16756A & A107C	101	$2,790,000
11	02-10	shop	U16757K & A108M	68	$2,280,000
12	02-11	shop	U16758N & A109W	26	$980,000
13	03-01	restaurant	U16759X & A110C	180	$4,590,000
14	03-02	shop	U16760K & A111M	82	$2,610,000
15	03-03	shop	U16761N & A112W	36	$1,250,000
16	03-04	shop	U16762X & A113V	34	$1,190,000
17	03-05	shop	U16763L & A114P	64	$2,100,000
18	03-07	shop	U16765M & A116A	58	$1,790,000
19	03-09	shop	U16767V & A119X	69	$2,060,000
20	03-10	shop	U16768P & A120K	34	$1,120,000
21	04-01	restaurant	U16769T & A121N	131	$3,120,000
22	04-04	restaurant	U16772T, A125M & A126W	52	$1,520,000
23	04-06	restaurant	U16774K, A128P & A129T	92	$2,390,000
24	04-07	shop	U16775N & A130V	69	$1,650,000
25	04-08	shop	U16776X & A131P	66	$1,570,000
			Grand Total		$50,090,000

Ref 2190767/LYM/CSH

UEN No. 198404370K

Real Estate Advisors for Asia

Valuation Report Of
25 Bukit Batok Street 22
Tee Building Singapore 659591
(the "Property")

Prepared for

TEE Land

December 2019

Jones Lang LaSalle Property Consultants Pte Ltd
1 Paya Lebar Link #10-08 Paya Lebar Quarter Tower 2 Singapore 408533
tel +65 6220 3888 fax +65 6790 4283

Company Reg No 198004794D Agency Licence No L3007326E

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Table of Contents

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Figure 1.0 The Property

Source: Jones Lang LaSalle 2019

1.0 INTRODUCTION

This valuation and report is prepared for TEE Land on the basis of their recent instructions to value 25 Bukit Batok Street 22 TEE Building Singapore 659591 (the "Property") for an intending sale to TEE International Limited.

2.0 TERMS OF REFERENCE

We have been instructed to determine the market value of the Property as at November 30, 2019. The Property to be valued comprises a 6-storey detached factory with ancillary office known as TEE Building.

3.0 LOCATION

The Property is located along Bukit Batok Street 22, some 100 m from the junction of Bukit Batok Street 22 and Bukit Batok East Avenue 6, approximately 16.6 km from the city centre at Collyer Quay.

The Bukit Batok industrial estate is located at the southern fringe of HDB's Bukit Batok Town and comprises mainly low-rise industrial buildings and terrace workshops. Other prominent developments nearby include the Bukit Batok Swimming Complex and Singapore Hotel And Tourism Education Centre (SHATEC).

The vicinity is well-served by retail amenities, with Westmall, Bukit Batok Town Centre, IMM, Westgate, Jem and Jurong East Town Centre, all a short distance away. Labour is also abundantly available as the Property is surrounded by public and private housing estates.

This estate is well served by the Pan-Island Expressway which links it to the Jurong Industrial Estate and other major commercial and industrial centres. The Bukit Batok MRT Station is also located about 800 m from the Property.

Figure 2.0 Location Map

Source: Onemap.sg

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4.0 DETAILS OF TITLES AND TENURE

Legal Description	:	Lot 5878A Mukim 5
Site Area	:	2,600.1 sq.m.

Figure 3.0 Site Detail

Source: client

Tenure	:	30 years lease commencing from May 1, 1992 with an option to renew for a further term of 30 years, subject to no breach of any covenants and conditions stipulated by Housing and Development Board in the Lease.
Registered Lessor	:	Jurong Town Corporation
Registered Lessee	:	TEE Industrial Pte. Ltd
Encumbrance	:	The Property is mortgaged to Hong Leong Finance Limited.

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4.0 DETAILS OF TITLES AND TENURE (CONT'D)

Authorised Use	:	Not to use or to permit or suffer the demised premises and any building thereon or any part of the demised premises and the building thereon to be used otherwise than for its own occupation and sole use as "warehousing, production, assembly of equipment and ancillary office".
Annual Land Rent	:	S$96,515.71/- per annum excluding GST for period May 1, 2019 to April 30, 2020.
Other Details	:	A copy of the Lease Agreement and Variation of Lease are enclosed as attachments to this report.

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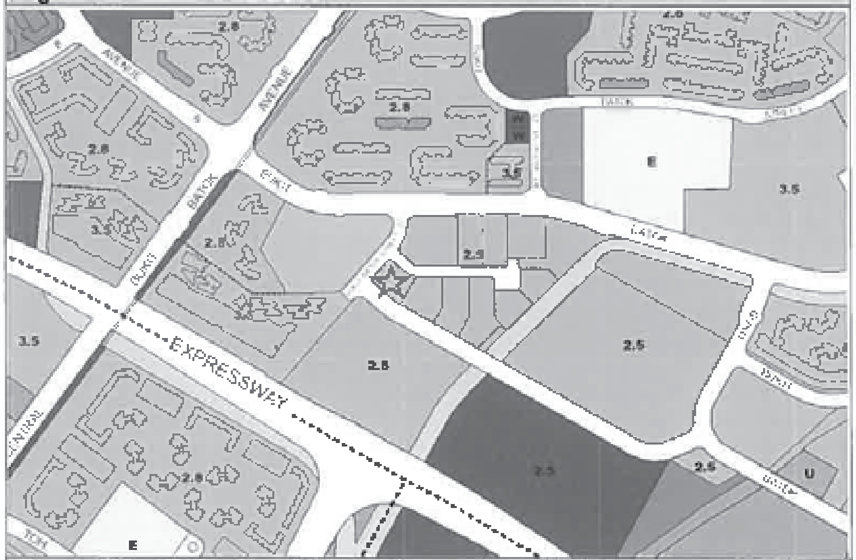
5.0 TOWN PLANNING

Master Plan Zoning (2014 Edition) : Business 1 with a plot ratio of 2.5.

Figure 4.0 Master Plan 2014



Source: Urban Redevelopment Authority

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6.0 EXISTING IMPROVEMENTS

The Property comprises a 6-storey purpose-built factory building. It is erected on an almost trapezoidal-shaped plot of land at the access road level.

Construction of the building is of reinforced concrete frames with infill brickwalls, reinforced concrete floors, reinforced concrete staircases and reinforced concrete flat roof. Fenestration generally comprises anodised aluminium/aluminium framed glass windows.

Vertical transportation within the building is facilitated by passenger lifts, cargo lifts and reinforced concrete staircases.

Fire protection systems provided within the Property include fire alarm system, fire sprinkler system, fire hosereel and fire extinguishers.

Other site improvements include a guard house, surface/sheltered car park lots and enclosed by plastered boundary walls/chain-link fencing complete with metal gates and car park barriers.

The Temporary Occupation Permit of the Property was issued in May 7, 2015

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7.0 ACCOMMODATION AND FINISHES

The main accommodation of the Property generally includes:

1st Storey

Lift lobby area, reception area, waiting area, display area, toilets, meeting rooms, production area, store room and loading/unloading area

2nd Storey

Lift lobby area, production area and toilets

3rd to 6th Storey

Lift lobby area, waiting area, ancillary office areas with partitioned rooms/executive offices, store room, production area, pantry, boardroom, training room, conference room, meeting rooms and wash area/toilets

Internal finishes generally include granite flooring to the reception area/waiting area/display area/lift lobby area, carpet flooring to the general office areas/meeting rooms/executive offices/partitioned offices/partitioned rooms/conference room/boardroom/production area/store room, epoxy or cement-sand screed flooring to the production area, vinyl sheet flooring to the pantry and homogeneous tiled floor and walls to the toilets.

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7.0 **ACCOMMODATION AND FINISHES (CONT'D)**

Reception Area

Waiting Area

Display Area

Meeting Room

Production Area

Typical Passenger Lift Lobby

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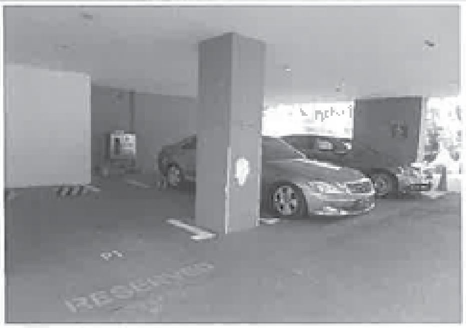
7.0 **ACCOMMODATION AND FINISHES** (CONT'D)

Production Area

Pantry

Sheltered Car Park Lots



Surface Car Park Lots

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8.0 **GROSS FLOOR AREA** - according to the architectural floor plans provided by the client and subject to survey

Approximately 5,164 sq.m.

