

CIRCULAR DATED 6 JUNE 2017

THIS CIRCULAR IS ISSUED BY NOBEL DESIGN HOLDINGS LTD (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF STIRLING COLEMAN CAPITAL LIMITED (AS THE INDEPENDENT FINANCIAL ADVISER TO THE RECOMMENDING DIRECTORS) TO THE RECOMMENDING DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

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

If you have sold or transferred all your Shares (as defined herein) held through The Central Depository (Pte) Limited (“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 which are not deposited with the CDP, you should immediately forward this Circular to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

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

NOBEL DESIGN HOLDINGS LTD
(Incorporated in the Republic of Singapore)
(Company Registration No.: 198104591E)

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY UNCONDITIONAL CASH OFFER

by

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore)
(Company Registration No.: 193200032W)

for and on behalf of

GRAND SLAM RF18 INVESTMENTS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201707885R)

to acquire all the Offer Shares (as defined herein)

Independent Financial Adviser to the Recommending Directors

 **STIRLING COLEMAN**
施霖高诚
STIRLING COLEMAN CAPITAL LIMITED
(Incorporated in Singapore)
(Company Registration No.: 200105040N)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 20 JUNE 2017 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN)
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DEFINITIONS

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

"1QFY2017"	:	The three months period ended 31 March 2017
"Acquisition"	:	The acquisition by the Offeror of 50,482,000 Shares from a substantial shareholder of the Company, representing approximately 23.0% of the Shares
"Additional Irrevocable Undertakings"	:	The irrevocable undertakings from the Undertaking Option Holders not to exercise all or any Options held by them and to accept the Options Proposal in respect of all Options held by each of them prior to and up to the close of the Offer
"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
"Circular"	:	This circular to Shareholders dated 6 June 2017 in relation to the Offer, enclosing, <i>inter alia</i> , the IFA Letter
"Closing Date"	:	5.30 p.m. (Singapore time) on 20 June 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
"Code"	:	The Singapore Code on Take-overs and Mergers
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore
"Company"	:	Nobel Design Holdings Ltd
"Company Securities"	:	(a) Shares; (b) Options; (c) other securities which carry voting rights in the Company; and (d) convertible securities, warrants, options, awards or derivatives in respect of any Shares or other securities which carry voting rights in the Company
"Concert Parties"	:	Parties acting or deemed to be acting in concert with the Offeror in respect of the Offer
"Constitution"	:	The constitution of the Company
"CPF"	:	Central Provident Fund
"CPF Agent Banks"	:	Agent banks included under the CPFIS
"CPFIS"	:	Central Provident Fund Investment Scheme

DEFINITIONS

“CPFIS Investors”	:	Shareholders who have purchased Shares using their CPF account savings under the CPFIS
“Directors”	:	The directors of the Company as at the Latest Practicable Date, and “Director” means any one of them
“Distributions”	:	In respect of the Offer Shares, dividends, rights, other distributions and returns of capital and/or other entitlements (if any)
“Encumbrances”	:	Claims, charges, pledges, mortgages, encumbrances, liens, options, equity, power of sale, declarations of trust, hypothecation, retention of title, rights of pre-emption, rights of first refusal, moratorium or other third party rights or interests of any nature whatsoever or an agreement, arrangement or obligation to create any of the foregoing
“ESOS”	:	The Nobel Employee Share Option Scheme which was approved by the Shareholders on 20 February 2008
“FAA”	:	Form of Acceptance and Authorisation for Offer Shares in respect of the Offer, which is applicable to Shareholders whose Shares are deposited with CDP and which forms part of the Offer Document
“FAT”	:	Form of Acceptance and Transfer for Offer Shares in respect of the Offer, which is applicable to Shareholders whose Shares are registered in their own names in the Register and which forms part of the Offer Document
“FY”	:	Financial year ended or ending, as the case may be, 31 December
“Group”	:	The Company and its subsidiaries
“IFA” or “SCCL”	:	Stirling Coleman Capital Limited, the independent financial adviser to the Recommending Directors in connection with the Offer
“IFA Letter”	:	Has the meaning ascribed to it in section 13.1 of the Letter to Shareholders
“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;

DEFINITIONS

- (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% or more;
- (e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or
- (f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more

“Irrevocable Undertakings”	:	The irrevocable undertakings from each of the Sponsors to accept or procure the acceptance of the Offer in respect of all Shares held by each of them respectively prior to and up to the close of the Offer
“Latest Practicable Date”	:	30 May 2017, being the latest practicable date prior to the printing of this Circular
“Letter to Shareholders”	:	The letter from the Directors to the Shareholders dated 6 June 2017 set out in this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as amended up to the Latest Practicable Date
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Mr. Goon”	:	Goon Eu Jin Terence
“Mr. Kho”	:	Kho Chuan Thye Patrick
“Ms. Wee”	:	Wee Ai Quey
“Non-Recommend Directors”	:	Mr. Goon and Ms. Wee

DEFINITIONS

“OCBC Bank”	:	Oversea-Chinese Banking Corporation Limited, the financial adviser to the Offeror in relation to the Offer
“Offer”	:	The mandatory unconditional cash offer made by OCBC Bank, for and on behalf of the Offeror, for all the Offer Shares on the terms and subject to the conditions set out in the Offer Document and the Relevant Acceptance Forms, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
“Offer Announcement”	:	The announcement relating to the Offer released by OCBC Bank, for and on behalf of the Offeror, on the Offer Announcement Date
“Offer Announcement Date”	:	2 May 2017, being the date of the Offer Announcement
“Offer Document”	:	The document dated 23 May 2017, including the Relevant Acceptance Forms, and any other document(s) which may be issued by OCBC Bank, for and on behalf of the Offeror, to amend, revise, supplement or update the document(s) from time to time
“Offer Period”	:	The period commencing from the Offer Announcement Date and expiring on the Closing Date
“Offer Price”	:	S\$0.510 in cash for each Offer Share
“Offer Shares”	:	(a) all Shares, other than those already owned, controlled or agreed to be acquired by the Offeror as at the Offer Announcement Date, but including Shares owned, controlled or agreed to be acquired by Concert Parties; and (b) all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any Options prior to the Closing Date
“Offeror”	:	Grand Slam RF18 Investments Pte. Ltd.
“Offeror Securities”	:	Ordinary shares in the capital of the Offeror, 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
“Options”	:	Outstanding options granted to subscribe for new shares under the ESOS
“Option Holder”	:	The holder of the Options

DEFINITIONS

“Options Proposal”	:	The Offeror’s proposal to the Option Holders, pursuant to which the Offeror will pay to such Option Holders a cash amount in the manner as set out in the Offer Document
“Overseas Shareholders”	:	Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of CDP
“Recommending Directors”	:	The Directors who are considered independent for the purposes of the Offer, namely, Mr. Chan Pengee Adrian, Mr. Heng Chye Yam, Mr. Wong Soon Chiu, Mr. Chan Kum Leong, and Ms. Ong Ciu Hwa
“Register”	:	The register of Shareholders as maintained by the Registrar
“Registrar”	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), the share registrar of the Company
“Relevant Acceptance Forms”	:	The FAA and/or the FAT (as the case may be)
“Relevant Period”	:	The period commencing on 2 November 2016, being the date falling six months prior to the Offer Announcement Date, and ending on the Latest Practicable Date
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGXNET”	:	Singapore Exchange Network, a system network used by listed companies to send information and announcements to SGX-ST or any other system networks prescribed by 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 ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“Southern Cross”	:	Southern Cross Holdings Pte. Ltd.
“Sponsors”	:	Collectively, Mr. Goon, Ms. Wee, Mr. Kho and Southern Cross
“SRS”	:	The Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under SRS

DEFINITIONS

“SRS Investors”	:	Investors who purchase Shares pursuant to SRS
“Substantial Shareholder”	:	A person who has an interest in not less than five per cent. (5%) of the total number of issued voting Shares
“Undertaking Option Holders”	:	Mr. Goon and Ms. Wee
“USA”	:	United States of America
“VWAP”	:	Volume-weighted average price

Units and currencies

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

Acting in Concert 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 and the Constitution are set out in this Circular within quotes and italics, and capitalised terms used within these reproduced statements and not defined herein shall bear the same meanings as attributed to them in the Offer Document, the IFA Letter and the Constitution respectively.

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

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter 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.

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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. Any word defined under the Companies Act, the Code, the Listing Manual, the SFA or any statutory 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 as at the Latest Practicable Date. Any reference in this Circular to the total number of Shares in issue as at the Latest Practicable Date is a reference to a total of 219,228,686 issued Shares.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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

INDICATIVE TIMETABLE

Date of despatch of the Offer Document : 23 May 2017

Date of despatch of the Circular : 6 June 2017

Closing Date : **5.30 p.m. (Singapore time) on 20 June 2017** or such later date(s) as may be announced from time to time by or on behalf of the Offeror

Date of settlement of consideration for valid acceptances of the Offer : Subject to the receipt by the Offeror of valid acceptances and all relevant documents, remittances in the form of S\$ cheques for the appropriate amounts will be despatched as soon as practicable and in any case within seven (7) Business Days of the date of such receipt.

Please refer to Section 2 of Appendix 1 of the Offer Document for further information.

