
**RESPONSES TO SGX'S QUERIES ON UNAUDITED FULL YEAR FINANCIAL
STATEMENT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016**

The board of directors (the "**Board**") of Rowsley Ltd. (the "**Company**") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX**") in its email dated 8 March 2017 and has set out the Company's responses below:

SGX's Query 1:

Please disclose the reasons for the "increase in RSP's project expenses of \$3.21 million".

Company's Response:

The increase was mainly attributed to RSP's operations in Dubai. Revenue from RSP Dubai had grown over the previous year. Due to the respective projects' requirements, various sub-contractors of varying fees had to be engaged to complete the projects and therefore, the higher expenses.

SGX's Query 2:

Please elaborate on the order book and performance of RSP. Please explain why such a significant impairment in goodwill of \$37.58 million has to be taken.

Company's Response:

RSP's business had been affected by the weak property market in Singapore. Operating income excluding one-time items had been declining over the last 2 years. In FY2016, revenue for the Singapore operations saw a significant decline which directly affected the bottom line. In view of the uncertain market outlook, management adopted a conservative approach in assessing the recoverable amount (which is based on discounted cash flow valuation) of RSP. Accordingly, the carrying amount of RSP was determined to be \$37.58 million higher than the recoverable amount. This difference was accounted as an impairment to goodwill.

As of 31 December 2016, RSP's order book was \$82.7 million versus \$110.7 million as at 31 December 2015.

SGX's Query 3:

Please elaborate on why "order backlog arising from the acquisitions of RSP and Squire Mech" is an intangible asset, and whether the order backlog has materialized into contracts.

Company's Response:

At the dates of the respective acquisitions, both RSP and Squire Mech had certain uncompleted signed contracts, which are legally binding.

Such uncompleted signed contracts fulfill the definition of intangible assets in the relevant financial reporting standard and therefore they were accounted as such.

SGX's Query 4

In paragraph 10 of the Company's "Financial Statements and Related Announcement: Third Quarter Results" dated 2 November 2016, the Company stated that:

- (a) its "recent acquisitions of Squire Mech and RSP India continue to be financially profitable and will cushion some of the weakness ahead". Please disclose if there has been any variance in the actual results; and
- (b) it "recently entered into a partnership agreement to open a new Café Football outlet at the National Football Museum in the UK as well as access to the museum's vast collection of football memorabilia. The group expects this to strengthen our football branded business ahead." Please explain how this has been implemented and elaborate on how the Company's "football branded business" has performed.

Company's Response:

- (a) Squire Mech and RSP India have continued to be profitable after acquisitions. There was no material variance in the actual results of these businesses as at 31 December 2016.
- (b) The group's "football branded" business currently comprises Hotel Football and Café Football. The group is in active discussions with various parties to expand the number of Hotel Football and Café Football, in Europe as well as Asia. These discussions are currently on-going and may take some time to materialize. The group now has four Café Football locations namely in London, Manchester and Singapore. The group believes that being able to display football memorabilia at its Hotel Football or Café Football would enhance its product and allow it to create new experiences. The agreement with the National Football Museum allows any Hotel Football and Café Football locations to loan its memorabilia collection on pre-agreed commercial terms.

SGX's Query 5

Please provide details on the duties and the year the position was held by Ms Vivien Heng Cheng Sim.

Company's Response:

Ms Heng joined RSP as an architect on 15 March 1985. She was appointed as Director, Architectural Services, RSP since 1 May 2006.

Her duties include the following:

- i) Leading an architectural team and supervising all project works assigned to her team;
- ii) Leading RSP's Environmental and Quality Assurance Management Systems; and
- iii) Leading RSP's Environmental Sustainability Unit.

BY ORDER OF THE BOARD

HASAN MALIK
Company Secretary

10 March 2017

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