9.0 **CONDITION AND REPAIR**

The building on site was generally in good condition as at the date of our inspection on November 26, 2019.

We are not instructed to carry out a structural survey or to test any of the services but in the course of our inspection, we did not note any items of disrepair which we regard as serious, we are not, however, able to give any assurance that the Property is free from defect.

10.0 **TENANCY DETAILS**

The Property is tenanted and owner-occupied by the registered lessee as at the date of our inspection. We understand that the factory and general office areas are leased to multiple tenants, which are all within the TEE Group of companies.

11.0 **PROPERTY TAX**

The Property is currently being assessed at an annual value of S$901,000/- for the year 2019.

12.0 **OTHER DETAILS**

We have not applied for Road and Drainage Interpretation Plans and the Railway Protection Plan for the Property as this is outside our terms of reference. Our valuation is therefore made on the assumption that the Property is not adversely affected by any approved/proposed road/drainage/railway schemes. It is recommended that the valuation be referred back to us for a review should your solicitors subsequently discover the existence of any such schemes after legal requisitions with the various competent authorities have been completed by them

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13.0 SWOT ANALYSIS

Strengths

- Ample labour supply from surrounding HDB estates at Bukit Batok, Jurong East, Jurong West and Clementi.
- Close proximity to Jurong East and Bukit Batok MRT Stations and easy access to highways such as Pan Island Expressway (PIE), Ayer Rajah Expressway (AYE) and public transportation.
- Adequate loading and unloading spaces
- Size and regular layout on each floor are ideal for single or multiple users

Weaknesses

- Competition from existing factories in the vicinity.

Opportunities

- Sound management of the economy and political stability will continue to attract investment in Singapore.
- The Economic Development Board has a new and enhanced programme to attract more company headquarters operations to Singapore which allow EDB to reach out to all types of HQs - big and small, from all industries and geographies.

Threats

- Future supply of factory/warehouse developments in the vicinity.
- Volatile political environment in the world may affect investor confidence

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14.0 VALUATION CONSIDERATIONS

14.1 Basis of Valuation

Our valuations are made on the basis of Market Value, defined by the International Valuation Standards (IVS) and SISV Valuation Standards and Practice Guidelines as follows:

"Market Value is 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."

14.2 Methods of Valuation

<u>Income Method</u>

This method entails the estimation of the gross rental income less the necessary expenses such as property tax and land rental to derive a net rental income. This is then capitalised at an appropriate yield rate for the remaining period of the lease to arrive at the current market value.

<u>Direct Comparison Method</u>

Our valuation is based on direct comparison with recent transactions of comparable properties within the vicinity.

In arriving at our valuation figure, we have taken into consideration the prevailing market conditions and have made due adjustments for differences between the Property and the comparables in terms of location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and other factors affecting its value.

<u>Sales Comparables</u>

Address	Site Area (sq.m.)	Approximate Gross Floor Area (sq.m.)	Tenure	Transacted Price	Date of Contract
16 Chin Bee Avenue	3,991.1	4,157.74	30+17 years wef 1/1/2004	S$9,488,000/- (S$2,282 psm)	September 6, 2019
35 Gul Lane	5,374.9	2,396.69	30+30 years wef 16/1/1981	S$6,200,000/- (S$2,587 psm)	May 21, 2019
10 Fishery Port Road	3,489.6	3,129.97	30 years wef 1/11/2007	S$8,000,000/- (S$2,556 psm)	February 12, 2019

Source: Jurong Town Corporation and URA Realis

15.0 VALUATION - as at November 30, 2019

Having regard to all relevant information, we are of the opinion that the market value of the unexpired leasehold interest in the Property, free from all encumbrances, is S$21,500,000/- (Singapore Dollars Twenty-One Million And Five Hundred Thousand)

16.0 RECOMMENDATION/COMMENTS

The plot ratio of the Property has not been fully utilised as at the date of our valuation. Our valuation is on the assumption that the Property is fully utilised subject to formal planning approval from the relevant authorities, less off the construction cost of the additions and alterations.

17.0 GENERAL PRINCIPLES ADOPTED IN THE PREPARTION OF VALUATION AND REPORTS

Please see attached.

Tan Keng Chiam
B.Sc. (Est. Mgt.) MSISV, MRICS
Appraiser Licence No: AD041-2004796D
Senior Director
JONES LANG LASALLE

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GENERAL PRINCIPLES ADOPTED IN THE PREPARATION OF VALUATIONS AND REPORTS

These are the general principles upon which our Valuations and Reports are normally prepared, they apply unless we have specifically mentioned otherwise in the body of the report.

1) **VALUATION STANDARDS**
All work are carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Guidelines and International Valuation Standards (IVS), subject to variations to meet local laws, customs, practices and market conditions.

2) **VALUATION BASIS**
Our valuations are made on the basis of Market Value, defined by the SISV and IVSC as follows:

"Market Value is 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 and where the parties had each acted knowledgeably, prudently and without compulsion."

3) **CONFIDENTIALITY**
Our Valuations and Reports are confidential to the party to whom they are addressed or their other professional advisors for the specific purpose(s) to which they refer. No responsibility is accepted to any other parties and neither the whole, nor any part, nor reference thereto may be included in any published document, statement or circular, or published in any way, nor in any communication with third parties, without our prior written approval of the form and context in which they will appear.

4) **SOURCE OF INFORMATION**
Where it is stated in the report that information has been supplied by the sources listed, this information is believed to be reliable and we shall not be responsible for its accuracy nor make any warranty or representation of the accuracy of the information. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with the relevant authorities.

5) **DOCUMENTATION**
We do not normally read leases or documents of title and, where appropriate, we recommend that lawyer's advice on these aspects should be obtained. We assume, unless informed to the contrary, that all documentation is satisfactorily drawn and that good title can be shown and there are no encumbrances, restrictions, easements or other outgoings of an onerous nature which would have an effect on the value of the interest under consideration.

6) **TOWN PLANNING AND OTHER STATUTORY REGULATIONS**
Information on Town Planning is obtained from the set of Master Plan, Development Guide Plans (DGP) and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road and drainage improvements. If reassurance is required, we recommend that verification be obtained from your lawyers.

Our valuations are prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Statutory Completion by the competent authority.

7) **TENANTS**
Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

8) **STRUCTURAL SURVEYS**
We have not carried out a building survey nor any testing of services, nor have we inspected those parts of the property which are inaccessible. We cannot express an opinion about or advise upon the condition of uninspected parts and this Report should not be taken as making any implied representation or statement about such parts. Whilst any defects or items of disrepair are noted during the course of inspection, we are not able to give any assurance in respect of rot, termite or past infestation or other hidden defects.

9) **SITE CONDITIONS**
We do not normally carry out investigations on site in order to determine the suitability of the ground conditions and services for the existing or any new development, nor have we undertaken any archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

10) **OUTSTANDING DEBTS**
In the case of buildings where works are in hand or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

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11) **INSURANCE VALUE**
Our opinion of the insurance value is our assessment of the reinstatement cost for insurance purpose and it comprises the total cost of completely rebuilding the property to be insured, together with allowances for inflation, demolition and debris removal, professional fees, the prevailing G.S.T. (goods and services tax) and, if applicable, compliance with current regulations and by-laws.

12) **DIMENSIONS, MEASUREMENTS & AREAS**
Dimensions, measurements and areas included in the report are based on information contained in copies of documents provided to us and are therefore approximations. No on site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided. Our valuation is totally dependent on the adequacy and accuracy of the information supplied and/or the assumptions made. Should these prove to be incorrect or inadequate, the accuracy of the valuation may be affected.

13) **ACCURACY, ERRORS & OMISSIONS**
Whilst care has been taken in the preparation of the report, no representation is made or responsibility is accepted for errors, omissions and the accuracy of the whole or any part.

SUNTEC
REAL ESTATE

SUNTEC REAL ESTATE CONSULTANTS PTE LTD
60 Paya Lebar Road #12-29
Paya Lebar Square Singapore 409051
Tel: +65 6221 8288 Fax: +65 6225 7537
www.suntecrealestate.com
UEN No. 198404370K

Our Ref: 2190768/LYM/CSH

27 December 2019

TEE Land Limited
25 Batok Street 22
TEE Building 6th storey
Singapore 659529

Attention: Mr Lawrence Toh

Dear Sirs

RENTAL VALUATION OF 25 BUKIT BATOK STREET 22 TEE BUILDING SINGAPORE 659591

We refer to your instruction to determine the Market Rent of the above-mentioned property.