LETTER TO SHAREHOLDERS

NOBEL DESIGN HOLDINGS LTD

(Incorporated in the Republic of Singapore)

(Company Registration Number: 198104591E)

Board of Directors:

Mr. Chan Pengee Adrian
Mr. Goon Eu Jin Terence
Ms. Wee Ai Quey
Mr. Heng Chye Yam
Mr. Wong Soon Chiu
Mr. Chan Kum Leong
Ms. Ong Ciu Hwa

Registered Office:

16 Tai Seng Street, #07-09
Singapore 534138

6 June 2017

To: The Shareholders of Nobel Design Holdings Ltd

Dear Sir/Madam

MANDATORY UNCONDITIONAL OFFER BY OCBC BANK, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

- 1.1. **Offer Announcement.** On 2 May 2017, OCBC Bank, for and on behalf of the Offeror, announced, *inter alia*, the Acquisition and that the Offeror will make the Offer for the Offer Shares, in accordance with Section 139 of the SFA and Rule 14 of the Code.
- 1.2. **Offer Document.** Shareholders should by now have received a copy of the Offer Document issued by OCBC Bank, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out on pages 11 and 12 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer contained in the Offer Document carefully.**

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

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

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

LETTER TO SHAREHOLDERS

2. THE OFFER

- 2.1. **Offer Terms.** The Offer is made by OCBC Bank for and on behalf of the Offeror on the principal terms set out in sections 2, 3, 4, and 5 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. TERMS OF THE OFFER

- 2.1 Offer Price.** *For and on behalf of the Offeror, OCBC Bank hereby makes the Offer, in accordance with Section 139 of the SFA and the Code and subject to the terms and conditions of this Offer Document, to acquire all the Offer Shares, on the following basis:*

For each Offer Share: S\$0.510 in cash.

The Offer Price is final. The Offeror will not revise the Offer Price.

In accordance with Note 2(a) to Rule 14.3 of the Code, the Offer Price is, based on information available to the Offeror, the highest price paid by the Offeror and its Concert Parties for the Shares in the six (6)-month period prior to the Offer Announcement Date.

- 2.2 Offer Shares.** *The Offer is extended to:*

2.2.1 *all Shares, other than those already owned, controlled or agreed to be acquired by the Offeror as at the Offer Announcement Date, but including Shares owned, controlled or agreed to be acquired by Concert Parties; and*

2.2.2 *all new shares unconditionally issued or to be issued pursuant to the valid exercise of any Options prior to the Closing Date,*

(collectively, the “Offer Shares”).

- 2.3 The Offeror and Aggregate Holding.** *The Offeror is a private company limited by shares formed by Mr. Goon Eu Jin Terence (“Mr. Goon”), Ms. Wee Ai Quey (“Ms. Wee”), Mr. Kho Chuan Thye Patrick (“Mr. Kho”) and Southern Cross Holdings Pte. Ltd. (“Southern Cross”) (collectively, the “Sponsors”) for the purposes of the Acquisition, the Offer and holding the Offer Shares. Further information on the Offeror is set out in **Section 7** of this Letter to Shareholders and **Appendix 3** to this Offer Document. As at the Latest Practicable Date:*

2.3.1 *the Offeror owns 50,482,000 Shares, representing approximately 23.0% of the Shares; and*

2.3.2 *based on the latest information available to the Offeror, the Concert Parties own, control or have agreed to acquire 90,678,600 Shares in aggregate, representing approximately 41.4% of the Shares.*

LETTER TO SHAREHOLDERS

2.4 Rights and Encumbrances. *The Offer Shares will be acquired:*

2.4.1 *fully paid-up;*

2.4.2 *free from all claims, charges, pledges, mortgages, encumbrances, liens, options, equity, power of sale, declarations of trust, hypothecation, retention of title, rights of pre-emption, rights of first refusal, moratorium or other third party rights or interests of any nature whatsoever or an agreement, arrangement or obligation to create any of the foregoing (“Encumbrances”); and*

2.4.3 *together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to all voting rights and the right to receive and retain all dividends, rights, distributions, returns of capital and/or other entitlements (if any) (“Distributions”) which may be announced, declared, paid or made thereon by the Company in respect of the Offer Shares on or after the Offer Announcement Date, together with all interest accrued thereon.*

2.5 Adjustment for Distributions

*Without prejudice to **Section 2.4** of the Letter to Shareholders in this Offer Document, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by the Company on or after the Offer Announcement Date.*

*Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Offer Shares on or after the Announcement Date to a Shareholder who validly accepts the Offer (the “**Accepting Shareholder**”), the Offer Price payable to such Accepting Shareholder shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by the Accepting Shareholder falls, as follows:*

2.5.1 *if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the “**Books Closure Date**”), the Offer Price for each Offer Share shall remain unadjusted and the Offeror shall pay the Accepting Shareholder the unadjusted Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; or*

2.5.2 *if such settlement date falls after the Books Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share (the Offer Price after such reduction, the “**Adjusted Offer Price**”) and the Offeror shall pay the Accepting Shareholder the Adjusted Offer Price for each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.*

LETTER TO SHAREHOLDERS

On 12 April 2017, the Company announced the notice of books closure and dividend payment date for the first and final (tax exempt one-tier) dividend of 0.52 cents per Share for the financial year ended 31 December 2016 (the “**FY2016 Dividend**”). The FY2016 Dividend, which was approved at the Annual General Meeting of the Company held on 28 April 2017, will be paid on 19 May 2017. The books closure date for the determination of entitlements to the FY2016 Dividend was at 5.00 p.m. on 9 May 2017 (the “**FY2016 Dividend BCD**”).

As the settlement date in respect of any Offer Shares validly tendered in acceptance of the Offer will fall after the FY2016 Dividend BCD in respect of the FY2016 Dividend and the payment date for the FY2016 Dividend, the Offeror shall pay any Accepting Shareholder the Adjusted Offer Price of **S\$0.5048 in cash for each Offer Share**, being the Offer Price less the FY2016 Dividend for each Offer Share.

- 2.6 No Conditions.** Upon completion of the Acquisition, the Offeror and the Offeror Concert Party Group together hold an aggregate of 140,988,400 Shares, representing approximately 64.3% of the Shares. As such, the Offer is unconditional in all respects.

3. WARRANTY

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid-up; (b) free from all Encumbrances; and (c) together with all Distributions declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date.

4. OPTIONS PROPOSAL

- 4.1 Options Proposal.** As at the Latest Practicable Date, based on the latest information available to the Offeror, there are 2,620,000 outstanding Options to subscribe for an aggregate of 2,620,000 Shares granted under the ESOS. Each Option entitles its holder to subscribe for one Share at a pre-agreed exercise price of S\$0.40. Under the rules of the ESOS, the Options are not transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the Options, although, for the avoidance of doubt, the Offer will be extended to all new shares unconditionally issued or to be issued pursuant to the valid exercise of any Options prior to the Closing Date.

Instead, the Offeror will make a proposal (the “**Options Proposal**”) to the holders of the Options (“**Option Holders**”). Pursuant to the Options Proposal, the Offeror will pay to such Option Holders a cash amount (determined as provided below) (the “**Option Price**”) in consideration of such Option Holders agreeing:

- (a) not to exercise any of such Options into new Shares; and
- (b) not to exercise any of their rights as Option Holders.

LETTER TO SHAREHOLDERS

The Option Price is computed on a “see through” basis. In other words, the Option Price in relation to any Option is the amount (if positive) of the Offer Price less the exercise price of the Option. If the exercise price of an Option is equal to or more than the Offer Price, the Option Price for each Option will be the nominal amount of S\$0.001.

Details of the Options Proposal are set out in the letter to Option Holders which has been despatched to Option Holders on the Commencement Date.

- 4.2 Offer and Options Proposal Mutually Exclusive.** *The Offer and the Options Proposal are separate and mutually exclusive. The Options Proposal does not form part of the Offer, and vice versa. Without prejudice to the foregoing, if Option Holders exercise their Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the Options Proposal in respect of such Options. Conversely, if Option Holders wish to accept the Options Proposal in respect of their Options, they may not exercise those Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.*

5. DETAILS OF THE OFFER

Appendix 1 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.”

- 2.2. **Further Details of the Offer and Procedures for Acceptance.** Further details of the Offer and the procedures for acceptance may be found in sections 5 and 6, and Appendices 1 and 2 of the Offer Document, an extract of which is set out below.

“APPENDIX 1 – DETAILS OF THE OFFER

1. DURATION OF THE OFFER

- 1.1. First Closing Date.** *The Offer is open for acceptance by Shareholders for at least 28 days from the Commencement Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 20 June 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.*
- 1.2. Subsequent Closing Date(s).** *If the Offer is extended, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days’ prior notice in writing before it may close the Offer.*

LETTER TO SHAREHOLDERS

- 1.3. Offer to Remain Open for 14 Days.** *The Offer will remain open for a period of not less than 14 days after the date on which the Offer would otherwise have closed, unless the Offeror has given Shareholders at least 14 days' notice in writing ("**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:*

1.3.1 *the Offeror may not give a Shut-Off Notice in a competitive situation; and*

1.3.2 *the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.*

For these purposes, a "competitive situation" shall be regarded to have arisen if (a) a competing offer has been announced; or (b) the SIC determines that a competitive situation has arisen.