Our valuation is made on the basis of **Market Rent**. This is defined by the International Valuation Standards Council to be the estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

Our valuation is based on the following principal lease terms and assumption:-

a) Fixed rent for a tenancy term of 6+6 months;
b) Part of 1st storey and part of 6th storey Gross Floor Area to be let together;
c) Landlord is responsible for property tax, land rent and capital expenditure;
d) Tenant is responsible for minor repair and maintenance within the leased premises;

We have adopted the direct rental comparison method in our valuation. Actual and asking rentals of other similar grade offices in the vicinity are compared with the subject property. Appropriate adjustments are made to reflect the differences between the subject property and the comparables in terms of market conditions, quality of building, location and size.

Our valuation is detailed in the attached Valuation Certificate.

We are pleased to be of service to you in this instance. Our Fee is also enclosed for your kind attention.

Yours faithfully
For and on behalf of
SUNTEC REAL ESTATE CONSULTANTS PTE LTD

Name of Valuer	:	Chng Shih Hian
Appraiser's Licence No.	:	AD041-2006472D
SISV	:	Member

Ref: 2190768/LYM/CSH

SUNTEC
REAL ESTATE

RENTAL VALUATION OF TEE BUILDING AT
25 BUKIT BATOK STREET 22 SINGAPORE 659591

VALUATION CERTIFICATE

Address : 25 Bukit Batok Street 22
TEE Building
Singapore 659591

Type of Property : A 6-storey factory with ancillary office & two passenger lifts

Land Area : 2,600.1 square metres

Leasable GFA : Approximately 748.12 square metres (approximately 8,052.8 square feet - for part of 1st & part of 6th storey)
-Based on information provided by TEE Land Limited

Age of the Property : Approximately 4.5 years (T.O.P. issued on 7 May 2015)

Principal Lease Terms :
1) Fixed rent for a tenancy term of 6+6 months
2) Part of 1st storey and part of 6th storey Gross Floor Area to be let together;
3) Landlord is responsible for property tax, land rent and capital expenditure;
4) Tenant is responsible for minor repair and maintenance within the leased premises.

Market Rent (as at 24 December 2019) :
(excluding Goods & Services Tax of 7%)

Levels	Gross Floor Area (square metres)	Gross Floor Area (square feet)	Market Rental (S$psf per month)
Part of 1st storey	172.49	Approx. 1,856.7	S$2.20
Part of 6th storey	575.63	Approx. 6,196.1	S$2.20

Our Ref: 2190768/LYM/CSH

SUNTEC
REAL ESTATE

RENTAL VALUAITON OF TEE BUILDING
AT 25 BUKIT BATOK STREET 22 SINGAPORE 659591

Actual & Asking Rental

Address	Lettable Area (square feet)	Rental $psf per month
21 Bukit Batok Crescent, WCEGA Tower -high floor & corner unit	1,970	S$2.21
21 Bukit Batok Crescent, WCEGA Tower	1,195	S$2.30
1 Bukit Batok Street 22 -ground floor unit with warehouse use	15,144	S$1.80
2 Bukit Batok Street 23 -1st storey with loading and unloading bay	9,713	S$2.20

Our Ref: 2190768/LYM/CSH

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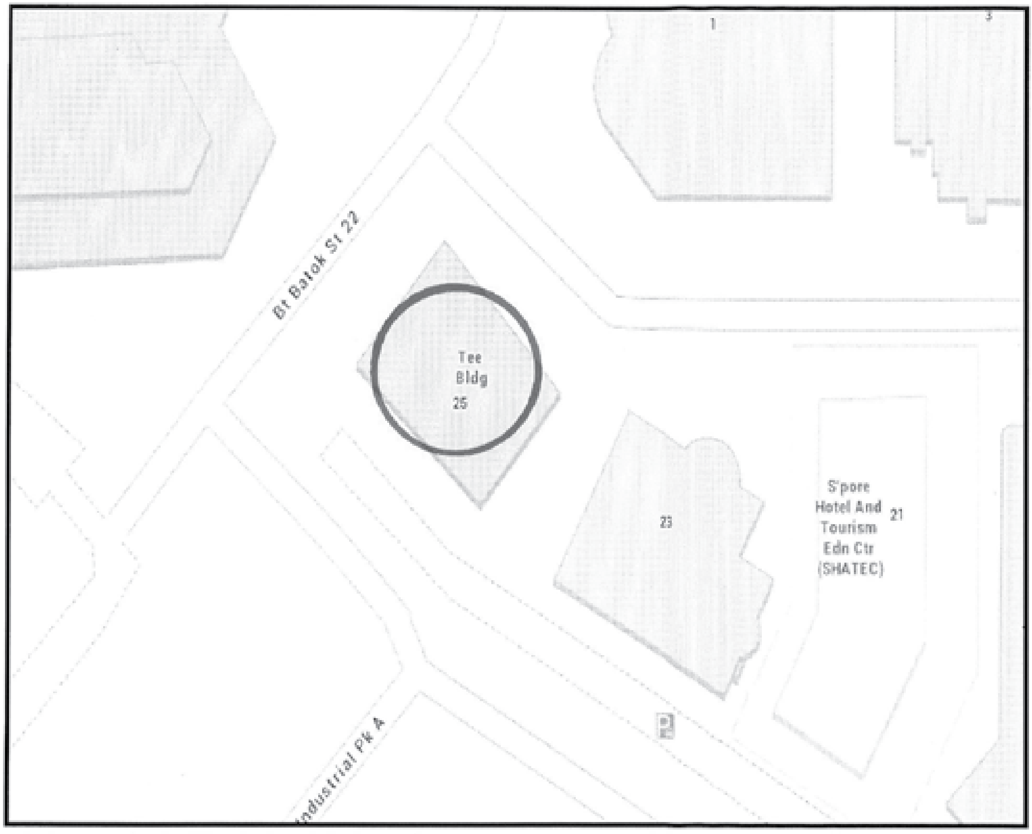
REAL ESTATE



LOCATION PLAN
(Not to Scale)

N

TEE Building

External View of Subject Property

Reception

1st Storey

Store

1st Storey

General Office

Meeting Room

6th Storey

General Office

Pantry

6th Storey

SUNTEC
REAL ESTATE

Suntec Real Estate Consultants Pte Ltd

GENERAL PRINCIPLES ADOPTED IN THE PREPARATION OF VALUATIONS AND REPORTS

These are the general principles upon which our Valuations and Reports are normally prepared; they apply unless we have specifically mentioned otherwise in the body of the report.

1. **RICS GUIDANCE NOTES**
   All work is carried out in accordance with the Practice Statements in the RICS Valuation Standards.

2. **VALUATION BASIS**
   Our valuations are made on the basis of **Market Rental**. This is defined by the International Valuation Standards to be the estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

3. **CONFIDENTIALITY**
   Our Valuations and Reports are confidential to the party to whom they are addressed for the specific purpose(s) to which they refer. No responsibility is accepted to any other parties and neither the whole, nor any part, nor reference thereto may be included in any published document, statement or circular, or published in any way, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

4. **SOURCE OF INFORMATION**
   The information that has been supplied by the sources stated in the report is believed to be reliable and there is no responsibility of this should it prove not to be so. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with the relevant authorities.

5. **TOWN PLANNING AND OTHER STATUTORY REGULATIONS**
   We have obtained all information on Town Planning from the Master Plan and other documents published by the competent authority. We have not carried out any legal requisition with the public authorisation to ascertain the status of the effect of public schemes on the property.

   We have prepared our valuations on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Statutory Completion by the competent authority.

6. **STRUCTURAL SURVEYS**
   We have not carried out a building survey nor any testing of services, nor have we inspected those parts of the property which are inaccessible. We cannot express an opinion about or advise upon the condition of uninspected parts and this Reports should not be taken as making any implied representation or statement about such parts. Whilst any defects or items of disrepair are noted during the course of inspection, we are not able to give any assurance in respect of rot, termites or past infestation or other hidden defects.

7. **SITE CONDITION**
   We do not carry out investigations on site in order to determine the suitability of the ground conditions and services for the existing or any new development, nor have we undertaken any archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

8. **INTERNAL USE ONLY**
   The Valuation and Report is strictly for internal use only and must not be reproduced, use in any correspondence, discussion and legal case without the consent of the relevant authority concerned.

Valuation (Land & Building)

By Email & Hand

Your Ref : -
Our Ref : TKC/aa/191698

TEE Development Pte. Ltd.
25 Bukit Batok Street 22
Tee Building
Singapore 659591

Attention: Mr Lawrence Toh

February 17, 2020

Dear Sirs,

DESK-TOP REVIEW OF LAND KNOWN AS LOT 10385N AND LOT 18438M MUKIM 18 AT 1 SERAYA CRESCENT SINGAPORE 575811 (THE "PROPERTY")

We refer to your recent instructions with regard to the above-mentioned Property. The following is a brief description of the Property:-

Type : The Property is an almost trapezoidal-shaped plot of land which is at the access road level and with frontage of about 63 metres along Upper Thomson Road for the proposed erection of a residential housing development comprising 2 blocks of 5-storey residential units (48 units) with swimming pool, ancillary facilities and 1 level of basement carpark.

Tenure : Estate in Perpetuity

Legal Description and Site Area :

Legal Description	Site Area
Lot 10385N Mukim 18	2,236.1 sq m
Lot 18348M Mukim 18	241.1 sq m
Total Site Area	2,477.2 sq m

Permissible Plot Ratio : 1.40

Proposed Plot Ratio : 1.54 (including bonus balconies)

Proposed Gross Floor Area : Approximately 3,814.88 sq m, (including bonus balconies)

Proposed Net Saleable Floor Area : Approximately 3,555 sq.m.

Methods of Valuation : Residual Approach and Direct Comparison Approach

Date of Valuation : November 30, 2019

.../Page 2

Jones Lang LaSalle Property Consultants Pte Ltd
1 Paya Lebar Link #10-06 Paya Lebar Quarter Tower 2 Singapore 408533
tel +65 6220 3888 fax +65 6203 4283

Company Reg No: 198004794D Agency License No: L3007326E

JLL

TEE Development Pte. Ltd.
- **Land Known as Lot 10385N and Lot 18438M Mukim 18 At 1 Seraya Crescent Singapore 575811 (The "Property")**

February 17, 2020

Having regard to all the relevant information, we are of the opinion that the indicative market value of the Property, subject to formal planning approval granted from competent authority for the proposed erection of a residential development with ancillary facilities excluding development charge and cost of the state land of S$1,603,385/-, with vacant possession and free from all encumbrances, is S$26,000,000/- (Singapore Dollars Twenty Six Million Only). The forced sale value is S$23,400,000/- (Singapore Dollars Twenty Three Million And Four Hundred Thousand Only).

We are further of the opinion the indicative market value of the Property, subject to formal planning approval granted from competent authority for the proposed erection of a residential development with ancillary facilities including development charge and cost of the state land with vacant possession and free from all encumbrances, is S$39,800,000/- (Singapore Dollars Thirty Nine Million and Eight Hundred Thousand Only). The forced sale value is S$35,800,000/- (Singapore Dollars Thirty Five Million And Eight Hundred Thousand Only).

The indicative gross development value of the proposed residential development with ancillary facilities, assuming it is satisfactorily completed as at the date of valuation, with vacant possession and free from all encumbrances, is S$69,700,000/- (Singapore Dollars Sixty Nine Million and Seven Hundred Thousand Only).

	Gross Development Value	Sold Units	Unsold Units
Value	S$69,700,000	S$19,207,000	S$50,493,000
No. of Units	48	16	32

The forced sale value is S$62,700,000/- (Singapore Dollars Sixty Two Million and Seven Hundred Thousand Only).

Please note that the above valuation is indicative only and it should not in any way be construed as a formal valuation.

As instructed, we have not carried out title searches and re-inspection of the premises and this review has to be read in conjunction with our last valuation report referenced TKC PCL:ij:190541 dated June 6, 2019. We have also assumed that no material changes have been done to the Property since our last formal valuation.

We have not applied for the Road and Drainage Interpretation Plans and Railway Protection Plan as this is outside our terms of reference. Our valuation is therefore made on the assumption that the Property is not adversely affected by any approved/proposed road/drainage/railway schemes. It is recommended that the valuation be referred back to us for a review should your solicitors subsequent discover the existence of any such scheme after legal requisitions with the various competent authorities have been completed by them.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property, nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature other than those mentioned in the report which could affect its value.

This desk-top valuation review is for the use only of TEE Development Pte. Ltd. and no responsibility is accepted to any third party for the whole or any part of its contents. We are pleased to be of service to you in this instance. Our fee account is also enclosed for your kind attention.

Faithfully,

Tan Keng Chiam
B Sc. (Est. Mgt.) MSISV, MRICS
Appraiser Licence No: AD041-2004796C
Senior Director
JONES LANG LASALLE
Enc

JLL

Your Ref : -
Our Ref : TKC:aa:191700

Valuation (Land & Building)

By Email & Hand

TEE Forward Pte. Ltd.
25 Bukit Batok Street 22
Tee Building
Singapore 659591

Attention: Mr Lawrence Toh

February 17, 2020

Dear Sirs,

DESK-TOP REVIEW OF LAND KNOWN AS LOT 743N AND LOT 744X TOWN SUBDIVISION 28 AT 35 GILSTEAD ROAD SINGAPORE 309079 (THE "PROPERTY")

We refer to your recent instructions with regard to the above-mentioned Property. The following is a brief description of the Property:-

Type : The Property is a 'club-head' shaped plot of land for the proposed erection of 3 blocks of 5-storey with an attic residential flats developments (70 units) with a swimming pool, communal facilities and basement carpark. Currently, it is residential development.

Tenure : Estate in Fee Simple.

Legal Description and Site Area :

Legal Description	Site Area
Lot 743N Town Subdivision 28	3,527.7 sq.m
Lot 744X Town Subdivision 28	10.6 sq.m
Total Site Area	3,538.3 sq.m

Permissible Plot Ratio : 1.40

Proposed Plot Ratio : 1.53 (including bonus balconies)

Proposed Gross Floor Area : Approximately 5,448.98 sq.m. (including bonus balconies)

Proposed Net Saleable Floor Area : Approximately 5,287 sq.m.

Methods of Valuation : Residual Approach and Direct Comparison Approach

Date of Valuation : November 30, 2019

.../Page 2

Jones Lang LaSalle Property Consultants Pte Ltd
1 Paya Lebar Link #10-08 Paya Lebar Quarter Tower 2 Singapore 408533
tel +65 6220 3888 fax +65 6200 4283

Company Reg No: 198004794D Agency Licence No. L3007326E

JLL

TEE Forward Pte. Ltd.
- Land Known as Lot 743N And Lot 744X Town Subdivision 28 At
  35 Gilstead Road
  Singapore 309079 (The "Property') February 17, 2020

Having regard to all the relevant information, we are of the opinion that the indicative market value of the Property, subject to formal planning approval granted from competent authority for the proposed erection of a residential development with communal facilities excluding development charge or differential premium, with vacant possession and free from all encumbrances, is S$72,600,000/- (Singapore Dollars Seventy Two Million and Six Hundred Thousand Only). The forced sale value is S$65,340,000/- (Singapore Dollars Sixty Five Million Three Hundred and Forty Thousand Only).

We are further of the opinion the indicative market value of the Property, subject to formal planning approval granted from competent authority for the proposed erection of a residential development with communal facilities including development charge or differential premium, with vacant possession and free from all encumbrances, is S$88,600,000/- (Singapore Dollars Seventy Two Million and Six Hundred Thousand Only). The forced sale value is S$80,000,000/- (Singapore Dollars Eighty Million Only).

The indicative gross development value of the proposed residential development with communal facilities, assuming it is satisfactorily completed as at the date of valuation, with vacant possession and free from all encumbrances, is S$140,700,000/- (Singapore Dollars One Hundred Forty Million and Seven Hundred Thousand Only).

	Gross Development Value	Sold Units	Unsold Units
Value	S$140,700,000	S$31,913,000	S$108,787,000
No. of Units	70	15	55

The forced sale value is S$126,600,000/- (Singapore Dollars One Hundred Twenty Six Million and Six Hundred Thousand Only).

Please note that the above valuation is indicative only and it should not in any way be construed as a formal valuation.

As instructed, we have not carried out title searches and re-inspection of the premises and this review has to be read in conjunction with our last valuation report referenced TKC:JY:ij:190215 dated March 15, 2019. We have also assumed that no material changes have been done to the Property since our last formal valuation.