- 1.4. Revision.** *The Offeror will not revise the Offer Price. However, pursuant to Rule 20.1 of the Code, the terms of the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.*

2. SETTLEMENT FOR THE OFFER

Subject to the receipt by the Offeror from Accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document and in the Relevant Acceptance Forms, and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the Shares stand to the credit of the "Free Balance" of the Depositor's Securities Account at the relevant time, remittances in the form of S\$ cheques for the appropriate amounts will be despatched (or by such other manner as the Accepting Shareholders may have agreed with CDP for the payment of any cash distribution), pursuant to Rule 30 of the Code, to the Accepting Shareholders (or in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by ordinary post, at the risk of the Accepting Shareholders as soon as practicable and in any case 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 Market Day immediately after the day on which the Offer is due to expire, or the Offer is revised or extended, the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (excluding treasury shares) (as nearly as practicable):*

3.1.1 *for which valid acceptances of the Offer have been received;*

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3.1.2 held by the Offeror and any Concert Parties before the Offer Period; and

3.1.3 acquired or agreed to be acquired by the Offeror and any Concert Parties during the Offer Period,

and will specify the percentages of the total number of Shares (excluding treasury shares) represented by such numbers.

3.2. Suspension. If the Offeror is unable, within the time limit, to comply with any of the requirements in **paragraph 3.1** of this **Appendix 1**, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

3.3. Valid Acceptances for Offer Shares. Under Rule 28.1 of the Code, subject to **Section 20.1** of the Letter to Shareholders in this Offer Document, in computing the number of Offer Shares represented by acceptances received by the Offeror, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects.

4. RIGHT OF WITHDRAWAL

Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable and may not be withdrawn.

APPENDIX 2 – 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 the FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Acceptance. If you wish to accept the Offer, you should:

(a) complete the FAA in accordance with the provisions and instructions in this Offer Document and the FAA (which provisions and instructions shall be deemed to form part of the terms of the Offer). In particular, you must state in **Part A** 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

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- (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 5.00 p.m. (Singapore time) on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date,*

you shall be deemed to have accepted the Offer in respect of all the Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt 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) *sign the FAA in accordance with this **Appendix 2** and the instructions printed on the FAA; and*

- (c) *deliver the completed and signed FAA in its entirety (no part may be detached or otherwise mutilated):*

- (i) **by hand**, to Grand Slam RF18 Investments Pte. Ltd. c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or

- (ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to Grand Slam RF18 Investments Pte. Ltd. c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in either 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 enclosed pre-addressed envelope, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.

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. Purchasers of the Offer Shares should note that CDP will, for and on behalf of the Offeror, send a copy of this Offer Document and the FAA by ordinary post at the purchasers' own risk to their respective addresses as they appear in the records of CDP.

*If you are a Depository Agent, you may accept the Offer via Electronic Acceptance. CDP has been authorised by the Offeror to receive 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**. 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 completed and delivered to CDP.*

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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 the FAA. If you do not receive that FAA, you may obtain a copy, upon production of satisfactory evidence that you are a Shareholder, from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

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:

- (a) complete and sign the FAA in accordance with this Offer Document and the instructions printed on the FAA; and
- (b) deliver the completed and signed FAA in its entirety (no part may be detached or otherwise mutilated):
 - (i) **by hand**, to Grand Slam RF18 Investments Pte. Ltd. c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or
 - (ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to Grand Slam RF18 Investments Pte. Ltd. c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in either 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, at your own risk, the pre-addressed envelope enclosed with the FAA, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.

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, OCBC Bank 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 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) if the Date of Receipt is on the Closing Date. None of the Offeror, OCBC Bank or CDP accepts any responsibility or liability for such a rejection, including the consequences thereof.

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

1.1.4 FAAs received on Saturday, Sunday and public holidays. For the avoidance of doubt, FAAs received by CDP on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.

1.1.5 General. No acknowledgement of receipt will be given by CDP for submissions of the FAA made by hand or by post or deposited into boxes located at CDP’s premises. All communications, notices, documents and payments will be sent by ordinary post at your own risk to your mailing 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 the number of Offer Shares credited to your Securities Account through: (a) CDP Online if you have registered for the CDP Internet Access Service or (b) CDP Phone Service if you have a T-PIN.

1.1.6 Suspense Account. 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 a “Suspense Account”. Such Offer Shares will be held in the “Suspense Account” until the consideration for such Offer Shares has been despatched to you.

1.1.7 Offer 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 Offer Price by way of a 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, at your own risk.

1.1.8 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 (“**in scrip form**”), you should receive this Offer Document together with the FAT.

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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 **Appendix 2** and instructions in this Offer Document and the FAT (which provisions and instructions shall be deemed to form part of the terms of the Offer). 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(s) number(s) of the relevant share certificate(s). If you:*

(i) *do not specify any 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 all the Shares represented by the share certificate(s) accompanying the FAT;

(b) *sign the FAT in accordance with this **Appendix 2** and the instructions printed on the FAT; and*

(c) *deliver:*

(i) *the completed and signed 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 Receiving Agent 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 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 **Appendix 2** 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 share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person authorised by it); and*

(iv) *any other relevant document(s),*

either:

(I) **by hand**, to Grand Slam RF18 Investments Pte. Ltd.
c/o Tricor Barbinder Share Registration Services,
80 Robinson Road, #11-02, Singapore 068898; or

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(II) **by post**, in the enclosed pre-addressed envelope at your own risk, to Grand Slam RF18 Investments Pte. Ltd. c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898,

in either 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, at your own risk, the pre-addressed envelope enclosed with the FAT, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.

1.2.3 Receipt. No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) or any other accompanying document(s) will be given by the Offeror, OCBC Bank or the Receiving Agent.

1.2.4 FATs received on Saturday, Sunday and public holidays. For the avoidance of doubt, FATs received by the Receiving Agent on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.

2. GENERAL

2.1 Disclaimer and Discretion. The Offeror, OCBC Bank, the Receiving Agent and/or CDP will be entitled, at their sole and absolute discretion, to reject or treat as valid any acceptance of the Offer which is not entirely in order or which does not comply with the terms of this Offer Document and the Relevant Acceptance Forms or which is otherwise incomplete, incorrect, unsigned or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the FAA and/or the FAT, as the case may be, is properly completed and executed in all respects and that the FAA and/or the FAT, as the case may be, should be 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, OCBC Bank, the Receiving Agent and/or CDP accepts any responsibility or liability for such a decision (including the consequences thereof). The Offeror and OCBC Bank 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 and 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 the FAT, as the case may be.

2.2 Scrip and Scripless Offer Shares. If you hold some Offer Shares in scrip form and others with CDP, you should complete a FAT for the former and a FAA for the latter in accordance with the respective procedures set out in this **Appendix 2** and the Relevant Acceptance Forms if you wish to accept the Offer in respect of such Offer Shares.

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- 2.3 Deposit Time.** *If you hold Offer Shares in scrip form, the Offer Shares may not be credited into 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 Commencement Date and ending on the Closing Date (both dates inclusive). If you wish to accept the Offer in respect of such Offer Shares, you should complete a FAT and follow the procedures set out in **Paragraph 1.2** of this **Appendix 2**.*
- 2.4 Correspondences.** *All communications, certificates, notices, documents 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 records of CDP or the Register, as the case may be) will be sent by ordinary post to your respective addresses as they appear in the records of CDP or the Register, 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).*
- 2.5 Evidence of Title.** *Delivery of the duly completed and signed FAA and/or FAT, together with the relevant share certificate(s) and/or other documents of title (where applicable) and/or other relevant document(s) required by the Offeror, CDP and/or the Receiving Agent, to the Offeror, CDP and/or the Receiving Agent, as the case may be, shall be conclusive evidence in favour of the Offeror, CDP and/or the Receiving Agent, as the case may be, 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.*
- 2.6 Loss in Transmission.** *The Offeror, OCBC Bank, the Receiving Agent and/or CDP, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.*
- 2.7 Acceptance 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.*
- 2.8 Personal Data Privacy.** *By completing and delivering a Relevant Acceptance Form, each person (a) consents to the collection, use and disclosure of his personal data by CDP, the Registrar, the Receiving Agent, the Offeror, OCBC Bank and the Company (the “**Relevant Persons**”) for the purpose of facilitating his acceptance of the Offer, and in order for the Relevant Persons to comply with any applicable laws, regulations and/or guidelines; (b) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable laws, regulations and/or guidelines; and (c) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.”*

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- 2.3. **Closing Date.** Shareholders should note that as set out in Appendix 1 of the Offer Document, the Offer will close at **5.30 p.m. on 20 June 2017** or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3. IRREVOCABLE UNDERTAKINGS

Section 9 of the Offer Document sets out certain information relating to the irrevocable undertakings of the Offeror and its Concert Parties, an extract of which is set out below.

“9. IRREVOCABLE UNDERTAKINGS

9.1 Undertaking Shareholders. *As at the Latest Practicable Date, the Offeror has received irrevocable undertakings from each of the Sponsors to accept or procure the acceptance of the Offer in respect of all Shares held by each of them respectively prior to and up to the close of the Offer (the “Irrevocable Undertakings”). As at the Latest Practicable Date, the Sponsors have an aggregate shareholding interest in 89,977,400 Shares (the “Relevant Shares”), representing approximately 41.0% of the total Shares.*

9.2 Undertaking Option Holders. *As at the Latest Practicable Date, the Offeror has received irrevocable undertakings from Mr. Goon and Ms. Wee (collectively, the “Undertaking Option Holders”) not to exercise all or any Options held by them and to accept the Options Proposal in respect of all Options held by each of them (the “Additional Irrevocable Undertakings”) prior to and up to the close of the Offer. As at the Latest Practicable Date, the Undertaking Option Holders hold in aggregate 487,000 Options (the “Relevant Options”), representing approximately 18.6% of the total number of Options.*

9.3 Deferred Consideration. *In addition, pursuant to the terms of the Irrevocable Undertakings and the Additional Irrevocable Undertakings (collectively, the “Sponsors’ Irrevocable Undertakings”), the Sponsors and the Undertaking Option Holders have agreed to defer their rights to receive the consideration payable to them (the “Sponsors’ Consideration”) in respect of the Relevant Shares and the Relevant Options (collectively, the “Relevant Securities”) tendered in acceptance of the Offer and the Options Proposal respectively, within the period specified under Rule 30 of the Code, and will instead agree to the deferral of the Sponsors’ Consideration until after the close of the Offer (the “Payment Deferral”). Following the close of the Offer, each of the Sponsors and the Undertaking Option Holders will be creditors of the Offeror for an amount in cash equivalent to the cash consideration payable for the Relevant Shares and Relevant Options which they have tendered in acceptance of the Offer and the Options Proposal respectively. The payment so deferred shall be reflected as interest-free shareholders’ loans extended by each of the Sponsors and the Undertaking Option Holders to the Offeror (the “Shareholders’ Loan”).*

9.4 Further Details. *The Irrevocable Undertaking and Additional Irrevocable Undertakings shall lapse on the date the Offer closes, lapses or is withdrawn.”*

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4. EQUALISATION ARRANGEMENT

Section 10 of the Offer Document sets out certain information on the equalisation arrangement, an extract of which is set out below.

“10. EQUALISATION ARRANGEMENT

10.1 Arrangements relating to the Sponsors and their interests in the Company and the Offeror. *The interests of the Sponsors inter-se in the Company and their shareholding interests in the Offeror are set out below:*

Sponsor	No of Relevant Shares	No of Relevant Options	No of Relevant Securities	% inter-se amongst the Sponsors in the Company (approximately) ⁽¹⁾	% inter-se amongst the Sponsors in the Company (approximately) ⁽²⁾	% Share-Holding in the Offeror
	(A)	(B)	(A) + (B)			(C)
Mr. Goon	31,181,000	270,000	31,451,000	34.7	34.8	40.0
Ms. Wee	25,132,000	217,000	25,349,000	27.9	28.0	20.0
Mr. Kho	17,380,000	–	17,380,000	19.3	19.2	20.0
Southern Cross	16,284,400	–	16,284,400	18.1	18.0	20.0
Total	89,977,400	487,000	90,464,400	100.0	100.0	100.0

Notes:

- (1) The inter-se percentage of the Sponsors is calculated based on their respective shareholding in the Company against their total shareholding in the Company of 89,977,400 Shares. For example, Mr. Goon's percentage is calculated as follows: $(31,181,000/89,977,400) \times 100$.
- (2) The inter-se percentage of the Sponsors is calculated based on their respective shareholding and Options holding in the Company against their total shareholding and Options holding in the Company of 90,464,400 Relevant Securities. For example, Mr. Goon's percentage is calculated as follows: $(31,451,000/90,464,400) \times 100$.

In view of the above and the Sponsors' Irrevocable Undertakings, the Sponsors' Consideration which each of the Sponsors will be entitled under the Offer and the Options Proposal would be disproportionate to their respective shareholdings in the Offeror.

*As described in **Section 2.5** of the Letter to Shareholders of this Offer Document, the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by the Sponsors will fall after the FY2016 Dividend BCD. Based on the Adjusted Offer Price of S\$0.5048, the total Offer consideration for the Relevant Shares will be S\$45,420,592 and the total Option consideration based on the Option Price on a “see through” basis for the Relevant Options will be S\$51,038. As such, the aggregate Sponsors' Consideration will be S\$45,471,629.*

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The following table illustrates the actual amount payable to each Sponsor based on the Adjusted Offer Price of S\$0.5048 and the final amount of Shareholders' Loan they should be entitled to, based on their respective shareholding in the Offeror:

Sponsor	Total Offer Consideration at the Adjusted Offer Price ⁽¹⁾ (Adjusted Offer Price x Number of Relevant Shares)	Total Option Consideration at the Option Price on a "see through" basis ⁽¹⁾ (Adjusted Offer Price – S\$0.40) x Number of Relevant Options)	Aggregate Sponsors' Consideration ⁽¹⁾⁽²⁾	Amount of final Shareholders' Loan based on Shareholding Interest in Offeror ⁽¹⁾ (S\$45,471,629 x Sponsor's Shareholding Interest (%) in the Offeror)	Difference between Amount of final Shareholders' Loan and Sponsors' Consideration ⁽²⁾
	(D)	(E)	(D) + (E) = (F)	(C) x (F) = (G)	(G) – (F)
Mr. Goon	S\$15,740,169	S\$28,296	S\$15,768,465	S\$18,188,652	S\$2,420,187
Ms. Wee	S\$12,686,634	S\$22,742	S\$12,709,375	S\$9,094,326	(S\$3,615,049)
Mr. Kho	S\$8,773,424	–	S\$8,773,424	S\$9,094,326	S\$320,902
Southern Cross	S\$8,220,365	–	S\$8,220,365	S\$9,094,326	S\$873,961
Total ⁽²⁾	S\$45,420,592	S\$51,038	S\$45,471,629	S\$45,471,629	–

Notes:

(1) The figures set out in the table above are rounded to the nearest whole number.

(2) Any discrepancies in the figures shown are due to rounding.

10.2 Equalisation Mechanism. In order to ensure that the amount of Shareholders' Loan owing by the Offeror to each of the Sponsors accurately reflects their respective shareholding interest in the Offeror, the Sponsors have undertaken to enter into an equalisation mechanism (the "**Equalisation Mechanism**") after the close of the Offer. Under the Equalisation Mechanism, Mr. Goon, Mr. Kho and Southern Cross will each, extend further shareholder's loans to the Offeror equivalent to the difference between their respective aggregate Sponsors' Consideration and their respective amount of final Shareholders' Loan. The Offeror contemplates that such further shareholders' loans shall be utilised to reduce the Shareholders' Loan owing to Ms. Wee, thereby reducing her portion of the Shareholders' Loan."

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5. RULE 10 OF THE CODE

Section 11 of the Offer Document sets out certain information relating to Rule 10 of the Code, an extract of which is set out below.

“11. RULE 10 OF THE CODE

11.1 *Under Rule 10 of the Code, except with the consent of the SIC, the offeror or its concert parties may not make, amongst other things, any arrangements or deals with selected shareholders, if there are favourable conditions attached to such arrangements or deals, which are not being extended to all shareholders. Note 6 to Rule 10 of the Code provides that Rule 10 is not breached if they are joint offerors and if one (or more) of the joint offerors is already a shareholder in the offeree company.*

11.2 *The SIC has on 28 April 2017 ruled that:*

11.2.1 *the Sponsors are joint offerors; and*

11.2.2 *as joint offerors, the Sponsors may make arrangements between themselves regarding the future membership, control and management of the business being acquired (including the Payment Deferral and the Equalisation Mechanism) without breaching Rule 10 of the Code.”*

6. DISCLOSURES

Section 16 of the Offer Document sets out certain information relating to disclosure, an extract of which is set out below.

“16. DISCLOSURES

16.1 Offeror and the Concert Parties. *As at the Latest Practicable Date, based on the latest information available to the Offeror, and save as disclosed in this Offer Document (including **Appendix 5** to this Offer Document), none of the Offeror, the Sponsors, and the Concert Parties:*

16.1.1 *own, control or have agreed to acquire any Company Securities; or*

16.1.2 *have dealt for value in any Company Securities during the Relevant Period.*

As at the Latest Practicable Date and based on the latest information available to the Offeror, the total number of Shares owned, controlled or agreed to be acquired by the Offeror and the Concert Parties is 141,160,600 Shares, representing approximately 64.4% of the Shares.

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16.2 No Other Arrangements. *As at the Latest Practicable Date and based on the latest information available to the Offeror, save as disclosed in this Offer Document (including **Appendix 5** to this Offer Document), none of the Offeror and the Concert Parties has:*

16.2.1 *entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code with any person, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to any Company Securities which may be an inducement to deal or refrain from dealing;*

16.2.2 *received any irrevocable commitment (other than the Irrevocable Undertakings and the Additional Irrevocable Undertakings) to accept the Offer and/or the Options Proposal in respect of any Company Securities;*

16.2.3 *granted any security interest in respect of any Company Securities in favour of any other person, whether through a charge, pledge or otherwise;*

16.2.4 *borrowed any Company Securities from any other person (excluding borrowed Company Securities which have been on-lent or sold); or*

16.2.5 *lent any Company Securities to any other person.”*

7. CONFIRMATION OF FINANCIAL RESOURCES

Section 17 of the Offer Document sets out certain information on the confirmation of financial resources, an extract of which is set out below.