We have not applied for the Road and Drainage Interpretation Plans and Railway Protection Plan as this is outside our terms of reference. Our valuation is therefore made on the assumption that the Property is not adversely affected by any approved/proposed road/drainage/railway schemes. It is recommended that the valuation be referred back to us for a review should your solicitors subsequent discover the existence of any such scheme after legal requisitions with the various competent authorities have been completed by them.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property, nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature other than those mentioned in the report which could affect its value.

This desk-top valuation review is for the use only of TEE Forward Pte. Ltd. and no responsibility is accepted to any third party for the whole or any part of its contents. We are pleased to be of service to you in this instance. Our fee account is also enclosed for your kind attention.

Faithfully,

Tan Keng Chiam
B.Sc. (Est. Mgt.) MSISV, MRICS
Appraiser Licence No: AD041-2004796D
Senior Director
JONES LANG LASALLE

Enc

Executive Summary

Larmont Sydney by Lancemore & Office Suites, 2-14 Kings Cross Road, Potts Point

Name of Responsible Entity	**TEE Land Limited**
Instructions	We have been instructed to undertake a retrospective valuation in connection with the mandatory unconditional cash offer by Amcorp Supreme Pte. Ltd. for TEE Land Limited. No responsibility is accepted by the Valuer and/or Valuation Firm in the event that the applicant to which this Report is addressed, or any other agreed additional reliant party(s) noted in this Report, relies, uses, distributes, publishes and /or otherwise represents anything contained in the Report for any other purpose apart from that expressly noted previously. All investigations have been conducted independently and without influence from a third party in any way.
Interest Valued	We assessed the Unencumbered Freehold Strata Title on the following basis: ■ Market Value As Is of the hotel subject to the HMA as at 30 November 2019 ■ Market Value of the Strata Office Suites subject to the Existing Leases as at 30 November 2019 ■ Market Value assuming a Sale In-One-Line of the Individual Strata Office Allotments as at 30 November 2019.
Purpose of Valuation	This valuation report has been prepared in connection with the mandatory unconditional cash offer by Amcorp Supreme Pte. Ltd. for TEE Land Limited.
Property Description	The Larmont Hotel Sydney by Lancemore comprises an upscale hotel with 103 guest rooms which underwent a significant internal refurbishment in 2017 and presents in good condition. The hotel forms part of a mixed-use strata title complex and shares the reception area with the commercial office tenancies. In addition to the hotel allotment, the applicant also owns various other lots within the building including Lot 2 which is located on the ground floor and utilised as the hotel restaurant which is leased to a third party, Lot 3 comprises a mezzanine tenancy and is occupied by Body Mind Life Yoga Studio, four individual office suites (encompassing 211m² and a 22m² parking space) and various parking spaces. The property is located within the inner eastern Sydney suburb of Potts Point in close proximity to Kings Cross Train Station and approximately 2 kilometres east of the Sydney Central Business Precinct.
Tenancy Details	The four office suites are occupied under individual short term lease agreements. The restaurant is occupied under a three year lease expiring 30 June 2022 with an option for a further three years whilst the yoga studio is occupied under four year lease expiring 31 March 2023 with an option for a further four years. The hotel is operated by Lancemore Group under a management agreement.
Critical Assumptions	See Critical Assumptions
Title	Hotel - Lots 2, 3, 5, 18 and 19 in Strata Plan 79156 and Lot 78 in Strata Plan 95963 Offices - Lots 10 (car space lot), 31, 54, 55 and 61 in Strata Plan 79156
Strata Area	4,876m² including parking
Site Area	1,110m² (base parcel)
Zoning	"B2 Local Centre" under the Sydney Local Environmental Plan 2012
Valuation Approach	Discounted Cash Flow, Income Capitalisation and Direct Comparison
Date of Inspection	**9 January 2020**
Date of Valuation	**30 November 2019**
Number of Hotel Rooms	103
Last Sale	$23,200,000 December 2014, with subsequent acquisition of various Strata Lots
Owner	Potts Point Hospitality Pty Limited
Brand/Manager	Julpet Pty Ltd under the Lancemore brand

Continued overleaf.

Executive Summary (cont.)

Larmont Sydney by Lancemore & Office Suites, 2-14 Kings Cross Road, Potts Point

Strata Office Lots	Gross Realisation	In-One-Line
Net Passing Income	$88,990 per annum	$84,778 per annum
Net Income Used for Valuing	$88,990 per annum	$84,778 per annum
Passing Initial Yield	3.69%	4.00%
Equated Market Yield	3.69%	4.00%
$Rate /m² of Strata Area	$10,343/m²	$9,013/m²
Adopted Market Value	**$2,410,000 (*)**	**$2,100,000 (*)**

Hotel Budget, Historic Trade & Savills Forecasts

Cashflow Summary	Historical Performance				Savills Forecasts				
	Actual	Actual	Actual	Forecast					
PERIOD ENDING	31-May-17	31-May-18	31-May-19	31-May-20	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
Number of Bedrooms	92	103	103	103	103	103	103	103	103
Occupancy Rate	73.9%	80.1%	84.8%	87.8%	85.3%	84.8%	84.9%	85.0%	84.8%
Average Daily Rate	$184.38	$195.81	$211.47	$212.89	$211.33	$215.89	$221.24	$226.80	$233.10
RevPAR	$136.26	$156.85	$179.22	$186.85	$180.23	$183.18	$187.82	$192.86	$197.74
change %		15.1%	14.3%	4.3%		1.6%	2.5%	2.7%	2.5%
($000s)									
Total Revenue	**5,315.0**	**6,841.8**	**7,534.1**	**7,628.7**	**7,396.9**	**7,518.1**	**7,708.5**	**7,915.3**	**8,097.9**
change %		28.7%	10.1%	1.3%		1.6%	2.5%	2.7%	2.3%
Total Departmental Costs	1,971.9	2,972.0	2,788.6	2,626.5	2,497.8	2,538.7	2,603.0	2,672.8	2,730.9
change %		50.7%	-6.2%	-5.8%		1.6%	2.5%	2.7%	2.2%
Gross Operating Income	3,343.1	3,869.8	4,745.5	5,002.3	4,899.1	4,979.4	5,105.5	5,242.5	5,367.0
change %		15.8%	22.6%	5.4%		1.6%	2.5%	2.7%	2.4%
Total Undistributed Expenses	1,101.4	1,379.2	1,290.9	1,350.6	1,250.1	1,308.1	1,341.3	1,377.3	1,409.0
change %		25.2%	-6.4%	4.6%		4.6%	2.5%	2.7%	2.3%
Gross Operating Profit	**2,241.7**	**2,490.6**	**3,454.5**	**3,651.6**	**3,649.1**	**3,671.2**	**3,764.2**	**3,865.2**	**3,957.9**
change %		11.1%	38.7%	5.7%		0.6%	2.5%	2.7%	2.4%
Total Fixed Costs	949.2	988.0	1,146.9	1,157.0	1,165.5	1,183.8	1,210.3	1,240.1	1,267.7
change %		4.1%	16.1%	0.9%		1.6%	2.2%	2.5%	2.2%
EBITDAR	**1,292.5**	**1,502.6**	**2,307.7**	**2,494.6**	**2,483.6**	**2,487.4**	**2,553.9**	**2,625.1**	**2,690.3**
Rent Payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rent Receivable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**1,292.5**	**1,502.6**	**2,307.7**	**2,494.6**	**2,483.6**	**2,487.4**	**2,553.9**	**2,625.1**	**2,690.3**
change %		16.3%	53.6%	8.1%		0.2%	2.7%	2.8%	2.5%
EBITDA Per No of Bedrooms	*14.0*	*14.6*	*22.4*	*24.2*	*24.1*	*24.1*	*24.8*	*25.5*	*26.1*
Total Management Fees	295.1	336.0	427.0	445.0	439.9	444.1	455.3	467.5	478.6
Total FF&E Reserve	159.4	205.3	226.0	228.9	221.9	225.5	231.3	237.5	242.9
Capital Expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Component	Larmont Hotel – Subject to HMA		
YE May 2019 EBITDA	$2,307,670		
CY December 2020 EBITDA (Savills Forecast)	$2,483,557		
Terminal Yield	5.25%		
DCF Discount Rate	6.75%		
Income Capitalisation Rate	5.25%		
10 Year IRR	6.10%		
Passing Yield	4.81%		
Initial Yield (Savills CY 2020 Forecast)	5.17%		
Adopted Market Value	**$48,000,000 (*)**		
Capital Rate Per Room	$466,019 per room		
Prepared by	James Cassidy AAPI	Peer Review	Adrian Archer
	Certified Practising Valuer		National Director
	Savills Valuations Pty Ltd		Savills Hotels

(*) This valuation amount is exclusive of a Goods and Services Tax and is expressed in $AUD.