“17. CONFIRMATION OF FINANCIAL RESOURCES

*OCBC Bank, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer Shares tendered in the Offer by Shareholders on the basis of the Offer Price and to satisfy full acceptances of the Options tendered in acceptance of the Options Proposal by Option Holders on the basis of the Option Price, excluding (a) the Shares to be tendered by the Sponsors pursuant to the Irrevocable Undertakings and for which payment will be deferred, as described in **Section 9.3** of the Letter to Shareholders in this Offer Document; (b) the Options which will be surrendered by the Undertaking Option Holders in acceptance of the Options Proposal pursuant to the Additional Irrevocable Undertakings and for which payment will be deferred, as described in **Section 9.3** of the Letter to Shareholders in this Offer Document; and (c) the new shares issuable pursuant to the Options held by the Undertaking Option Holders, the exercise of which shall be restricted pursuant to the Additional Irrevocable Undertakings, as described in **Section 9.2** of the Letter to Shareholders in this Offer Document.”*

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8. FINANCIAL AND OTHER ASPECTS OF THE OFFER

Section 15 of the Offer Document sets out certain information on the financial and other aspects of the Offer, an extract of which is set out below.

“15. FINANCIAL ASPECTS OF THE OFFER

The Offer Price represents the following premium over the historical market prices of the Shares over various periods:

	Benchmark Price⁽¹⁾⁽²⁾	Premium of Offer Price over Benchmark Price⁽³⁾
<i>Last traded price per Share as quoted on the SGX-ST on the Last Trading Day</i>	<i>S\$0.470</i>	<i>8.5%</i>
<i>VWAP of the Shares as quoted on the SGX-ST for the one (1)-month period up to and including the Last Trading Day</i>	<i>S\$0.466</i>	<i>9.4%</i>
<i>VWAP of the Shares as quoted on the SGX-ST for the three (3)-month period up to and including the Last Trading Day</i>	<i>S\$0.440</i>	<i>15.9%</i>
<i>VWAP of the Shares as quoted on the SGX-ST for the six (6)-month period up to and including the Last Trading Day</i>	<i>S\$0.430</i>	<i>18.6%</i>
<i>VWAP of the Shares as quoted on the SGX-ST for the 12-month period up to and including the Last Trading Day</i>	<i>S\$0.416</i>	<i>22.6%</i>

Notes:

(1) *The figures set out in the table above are based on data extracted from Bloomberg L.P.. Calculated by using total value of Shares over the total volume of Shares traded for the relevant period.*

(2) *Computed based on the Share prices rounded to the nearest three (3) decimal places.*

(3) *Percentages rounded to the nearest one (1) decimal place.”*

LETTER TO SHAREHOLDERS

9. INFORMATION ON THE OFFEROR

Section 7 of the Offer Document sets out certain information on the Offeror, an extract of which is set out below.

“7. INFORMATION ON THE OFFEROR

7.1 Introduction. *The Offeror is a private company limited by shares incorporated in Singapore on 21 March 2017 for the purposes of the Acquisition, the Offer and holding the Offer Shares. Its principal activity is investment holding. As at the Latest Practicable Date, the directors of the Offeror (the “**Directors**”) are Mr. Goon, Ms. Wee and Mr. Kho.*

***Appendix 3** to this Offer Document sets out additional information on the Offeror.*

7.2 Shareholders of the Offeror. *As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$10.00 divided into 10 ordinary shares and its registered address is at 10 Ubi Crescent, #03-12, Ubi Techpark, Singapore 408564. As at the Latest Practicable Date, the shareholders of the Offeror comprise the Sponsors and their respective shareholding interest in the Offeror is as follows:*

	Total Shareholding Interest in the Offeror (%)
Mr. Goon	40.0
Ms. Wee	20.0
Mr. Kho	20.0
Southern Cross	20.0

7.3 *As at the Latest Practicable Date, the Offeror holds 50,482,000 Shares.*

***Appendix 5** to this Offer Document sets out the direct and indirect holdings of the Offeror and the Sponsors in the Company Securities.”*

LETTER TO SHAREHOLDERS

10. 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 relating to the Company has been extracted from section 12 of the Offer Document and is set out below. **Shareholders are advised to read the extract below carefully.**

"12. RATIONALE FOR THE OFFER

12.1 Complying with the Code. *The Offer is made by the Offeror to comply with Rule 14.1 of the Code, as following completion of the Acquisition, the Offeror and its Concert Parties have acquired Shares which represents more than 1.0% of the voting rights in the Company in the six-month period preceding the Acquisition.*

12.2 Providing an opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity. *The historical trading liquidity of the Shares on the SGX-ST has been low. The average daily trading volume of the Shares over the last one (1)-month, three (3)-month, six (6)-month and 12-month periods up to and including the Last Trading Day (as defined herein) are detailed in the table below and amounted to less than 0.02% of the total number of Shares.*

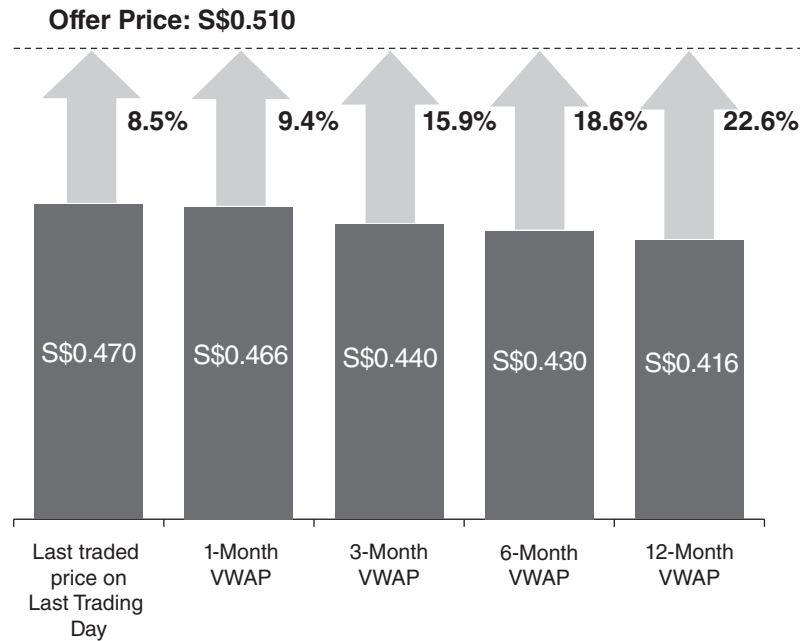
	Average Daily Trading Volume ("ADTV")⁽¹⁾	ADTV as a percentage of total number of issued shares^{(3),(4)}
<i>One (1)-month period up to and including 28 April 2017, being the last trading day of the Shares prior to the Offer Announcement Date (the "Last Trading Day")</i>	30,377	0.014%
<i>Three (3)-month period up to and including the Last Trading Day</i>	33,006	0.015%
<i>Six (6)-month period up to and including the Last Trading Day</i>	25,103	0.011%
<i>12-month period up to and including the Last Trading Day</i>	18,138	0.008%

Notes:

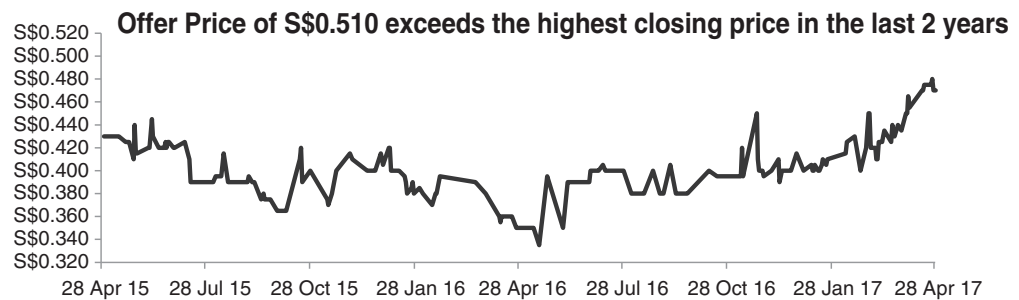
- (1) The figures set out in the table above are based on data extracted from Bloomberg L.P. The average daily trading volume is computed based on the total trading volume of the Shares divided by the number of Market Days⁽²⁾ with respect to the relevant period immediately prior to and including the Last Trading Day.
- (2) A day on which the SGX-ST is open for the trading of securities.
- (3) Calculated using the average daily total volume of Shares traded divided by the total number of issued Shares.
- (4) Rounded to the nearest three (3) decimal places.

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12.3 The Offer Price represents an attractive premium to historical market prices. The Offer Price represents a premium of approximately 8.5% over the Company's closing price of S\$0.470 as of the Last Trading Day and a premium of 9.4%, 15.9%, 18.6%, and 22.6% over the one (1)-month volume weighted average price ("VWAP") of S\$0.466, three (3)-month VWAP of S\$0.440, six (6)-month VWAP of S\$0.430 and 12-month VWAP of S\$0.416, respectively.



The Offer Price exceeds the highest closing price in the last two (2) years up to and including the Last Trading Day.



Note:

(1) Source: Bloomberg L.P.

The Offer therefore represents a cash exit opportunity for Shareholders to liquidate and realise their entire investment at a premium to the prevailing market prices, without incurring brokerage fees and other trading costs."

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11. LISTING STATUS AND COMPULSORY ACQUISITION

Sections 13 and 14 of the Offer Document set out the intentions of the Offeror relating to the listing status of the Company and compulsory acquisition, an extract of which is set out below.

“13. OFFEROR’S INTENTIONS FOR THE COMPANY

The Offeror intends for the Company to continue with its existing activities and has no current intention of (a) making material changes to the Group’s existing business, (b) re-deploying the Group’s fixed assets, or (c) discontinuing the employment of the employees of the Group, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider options or opportunities which may present themselves, and which it regards to be in the interests of the Offeror and/or the Company. Following the close of the Offer, the Offeror will conduct a comprehensive review of the operations, management and financial position of the Group, and will evaluate various strategic options.

14. LISTING STATUS AND COMPULSORY ACQUISITION

14.1 Listing Status. *Under Rule 1105 of the Listing Manual, upon the announcement by the Offeror that valid acceptances have been received pursuant to the Offer that bring the holdings of the Shares owned by the Offeror and parties acting in concert with the Offeror to above 90% of the total number of issued Shares (excluding any treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until 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 at the close of the Offer.

Shareholders are advised to note that Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of issued Shares (excluding treasury shares) is at all times held by the public. 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 further 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.

In the event the Company does not meet the free float requirements of the Listing Manual, the Offeror does not intend to maintain the present listing status of the Company and does not intend to take any steps for any trading suspension in the securities of the Company to be lifted.

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14.2 Compulsory Acquisition

*Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer or acquires or agrees to acquire such number of Offer Shares during the Offer Period otherwise than through valid acceptances of the Offer in respect of not less than 90% of the total number of issued Shares (excluding treasury shares), 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 (the “**Dissenting Shareholders**”) on the same terms as those offered under the Offer.*

In such an event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.

*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 treasury shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares as at the final closing date of the Offer. **Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.** Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude treasury shares or Shares held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.”*

12. 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.

13. ADVICE AND RECOMMENDATIONS

13.1. **General.** Shareholders should read and carefully consider the recommendations of the Recommending Directors and the advice of the IFA to the Recommending Directors dated 6 June 2017, which is set out in Appendix A of this Circular (“**IFA Letter**”), before deciding whether to accept or reject the Offer.

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

- (i) Mr. Goon Eu Jin Terence is the Group Chief Executive Officer, the Group Managing Director and a substantial shareholder of the Company. As at the Offer Announcement Date, Mr. Goon Eu Jin Terence held 31,181,000 Shares in the Company, representing 14.22% of the total number of Shares in issue. Mr. Goon Eu Jin Terence is a director of the Offeror and holds 40% of the shares in the Offeror.

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- (ii) Ms. Wee Ai Quey is the Chief Operating Officer, an executive director and a substantial shareholder of the Company. As at the Offer Announcement Date, Ms. Wee Ai Quey held 25,132,000 Shares in the Company, representing 11.46% of the total number of Shares in issue. Ms. Wee Ai Quey is a director of the Offeror and holds 20% of the shares in the Offeror.

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

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

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

13.3. Advice of the IFA to the Recommendating Directors

- (a) **IFA.** SCCL has been appointed as the independent financial adviser to advise the Recommendating Directors in respect of the Offer and the Options Proposal. Shareholders should consider carefully the recommendation of the Recommendating Directors and the advice of SCCL to the Recommendating Directors before deciding whether to accept or reject the Offer and the Options Proposal. SCCL's advice is set out in its letter dated 6 June 2017, which is set out in Appendix A of this Circular.
- (b) **Factors Taken into Consideration by SCCL.** In arriving at its recommendation, SCCL has taken into account several key considerations, set forth in Paragraphs 9 and 10 of the IFA Letter. Shareholders should read Paragraphs 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 SCCL.** 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, SCCL has made certain recommendations to the Recommendating 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.

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“11 RECOMMENDATION AND CONCLUSION

*Having carefully considered the information available to us, and the analysis set out in this letter, and based upon the industry, market, economic and other relevant considerations as at the Latest Practicable Date, and subject to the qualifications and assumptions made herein, from a financial point of view, we are of the view that the financial terms of the Offer is **NOT FAIR BUT REASONABLE**.*

*In determining that the Offer is **NOT FAIR**, we have considered the following pertinent factors from the perspective of the value of the Shares:*

- (i) the Offer Price is at a discount of 8.3% to the Net Cash per Share of S\$0.556 as at 31 March 2017, although we note that if the entire contingent liabilities of the Group materialise, the Net Cash per Share will be reduced to S\$0.361;*
- (ii) the Group's Offer Price to RNAV multiple of 0.67x based on the Group's RNAV as at 31 March 2017 was within the range of the corresponding ratios of the Comparable Companies in both the Furniture Retail and Property Development segments, it was however below (less favourable) the median of the corresponding ratios of the Comparable Companies in the Furniture Retail segment but above (more favourable) the median of the corresponding ratios of the Comparable Companies in the Property Development segment;*
- (iii) the Group's Offer Price to RNAV multiple of 0.67x based on the Group's RNAV as at 31 March 2017 was within the range but below (less favourable) the median of the corresponding ratios of the Precedent Privatisation Transactions; and*
- (iv) although the premium of the Offer Price over Share Price is within the comparable range, it is below (less favourable) the median and the simple average compared to the Precedent Privatisation Transactions.*

*In determining that the Offer is **REASONABLE**, we have considered the following pertinent factors other than from the perspective of the value of the Shares:*

- (i) the rationale for the Offer appear to be based on sound commercial grounds;*
- (ii) the declining financial performance of the Group for three consecutive years;*

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- (iii) *the trading volume of the Shares had generally been low in the past 12 months prior to the Offer Announcement Date and the Offer will provide a cash exit option for those Shareholders who wish to realise their entire investments in the Shares at a premium to the prevailing market prices but find it difficult to do so as a result of the low trading liquidity, without incurring brokerage fees and other trading costs;*
- (iv) *the Offeror had stated that in the event the Company does not meet the free float requirements of the Listing Manual, it does not intend to maintain the present listing status of the Company and does not intend to take any steps for any trading suspension in the securities of the Company to be lifted, and when entitled to, will exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares not acquired under the Offer;*
- (v) *notwithstanding the Company had paid dividend for the last 7 financial years, the Directors have confirmed that the Company currently does not have any plan to distribute its cash to its shareholders by way of a special dividend or otherwise. Hence there is no certainty that the Company will pay a special dividend to distribute its cash to shareholders in the near future; and*
- (vi) *there is no publicly available evidence of any alternative offer for the Shares from any third party.*

Accordingly, we advise the Recommending Directors to recommend that Shareholders REJECT the Offer as on balance, the Offer is not fair from a financial point of view, and for Shareholders who wish to realise their Shares, to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after deducting expenses).

In respect of the Options Proposal, we note that as the Options Price is calculated on a "see-through" basis, the consideration an Option Holder would receive from accepting the Options Proposal would be the same as if the Option Holder were to convert the Options and accept the Offer. Our advice to Shareholders with respect to the Offer is applicable to Option Holders.

Accordingly, we advise the Recommending Directors to recommend that Option Holders REJECT the Options Proposal and for Shareholders who wish to realise their Shares, to sell their Shares, after exercising their Options, in the open market if they can obtain a price higher than the Offer Price (after deducting expenses).

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*Directors and Shareholders should note that the trading of the Shares are subject to, inter alia, the performance and prospects of the Group, prevailing market conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice of Stirling Coleman on the Offer **does not and cannot take into account future trading activities or patterns or price levels that may be established for the Shares after the Latest Practicable Date** since these are governed by factors beyond the ambit of Stirling Coleman's review and also, such advice, if given, would not fall within Stirling Coleman's terms of reference in connection with the Offer.*

We further recommend that the Recommending Directors should advise the Shareholders and Option Holders that Stirling Coleman's opinion should not be relied upon by any Shareholder or Option Holder as the sole basis for deciding where to accept or reject the Offer or the Options Proposal, as the case may be.

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder or Option Holder. As each Shareholder or Option Holder would have different investment objectives and profiles, we would advise that any individual Shareholder or Option Holder who may require specific advice in relation to his investment objectives or portfolio should consult his broker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

This Letter (for inclusion in the Circular) is addressed to the Recommending Directors for their benefit, in connection with and for the purpose of their consideration of the Offer, but any recommendation made by the Recommending Directors in respect of the Offer to the Shareholders and the Options Proposal to the Option Holders remains the responsibility of the Recommending 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."

- 13.4. **Recommendations of the Recommending Directors.** The Recommending Directors, having considered carefully the terms of the Offer and the Options Proposal and the advice given by SCCL in the IFA Letter, have set out their recommendation on the Offer and the Options Proposal respectively below:

13.4.1 **The Offer**

The Recommending Directors concur with the advice of the IFA in respect of the Offer and accordingly recommend that the Shareholders REJECT the Offer as on balance, the Offer is not fair from a financial point of view, and for Shareholders who wish to realise their Shares, to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after deducting expenses).

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13.4.2 The Options Proposal

The Recommending Directors concur with the advice of the IFA in respect of the Options Proposal and accordingly recommend that the Option Holders REJECT the Options Proposal and for Shareholders who wish to realise their Shares, to sell their Shares, after exercising their Options, in the open market if they can obtain a price higher than the Offer Price (after deducting expenses).