We advise that this summary must be read by the nominated party(ies) in conjunction with the attached report (including appendices) of which this summary forms part. This valuation summary should not be relied upon in isolation for finance or any other purposes. Liability limited by a scheme approved under Professional Standards Legislation. Savills will not be liable for loss of business revenue, contracts, savings or consequential losses as a result of any reliance on the opinions expressed in this report.

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Savills Valuation And
Professional Services (S) Pte Ltd
Reg No: 200402411G

30 Cecil Street
#20-03 Prudential Tower
Singapore 049712

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savills.com

Our Ref: 2020/202/PTE/CT

21 February 2020

TEE Land Limited
25 Bukit Batok Street 22
TEE Building
Singapore 659591

Attention: The Board of Directors

Dear Sirs,

DESKTOP VALUATION OF 23 COMMERCIAL UNITS AT 160 CHANGI ROAD, HEXACUBE, SINGAPORE 419728

We thank TEE Land Limited ("Client") for the instruction to carry out a desktop valuation to advise on the market value of the above property as at 30 November 2019. This valuation report has been prepared in connection with the mandatory unconditional cash offer by Amcorp Supreme Pte. Ltd. to acquire TEE Land Limited.

This valuation is premised on the information as contained in our valuation report dated 31 May 2019 (Ref: 2019/949/CORP/CT). Accordingly, the valuation is carried out without the benefit of site inspection and we have assumed that there is no material change in the property and the surroundings. No recent title searches, legal requisitions nor structural survey has been carried out.

"Market Value is the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The definition of market value is consistent with that as advocated by Singapore Institute of Surveyors and Valuers and is also in line with the Royal Institution of Chartered Surveyors (RICS) Standards and Guidelines and International Valuation Standards Council.

Savills Valuation And Professional Services (S) Pte Ltd has relied upon property data supplied by the Client which we assume to be true and accurate. We take no responsibility for inaccurate client supplied data and subsequent conclusions related to such data. We also accept no responsibility for subsequent changes in information.

This confidential document is for the sole use of persons directly provided with it by Savills Valuation And Professional Services (S) Pte Ltd. Use by, or reliance upon this document by anyone other than the Client is not authorised by us and we are not liable for any loss arising from such unauthorised use or reliance. This document should not be reproduced without our prior written authority.

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The brief details of the subject property based on the aforesaid report are summarised as follows: -

Type of Property : 18 shop units, 4 restaurants and 1 office unit within a 5-storey commercial development with 2 basement levels

Legal Description :

Unit No.	Strata Lot No. (All of Mukim 26)	Accessory Lot No. (All of Mukim 26)
#B1-01	U29645M	-
#B1-02	U29646W	-
#B1-03	U29647V	-
#B1-05	U29649T	-
#B1-06	U29650V	-
#01-01	U29655N	A175X
#01-02	U29656X	A176L
#01-03	U29657L	A177C
#01-05	U29659M	A179W
#01-06	U29660L	A180C
#01-07	U29661C	A181M
#01-08	U29662M	A182W
#01-09	U29663W	A183V
#01-10	U29664V	A184P
#02-01	U29667A	A187K
#02-02	U29668K	A188N
#02-04	U29670A	A190K
#02-05	U29671K	A191N
#02-07	U29673X	A193L & A194C
#02-10	U29676M	A197V
#02-11	U29677W	A198P
#02-12	U29678V	A199T
#04-05	U29697T	-

Tenure : Estate In Fee Simple

Registered Proprietor : Wealth Development Pte. Ltd.

Strata Floor Area*/Type :

Unit No.	Type	Strata Floor Area (sm)
#B1-01	Shop	55
#B1-02	Shop	52
#B1-03	Shop	52
#B1-05	Shop	68
#B1-06	Shop	52
#01-01	Shop	51 (including accessory lot of 3 sm)
#01-02	Shop	43 (including accessory lot of 3 sm)
#01-03	Shop	41 (including accessory lot of 3 sm)
#01-05	Restaurant	66 (including accessory lot of 5 sm)
#01-06	Restaurant	69 (including accessory lot of 6 sm)
#01-07	Restaurant	73 (including accessory lot of 7 sm)
#01-08	Restaurant	73 (including accessory lot of 7 sm)
#01-09	Shop	36 (including accessory lot of 5 sm)
#01-10	Shop	38 (including accessory lot of 6 sm)
#02-01	Shop	51 (including accessory lot of 4 sm)
#02-02	Shop	46 (including accessory lot of 4 sm)
#02-04	Shop	43 (including accessory lot of 4 sm)
#02-05	Shop	75 (including accessory lot of 5 sm)
#02-07	Shop	84 (including accessory lot of 10 sm)
#02-10	Shop	45 (including accessory lot of 6 sm)
#02-11	Shop	57 (including accessory lot of 7 sm)
#02-12	Shop	81 (including accessory lot of 10 sm)
#04-05	Office	78 (including air-con ledge of 5 sm)
Total		1,329

* *As extracted from the schedule of strata units prepared by registered surveyor, Lee Li Chuan and subject to final survey.*

Year of Completion : Temporary Occupation Permit and Certificate of Statutory Completion were obtained on 20 March 2017 and 31 August 2017 respectively.

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Condition	:	Assumed good
Master Plan Zoning (2019)/ Legal Requisitions	:	"Commercial" at gross plot ratio 3.0 The official Master Plan Zoning, Road/Drainage/MRT Interpretation Plans and other legal requisitions have not been applied for and/or made available to us.
Basis of Valuation	:	As-Is basis, with vacant possession and free from all encumbrances
Method of Valuation	:	Direct Comparison Method

With due regard to the foregoing and taken into consideration the prevailing market conditions and other relevant factors, we are of the opinion that the market value of the subject property is as follows:

Material Date of Valuation : **30 November 2019**

Market Value : **$45,170,000**
(Singapore Dollars Forty-Five Million One Hundred And Seventy Thousand Only)

Prepared by:
Savills Valuation And Professional Services (S) Pte Ltd

Daniel Ee
Licensed Appraiser No. AD041-2004607E
Executive Director

CT/DE/k

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LIMITING CONDITIONS

Our valuations are subject to the following limiting conditions unless otherwise stated in our valuation report.

Valuation Standards: The valuation is carried out in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices.

Valuation Basis: The valuation is carried out on a basis appropriate to the specific purpose of valuation, in accordance with the relevant definitions, assumptions and qualifications outlined in the valuation report.

The opinion expressed in the valuation report applies strictly in accordance with the terms and for the purpose expressed therein. The assessed values need not be applicable in relation to some other assessment.

Currency of Valuation: Values are reported in Singapore currency unless otherwise stated.

Confidentiality: Our valuation is confidential and strictly for the use of the addressee of the valuation report only and for the specific purpose(s) stated. Savills disclaim all responsibility and will accept no accountability, obligation or liability to any third parties.

Copyright: Neither the whole nor any part of the valuation report or any reference to it may be included in any published document, statement, circular or be published in any way, nor in any communication with any third parties, without prior written approval from Savills, including the form and context in which it may appear.

Limitation of Liability: The liability of Savills and its employees is only limited to the party to whom the valuation report is addressed. No responsibility to any third parties for unauthorized use and reliance is accepted.

Any liability arising from the valuers' negligence, breach of contract or otherwise in connection with this engagement shall be limited to the fees received by Savills under this engagement. Savills do not accept liability for any indirect or consequential losses (such as opportunity cost and loss of profits).

Validity Period: This valuation represents our opinion of value as at the date of valuation. The assessed value may change significantly and unexpectedly over a short period arising from general market movement, possible changes in market forces and circumstances in relation to the property. Savills disclaim all responsibility and accept no liability should the valuation report be relied upon after the expiration of 3 months from the date of valuation, or such earlier date if the addressee of the report becomes aware of any factors that may have an effect on the valuation and has not made known such information to Savills.