- 13.5. **No Regard to Specific Objectives.** In rendering the advice and the recommendations above, both the IFA and the Recommending Directors have not had regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Recommending Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

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

14. OVERSEAS SHAREHOLDERS

- 14.1. **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 18 of the Offer Document, an extract of which is set out below.

“18. OVERSEAS SHAREHOLDERS

18.1 Overseas Shareholders. *This Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. Where there are potential restrictions on sending this Offer Document and the Relevant Acceptance Forms to any overseas jurisdictions, the Offeror and OCBC Bank reserve the right not to send this Offer Document and the Relevant Acceptance Forms to such overseas jurisdictions. The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown 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, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. For the avoidance of doubt, the Offer is made to all Shareholders including those to whom this Offer Document and the Relevant Acceptance Forms have not been, or will not be, sent.*

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- 18.2 Copies of the Offer Document.** Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain copies of this Offer Document, the Relevant Acceptance Forms and any related documents, during normal business hours up to the Closing Date from Tricor Barbinder Share Registration Services (if he is a scrip holder) at 80 Robinson Road, #11-02, Singapore 068898 or The Central Depository (Pte) Limited (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) write to the Offeror at Grand Slam RF18 Investments Pte. Ltd. c/o Tricor Barbinder Share Registration Services (if he is a scrip holder) at 80 Robinson Road, #02-00, Singapore 068898 or The Central Depository (Pte) Limited (if he is a Depositor) at Robinson Road Post Office P.O. Box 1984, Singapore 903934, to request for this Offer Document, the Relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.
- 18.3 Compliance with Applicable Laws.** It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents; or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including OCBC Bank, CDP and the Receiving Agent) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any acquisition of Shares pursuant to Section 215(1) or 215(3) of the Companies Act. In (i) requesting for this Offer Document, the Relevant Acceptance Forms and/or any related documents; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, OCBC Bank, CDP and the Receiving Agent 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. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. All Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.
- 18.4 Notice.** The Offeror and OCBC Bank 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 paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement.”

LETTER TO SHAREHOLDERS

- 14.2. **Copies of Circular.** This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the Closing Date, from the offices of the Registrar at 80 Robinson Road, #02-00, Singapore 068898, download a copy of this Circular from the website of the SGX-ST at www.sgx.com, or make a request to the Registrar for this Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

15. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Section 19 of the Offer Document sets out information pertaining to CPFIS Investors and SRS Investors, an extract of which is set out below.

“19. INFORMATION RELATING 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. CPFIS Investors and SRS Investors who validly accept the Offer will receive the payment for their Offer Shares in their respective CPF investment accounts and SRS investment accounts.”

16. 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 2 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 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.

LETTER TO SHAREHOLDERS

17. CONSENTS

SCCL, named as 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.

AVA Associates Limited, named as the valuer to assist the Company in its preparation of a valuation report, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the summary of its valuation report in Appendix G of this Circular and the references to its name in the form and context in which it appears in this Circular.

Ernst & Young 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 consolidated financial statements of the Group for FY2016 and the references to its name in the form and context in which it appears in this Circular.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 16 Tai Seng Street, #07-09 Singapore 534138 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 FY2014, FY2015 and FY2016;
- (c) the unaudited financial information of the Group for 1QFY2017 as set out in Appendix E of this Circular;
- (d) the valuation report as set out in Appendix G of this Circular;
- (e) the IFA Letter as set out in Appendix A of this Circular; and
- (f) the letters of consent referred to in section 17 of the Letter to Shareholders.

19. DIRECTORS' RESPONSIBILITY STATEMENT

Save for (a) the IFA Letter (for which the IFA takes responsibility), (b) the information extracted from the Offer Announcement and the Offer Document, and (c) the information relating to the Offeror, the Directors (including any who may have delegated detailed supervision of this Circular) jointly and severally accept responsibility for the accuracy of information contained in this Circular, having made all reasonable inquiries to ensure that, to the best of their knowledge, the facts stated and opinions expressed in this Circular are fair and accurate and that no material facts have been omitted the omission of which would make any statement in this Circular misleading.

LETTER TO SHAREHOLDERS

Where any information in this Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from the Offer Document or from published or publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

20. 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
NOBEL DESIGN HOLDINGS LTD

Mr. Chan Pengee Adrian
Non-Executive Chairman and Independent Director

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

STIRLING COLEMAN CAPITAL LIMITED

(Company registration no. 200105040N)

4 Shenton Way #07-03
SGX Centre 2
Singapore 068807

6 June 2017

To: The Recommending Directors of Nobel Design Holdings Ltd
(Deemed to be independent for the purposes of the Offer), namely
Mr. Chan Pengee Adrian
Mr. Heng Chye Yam
Mr. Wong Soon Chiu
Mr. Chan Kum Leong, and
Ms. Ong Ciu Hwa

Dear Sirs

MANDATORY UNCONDITIONAL CASH OFFER BY OVERSEA-CHINESE BANKING CORPORATION LIMITED (“OCBC BANK”) FOR AND ON BEHALF OF GRAND SLAM RF18 INVESTMENTS PTE. LTD (“OFFEROR”) FOR ALL THE ISSUED ORDINARY SHARES (“SHARES”) IN THE CAPITAL OF NOBEL DESIGN HOLDINGS LTD (THE “COMPANY”, AND TOGETHER WITH ITS SUBSIDIARIES, THE “GROUP”) OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 6 June 2017 to the Shareholders (as define herein) of Nobel Design Holdings Ltd (the “Circular”).

1. INTRODUCTION

On 2 May 2017 (“**Offer Announcement Date**”), OCBC Bank, for and on behalf of the Offeror, announced, inter alia, the Acquisition and that 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 as at the Offer Announcement Date, but including Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror (the “**Concert Parties**”).

The Offeror had on 2 May 2017 acquired an aggregate of 50,482,000 Shares from a substantial shareholder of the Company at S\$0.510 per Share (the “**Acquisition**”), representing approximately 23.0% of the total number of Shares. The Acquisition was completed by way of married deals. As a consequence of the Acquisition, the Offeror and the Offeror Concert Party Group acquired more than 1.0% of the voting rights in the Company in the preceding six (6)-month period from the date of the Acquisition.

As a result of the Acquisition and in accordance with Section 139 of the SFA and Rule 14 of the Code, OCBC Bank, for and on behalf of the Offeror, is making the Offer for the Offer Shares.

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

Shareholders should have by now received a copy of the Offer Document despatched by OCBC Bank, for and on behalf of the Offeror, on 23 May 2017, setting out, *inter alia*, the terms and conditions of the Offer. **Recommending Directors should advise Shareholders to read the terms and conditions of the Offer set out in the Offer Document carefully.**

Stirling Coleman Capital Limited (“**Stirling Coleman**”) has been appointed as the independent financial adviser (“**IFA**”) to advise the Recommending Directors for the purpose of making the recommendation to the Shareholders in respect of the Offer. This letter (the “**Letter**”) is therefore addressed to the Recommending Directors and sets out, *inter alia*, our views and evaluation on the financial terms of the Offer and our opinion thereon. It will form part of the Circular providing, *inter alia*, the details of the Offer and the recommendation of the Recommending Directors in respect thereof.

2. TERMS OF REFERENCE

Stirling Coleman has been appointed as the IFA to advise the Recommending Directors in respect of their recommendations to (i) the Shareholders in relation to the Offer; and (ii) the Option Holders in relation to the Options Proposal. Our opinion, by way of this Letter will be limited to the financial terms of the Offer, as of the date of this opinion.

Our terms of reference do not require us to evaluate or comment on the legal and commercial risks and/or merits of the Offer or the future prospects of the Company other than to form an opinion on whether the financial terms of the Offer is fair and reasonable to the Shareholders. Such evaluation or comment, if any, remains the responsibility of the Board of Directors and the management of the Company (the “**Management**”), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares or the assets of the Company. It is not within our terms of reference to compare the relative merits of the Offer vis-à-vis any alternative transactions previously considered by the Board of Directors or transactions that the Board of Directors may consider in the future, and such comparison and consideration shall remain as the responsibility of the Board of Directors. The Directors have confirmed that, as at the latest practicable date being 30 May 2017 (the “**Latest Practicable Date**”), apart from the Offer being made by the Offeror, no alternative offer or proposal received from any third party.

In arriving at our opinion, we have not relied upon any financial projections or forecasts in respect of the Company or the Group. Our terms of reference do not require us to express and we do not express any view on the future growth prospects, financial position and earnings potential of the Group after the completion of the Offer. We therefore do not make any projection as to the future financial performance of the Group after the completion or expiry of the Offer.

We have also relied upon the responsibility statement that the Circular has been reviewed and approved by the Directors (including those who may have delegated detailed supervision of the Circular) who have taken all reasonable care and have made all reasonable enquiries to ensure that, to the best of their knowledge and after due and careful

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

consideration, the facts stated and the opinions expressed herein (other than those relating to the Offeror and those set out in the Letter) are fair and accurate and that no material facts have been omitted from this Circular which would make any statement in this Circular misleading, and they jointly and severally accept full responsibility accordingly. We have not independently verified such information but have made reasonable enquiries and exercised judgement on the reasonable use of information disclosed in the Circular and Offer Document as we deemed necessary and have found no reason to doubt the accuracy or reliability of such information.