Titles: A brief on-line title search on the property has been carried out for formal valuation with site inspection only, unless otherwise stated. We are not obliged to inspect and/or read the original title or lease documents, unless they are made available by the client. The valuation shall therefore assume, unless informed to the contrary, that there are no further restrictive covenants, easements or encumbrances not disclosed by this brief title search which may have an effect on the market value. We assume the title of the property is good and marketable and free from all encumbrances, restrictions and other legal impediments.

Planning Information: Information relating to town planning is obtained from the current Singapore Master Plan which is assumed to be accurate. We do not normally carry out legal requisitions on road, MRT, LRT, drainage and other government proposals, unless specifically requested and Savills is properly reimbursed. In the event that legal requisitions are conducted by our clients which reveal that the information is materially different from the town planning information outlined in the valuation report and/or property is affected by public scheme(s), this report should then be referred back to Savills for review on possible amendment.

Other Statutory Regulations: Our valuation assumes that the property and any improvements thereon comply with all relevant statutory regulations. We have assumed that the property has been or will be issued with a Temporary Occupation Permit, Certificate of Fitness, Certificate of Statutory Completion or Temporary Occupation License by the competent authority.

Site Condition: We do not undertake site investigations to ascertain the suitability of the ground conditions and services for the existing or any new development, nor do we carry out any environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and where new development is proposed, no extraordinary expenses or delays will be incurred during the construction period. We have assumed that the load bearing capacity of the site is sufficient to support the building constructed or to be constructed thereon.

Condition of Property: While due care is exercised in the course of inspection to note any building defects, no structural survey or testing of the services or facilities are carried out nor have we inspected the unexposed or inaccessible portions of the building. As such, we are unable to comment if the building is free from defect, rot, infestation, asbestos or other hazardous material. Our valuation assumes that the building would not have any defects requiring significant capital expenditure and complies with all relevant statutory requirements.

Source of Information: Where it is stated in the valuation report that the information has been provided to the valuer by the sources listed, this information is presumed to be reliable. Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data. Where information is given without reference to another party in the report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge. Processed data inferences therefrom shall be taken as the valuer's opinion and shall not be freely quoted without acknowledgement.

Floor Areas: We have assumed that information contained in the surveyed or architectural floor plans is accurate and has been prepared in accordance with the prevailing Professional Property Practice Guidelines. In the absence of such plans, the floor area is estimated based on available secondary information and such estimates do not provide the same degree of accuracy or certainty. In the event that there is a material variance in areas, we reserve the right to review our valuation.

Plans: Plans included in the valuation report are for identification purposes only and should not be relied upon to define boundaries or treated as certified copies of areas or other particulars contained therein. All location plans are obtained from OneMap. While we have endeavoured to ensure the maps are updated, we do not vouch for the accuracy of the map and shall not be responsible if it is otherwise.

Tenant: No enquiries on the financial standing of actual or prospective tenants have been made. Where property is valued with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under the lease and there are no arrears of rent or undisclosed breaches of covenant.

Reinstatement Cost: Our opinion of the reinstatement cost for fire insurance purpose is provided only for guidance and must not be relied upon as the basis for insurance cover. We advise that we are not quantity surveyors and our estimate of the construction cost is based upon published sources. We recommend that verification of the reinstatement cost be sought from a qualified quantity surveyor, if considered appropriate.

Attendance in Court: Savills or its employees are not obliged to give testimony or to appear in court or any other tribunal or to any government agency with regards to this valuation report or with reference to the property in question unless prior arrangement has been made and Savills are properly reimbursed.

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13 February 2020

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Teematic Private Limited
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Singapore 659591

lawrence.toh@teeland.com.sg

Ref: GW20027540

Dear Sir

Re: Valuation of 15-21 Main South Road and 29 Ballantyne Avenue, Upper Riccarton, Christchurch

1. Instructions

We refer to instructions issued by Teematic Private Limited 19 December 2019 to provide the Market Value of 15-21 Main South Road and 29 Ballantyne Avenue, Upper Riccarton, Christchurch New Zealand "the subject property".

We have prepared a full and comprehensive Retrospective Valuation Report for the property in accordance with our instructions. This letter and its attachments should be read in conjunction with the Valuation Report (prepared as at 30 November 2019, dated 13 February 2020) as we note this letter does not include all essential information and the assumptions which are detailed in our Valuation Report. The Valuation Report provides a detailed description of the property; its current tenancy configuration and agreements; assumptions impacting value and local market characteristics.

2. Date of Valuation

30 November 2019.

3. Basis of Valuation

We have assessed the market value of the subject property in accordance with the definition of Market Value.

Market value as defined by the International Valuation Standards Council and as adopted by the Property Institute of New Zealand (PINZ) and the International Valuation Standards is as follows:

"Market value is the estimated amount for which an asset or liability 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 represents our opinion of value at the date of valuation. It must be recognised that the real estate market fluctuates with internal and external influences and this valuation should therefore be reviewed at regular intervals.

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4. Scope of Work and Approach

In undertaking the valuation our approach has generally comprised the following:

- Securing relevant individual property information including but not limited to title particulars, building particulars, leases, outgoings, and capital expenditure;
- Market research with local and active real estate agents and other market participants and the relevant authorities;
- Consolidated statement of comprehensive income for the past four years:
- Copies of historic valuation reports prepared by the principle valuer dated 31 May 2017 and 31 May 2018 and
- A physical inspection of the property.

In assessing the value of the subject property we have considered two bases of valuation being:-

1. Direct Comparison Approach; and
2. Amortisation of Income.

Attachments (including valuation executive summary) should be read in conjunction with the Valuation Report dated 30 November 2019. We note that this letter does not contain all the necessary information and assumptions which are detailed in the Valuation Report. The Valuation Report forms an integral part of our advice and provides descriptive commentaries on the specific property characteristics in addition to the local market dynamics and any general, specific and special assumptions under which the valuation has been prepared.

5. Valuation Methodology

To determine the value of the property we have considered the Highest and Best Use given the short remaining period for the accommodation period through to December 2022. The land has strong underlying value drivers as vacant residential development land, in addition is the value associated with the holding income until the Resource Consent expires and finally the realisation of selling the relocatable units that occupy the property.

Traditional development valuation methodologies include:

The sales comparison approach is whereby the subject land is benchmarked against other block land involved in recent market transactions. Appropriate adjustments to sale price are made to reflect relativity to the subject land such as characteristics in terms of; location, size, yield, realisation values and development costs. This is the principal approach adopted by participants in the market.

Residual feasibility approaches illustrate the amount a purchaser could reasonably afford to pay for the land subject to the revenue and costs associated with a proposed development. In the case of land with sub-divisional potential two approaches are often applied, discounted cash flow approach and the static residual.

The discounted cash flow approach reflects the time value of money in setting out periodic cash flows of expenditure from development and revenue from site sales. The net cash flow is discounted at an appropriate rate of return to reflect a present or current value. This is effectively the price that the developer can afford to pay and meet the required return relative to the risk perception. The valuation outcome must be supported through comparison with sales of other sub-divisible blocks, however with consideration to differing utility, efficiency and sub-divisional difficulty.

The present value of net holding income has been assessed from the amortisation of EBITDA forecast based on reflection of trading account trends, benchmarking and our pro forma cash flow. The present value of the annualised EBITDA cash flows are a component of the value. Note this will reduce over time as there is currently a finite period of trading. If the holding income is accounted for then the land must be deferred as income value cannot be attained while the land is realised.

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Finally we have adopted the direct sales comparison approach for the relocatable units. These units sell on the basis of in one line dealings on an in situ basis and the purchaser is typically responsible for the relocation and demolition of foundations and stopping of service connections.

6. Pecuniary Interest

We hereby certify that the Valuer and valuation firm do not have any direct, indirect or financial interest in the property or clients described herein that would conflict with the proper Valuation of the property.

The Valuer has at least five years of continuous experience in the valuation of property of a similar type to the subject and is authorised by law to practise as a Valuer in New Zealand.

7. Property Summary

The property comprises Workotel, a parcel of residential development land with accommodation based holding income that legally ceases operation on 31 December 2022.

The site occupies the position of the former Riccarton Park Holiday Park that is run as workers accommodation with 107 accommodation units, 5 dwellings, plus the former Holiday Park improvements.

Following the Canterbury Earthquakes the property was used to provide workers accommodation, with the complex achieving peak occupancy of 93% in 2015. This has subsequently reduced to 74% as the demand for workers accommodation has fallen following the completion of the rebuild, and the clientele has changed to those seeking low cost, short term accommodation.

The current use is subject to Resource Consent that expires 31 December 2022, however an application for land use consent has been made to utilise the existing buildings on site as a discretionary activity. The result of the application will not be known for some time, and may not be granted, and was made subsequent to the date of valuation in.

As the property stands at the date of valuation, it is a wasting asset, the value comprised essentially in the land as a development site, with a holding income until the existing resource consent expires, plus the value of the relocatable units. The property is owner occupied and can be sold with vacant possession to facilitate redevelopment.

Attached as Appendix B to this letter is an Executive Summary extracted from our valuation report.

A summary of our valuation is provided below.

Address	Suburb	City	Title/Tenure	Adopted Market Value
15-21 Main South Road and 29 Ballantyne Avenue	Upper Riccarton	Christchurch	Freehold	$7,600,000

We refer the reader to the Valuation Report for a detailed overview of the property, and local market conditions and characteristics.

8. Market Commentary

The Christchurch residential property market has remained steady over the preceding 12 months with a 1.9% annual increase in values reported by Core Logic in December 2019. The average sale price recorded over this period was $504,952.

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The Christchurch market has been impacted by the widespread construction activity following the Canterbury earthquakes, particularly in satellite centres to the north and south of the city. The oversupply of housing has had a dampening effect on house prices.

There has been a number of sales of development sites in the city of late, a number for low cost housing to meet the strong buyer demand from investors and first buyers. There has also been some activity from rest home operators. A number of development sites became available following the earthquakes as the previous structures were destroyed. These sites have now been absorbed by the market, with only brown field's sites now available, and with a limited supply.

In the medium term we believe prices will continue to increase as the excess housing stock is absorbed through natural population growth, and the rebuild when complete will provide a modern city that will provide an attractive place to reside.

9. Liability Disclaimer

Savills (NZ) Limited has prepared this summary letter for TEE Land Limited in connection with the mandatory unconditional cash offer by Amcorp Supreme Limited. Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the PDS.

Savills has prepared this letter and the full valuation reports based upon information made available to us at the date of issue. Any reliance upon this letter should be based upon the actual possession or sighting of an original valuation report duly signed and countersigned. We believe that this information is accurate and complete, however we have not independently verified all such information. In providing this summary, Savills is not providing advice about a financial product, nor the suitability of the investment.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Subject to applicable laws, liability for losses arising from such subsequent changes in value are excluded as is liability where the valuation is relied upon after the date of the valuation.

We have assessed the market value of the property in accordance with the Market Value definition contained within this letter summary and our full valuation report. In the event that, having regard to current economic conditions, a sale was to occur in circumstances not reflecting that Market Value definition, the price realised may be at a substantial discount to the Market Value assessed.

Yours sincerely

Lance Collings
Director - Valuation & Advisory

Steven Dunlop
National Head - Valuation & Advisory

The report is countersigned by Steven Dunlop as National Head only. The above counter-signatory verifies that this report is genuine original document, and issued by, and endorsed by Savills (NZ) Ltd. However the opinion expressed in this report, including the opinion on value, have been arrived at by the prime signatory alone. Mr Dunlop has not inspected the property.

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Annexures

- Standard Disclaimers, Assumptions and Qualifications
- Executive Summary

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Assumptions	■ That the information supplied to us by Teematic Private Limited is complete, current and accurate. ■ Valuation assuming vacant possession. ■ Site inspection was undertaken for valuation purposes only, we are not qualified to carry out nor have we sighted a structural survey/report of the buildings, accordingly we are not qualified to express an opinion as to the structural integrity of the buildings. We were also unable to inspect parts of the premises that were unexposed or inaccessible and therefore cannot say that such parts are free from defects. We recommend that a structural survey/report be commissioned by the nominate party to identify any building defects. We reserve the right to review this valuation if any such defects are identified. ■ The report is predicated on the basis that as at the effective date of valuation, the building services and structure were considered to be in good condition. The information provided with regard to future capital expenditure and deferred maintenance is very limited, and no recent service maintenance contract reports or asset management plans have been provided. Accordingly the valuation assumes that there are no significant capital outlays which are likely payable within the next 3 years, other than those assumed or referred to in the report. We recommend that any reliant party satisfy themselves with regards to the condition of the building, services and structure, and we reserve the right to review our findings should any information come to light which contradicts our findings. ■ This valuation has been made on the assumption that there are no actual or potential contamination issues affecting the site or the buildings, including asbestos affectation. It is recommended that an asbestos report be commissioned and reviewed by the instructing party prior to reliance upon this valuation. ■ We have carried out this valuation on the assumption that this property is free from flood affectation. ■ As per specific instructions, the valuation has been completed on an ‘in one line’ basis. ■ All information provided to us by the instructing party for the purpose of preparing this report is accurate and current as at the retrospective Date of Valuation and the date of inspection. ■ Savills accepts no responsibility to third parties nor does it contemplate that this report will be relied upon by third parties. We invite other parties who may come into possession of this report to seek our written consent to them relying upon this report and we reserve our rights to review the contents in the event that our consent is sought. ■ This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as is liability where the valuation is relied upon after the expiration of three months from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. Note the property was valued for mortgage security and financial reporting in November 2019, this valuation remains at the same date but has been reinspected prior to issuance to confirm the premises remain largely unchanged. ■ In the event we become aware of a material change in investment market dynamics during the period between the Date of Issue and Date of Valuation, we reserve the right to amend our assessment. ■ Floor areas included within this report have been calculated by measurements undertaken during inspection. Should professionally prepared building measurements or plans be made available to Savills, we reserve the right to amend this valuation accordingly. ■ As specifically instructed, we have valued the property on an earthquake strengthened basis with an assumed NBS of not less than 67%. ■ That all certificates and approvals are in place as required by the local authority. ■ That the property is occupied and managed in full compliance with the law, in particular relating to safety and fire regulations. ■ The accommodation units comply with the Healthy Homes Guarantee Act 2017 and can continue operation without material additional expenditure during the period to December

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	2022 when the consent to operate expires and trading would cease without a new Resource Consent being issued. We recommend the reader satisfy themselves to this regard prior to reliance on the findings herein.

Should any of the assumptions in this report be incorrect or inaccurate, then we reserve the right to amend the valuation and the report.

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Name of Responsible Entity	**TEE Land Limited**	
Interest Valued	100% Freehold subject to vacant possession	
Valuation Purpose	This valuation report has been prepared in connection with the mandatory unconditional cash offer by Amcorp Supreme Pte Ltd for TEE land Limited.	
Basis of Valuation	Retrospective Market Value "In One Line" on an "As Is" Basis.	
Property Description	The property comprises Workotel, a parcel of residential development land with accommodation based holding income that legally ceases operation on 31 December 2022. The site occupies the position of the former Riccarton Park Holiday Park that is run as workers accommodation with 107 accommodation units, 5 dwellings, plus the former Holiday Park improvements. Following the Canterbury Earthquakes the property was used to provide workers accommodation, with the complex achieving peak occupancy of 93% in 2015. This has subsequently reduced to 74% as the demand for workers accommodation has fallen following the completion of the rebuild, and the clientele has changed to those seeking low cost, short term accommodation. The current use is subject to Resource Consent that expires 31 December 2022, however an application for land use consent has been made to utilise the existing buildings on site as a discretionary activity. The result of the application will not be known for some time, and may not be granted, and was made subsequent to the date of valuation in. As the property stands at the date of valuation, it is a wasting asset, the value comprised essentially in the land as a development site, with a holding income until the existing resource consent expires, plus the value of the relocatable units. The property is owner occupied and can be sold with vacant possession to facilitate redevelopment.	
Lettable Area	3,421.5m²	
Site Area	1.7089 ha	
Title Particulars	CB658/80, CB658/81, CB4D/899, CB526/53 and 597284	
Zoning	Residential Suburban	
Valuation Approach	Direct Comparison & Amortisation of EBITDA	
Date of Inspection	13 February 2020	
Date of Valuation	30 November 2019	
'In One Line' Adopted Market Value	**$7,600,000 (*)**	
Prepared by	Lance Collings SPINZ, ANZIV	Steven Dunlop, FNZIV, FPINZ
	Registered Valuer, Director	National Director of Valuations – Peer Review
	Savills (NZ) Limited	Savills (NZ) Limited

(*) This valuation amount is stated plus Goods and Services Tax and is expressed in New Zealand Dollars.

We advise that this summary must be read by the nominated parties in conjunction with the attached report (including appendices) of which this summary forms part. This valuation summary should not be relied upon in isolation for finance or any other purpose.