Where any information in the Circular has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror or the parties acting in concert with it, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources or, as the case may be, and/or reproduced in the Circular in its proper form and context.

In rendering our services, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise you to recommend that any individual Shareholder who may require specific advice in the context of his specific investment objectives or 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 advisers in the preparation of the Circular. We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter). A copy of this Letter will be reproduced in the Circular.

Our recommendation in respect of the Offer and the Options Proposal, as set out in Section 13 of the Circular, should be considered in the context of the entirety of this Letter, the Circular and the Offer Document.

3. THE OFFER

3.1. Terms of the Offer

Based on the information set out in the Offer Document, the Offeror is making the Offer for the Offer Shares subject to the terms and conditions set out in the Offer Document, the FAA and/or the FAT (as the case may be). The principal terms and conditions of the Offer, as extracted from **Paragraph 2** of the Offer Document, are set out below.

3.1.1. Offer Price

For each Offer Share: S\$0.510 in cash (the “Offer Price”)

The Offer Price is final. The Offeror will not revise the Offer Price.

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3.1.2. Offer Shares

The Offer is extended to all Shares, other than those already owned, controlled or agreed to be acquired by the Offeror as at the Offer Announcement Date, but including Shares owned, controlled or agreed to be acquired by Concert Parties, and all new shares unconditionally issued or to be issued pursuant to the valid exercise of any Options prior to the Closing Date (the “**Closing Date**”) (collectively, the “**Offer Shares**”).

The Offer Shares will be acquired:

- (i) fully paid;
- (ii) free from any claim, charge, pledge, mortgage, encumbrance, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption, right of first refusal, moratorium or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing (the “**Encumbrances**”); and
- (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to all voting rights and the right to receive and retain all dividends, rights, distributions, returns of capital and/or other entitlements (if any) (the “**Distributions**”) which may be announced, declared, paid or made thereon by the Company in respect of the Offer Shares on or after the Offer Announcement Date, together with all interest accrued thereon.

3.1.3. Adjustment for Distributions

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

Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date to a Shareholder who validly accepts the Offer (the “**Accepting Shareholder**”), the Offer Price payable to such Accepting Shareholder shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by the Accepting Shareholder falls, as follows:

- (i) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the “**Books Closure Date**”), the Offer Price for each Offer Share shall remain unadjusted and the Offeror shall pay the Accepting Shareholder the unadjusted Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; or

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

- (ii) if such settlement date falls after the Books Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share (the Offer Price after such reduction, the “**Adjusted Offer Price**”) and the Offeror shall pay the Accepting Shareholder the Adjusted Offer Price for each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.

On 12 April 2017, the Company announced the notice of books closure and dividend payment date for the first and final (tax exempt one-tier) dividend of 0.52 cents per Share for the financial year ended 31 December 2016 (the “FY2016 Dividend”). The FY2016 Dividend, which was approved at the Annual General Meeting of the Company held on 28 April 2017, will be paid on 19 May 2017. The books closure date for the determination of entitlements to the Proposed Dividend is at 5.00 p.m. on 9 May 2017 (the “FY2016 Dividend BCD”).

As the settlement date in respect of any Offer Shares validly tendered in acceptance of the Offer will fall after the FY2016 Dividend BCD in respect of the FY2016 Dividend and the payment date for the FY2016 Dividend, the Offeror shall pay any Accepting Shareholder the Adjusted Offer Price of S\$0.5048 in cash for each Offer Share, being the Offer Price less the FY2016 Dividend for each Offer Share.

3.1.4. No Condition

Upon completion of the Acquisition, the Offeror and the Offeror Concert Party Group together hold an aggregate of 140,988,400 Shares, representing approximately 64.3% of the Shares. As such, the Offer will be unconditional in all respects.

3.2. Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (i) fully paid; (ii) free from all Encumbrances; and (iii) together with all Distributions declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date.

3.3. Options Proposal

3.3.1. Options Proposal

Paragraph 4 of the Offer Document states that as at the Latest Practicable Date, based on the latest information available to the Offeror, there are 2,620,000 outstanding Options to subscribe for an aggregate of 2,620,000 Shares granted under the Nobel Employee Share Option Scheme (the “**ESOS**”). Each Option entitles its holder to subscribe for one Share at a pre-agreed exercise price of S\$0.40. Under the rules of the ESOS, the Options are not transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the Options, although, for the avoidance of doubt, the Offer will be extended to all new shares unconditionally issued or to be issued pursuant to the valid exercise of any Options prior to the Closing Date. Instead, the Offeror will make a proposal (the “**Options Proposal**”) to the holders of the Options (the “**Option Holders**”). Pursuant to the

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Options Proposal, the Offeror will pay to such Option Holders a cash amount (determined as provided below) (the “**Option Price**”) in consideration of such Option Holders agreeing:

- (i) not to exercise any of such Options into new Shares; and
- (ii) not to exercise any of their rights as Options Holders.

The Option Price is computed on a “see-through” basis. In other words, the Option Price in relation to any Option is the amount (if positive) of the Offer Price less the exercise price of the Option. If the exercise price of an Option is equal to or more than the Offer Price, the Option Price for each Option will be the nominal amount of S\$0.001.

3.3.2. Offer and Options Proposal Mutually Exclusive

The Offer and the Options Proposal are separate and mutually exclusive. The Options Proposal does not form part of the Offer, and vice versa. Without prejudice to the foregoing, if Option Holders exercise their Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the Options Proposal in respect of such Options. Conversely, if Option Holders wish to accept the Options Proposal in respect of their Options, they may not exercise those Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.

3.4. Further Details of the Offer

Further details of the Offer, including details on (i) the duration of the Offer; (ii) the settlement of the consideration for the Offer; (iii) the requirements relating to the announcement of the level of acceptances of the Offer; and (iv) the right of withdrawal of acceptances of the Offer are set out in **Appendix 1** to the Offer Document.

4. IRREVOCABLE UNDERTAKINGS

4.1. Undertaking Shareholders

As at the Offer Announcement Date, the Offeror has received irrevocable undertakings from each of the Sponsors to accept or procure the acceptance of the Offer in respect of all Shares held by each of them respectively prior to and up to the close of the Offer (the “**Irrevocable Undertakings**”). As at the Offer Announcement Date, the Sponsors have an aggregate shareholding interest in 89,977,400 Shares (the “**Relevant Shares**”), representing approximately 41.0% of the total Shares of the Company.

4.2. Undertaking Option Holders

As at the Offer Announcement Date, the Offeror has received irrevocable undertakings from Mr. Goon and Ms. Wee (collectively, the “**Undertaking Option Holders**”) not to exercise all or any Options held by them and to accept the Options Proposal in respect of all Options held by each of them (the “**Additional Irrevocable Undertakings**”) prior to and up to the

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close of the Offer. As at the Offer Announcement Date, the Undertaking Option Holders hold in aggregate 487,000 Options (the “**Relevant Options**”), representing approximately 18.6% of the total number of Options.

4.3. Deferred Consideration

In addition, pursuant to the terms of the Irrevocable Undertakings and the Additional Irrevocable Undertakings (collectively, the “**Sponsors’ Irrevocable Undertakings**”), the Sponsors and the Undertaking Option Holders have agreed to defer their rights to receive the consideration payable to them (the “**Sponsor’s Consideration**”) in respect of the Relevant Shares and the Relevant Options (collectively, the “**Relevant Securities**”) tendered in acceptance of the Offer and the Options Proposal respectively, within the period specified under Rule 30 of the Code, and will instead agree to the deferral of the Sponsor’s Consideration until after the close of the Offer (the “**Payment Deferral**”). Following the close of the Offer, each of the Sponsors and the Undertaking Option Holders will be creditors of the Offeror for an amount in cash equivalent to the cash consideration payable for the Relevant Shares and Relevant Options which they have tendered in acceptance of the Offer and the Options Proposal respectively. The payment so deferred shall be reflected as interest-free shareholders’ loans extended by each of the Sponsors and the Undertaking Option Holders to the Offeror (the “**Shareholders’ Loan**”).

4.4. Further Details

The Irrevocable Undertaking and Additional Irrevocable Undertakings shall lapse on the date the Offer closes, lapses or is withdrawn.

5. EQUALISATION ARRANGEMENT

The full text of the equalisation arrangement is set out in **Paragraph 10** of the Offer Document. The equalisation arrangement and the equalisation mechanism is reproduced below for your reference.

5.1. Equalisation Arrangement

“10.1 Arrangements relating to the Sponsors and their interests in the Company and the Offeror. The interests of the Sponsors inter-se in the Company and their shareholding interests in the Offeror are set out below:

Sponsor	No of Relevant Shares	No of Relevant Options	No of Relevant Securities	% inter-se amongst the Sponsors in the Company (approximately)⁽¹⁾	% inter-se amongst the Sponsors in the Company (approximately)⁽²⁾	% Shareholding in the Offeror
	(A)	(B)	(A) + (B)			(C)
Mr. Goon	31,181,000	270,000	31,451,000	34.7	34.8	40.0
Ms. Wee	25,132,000	217,000	25,349,000	27.9	28.0	20.0
Mr. Kho	17,380,000	–	17,380,000	19.3	19.2	20.0
Southern Cross	16,284,400	–	16,284,400	18.1	18.0	20.0
Total	89,977,400	487,000	90,464,400	100.0	100.0	100.0

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Notes:

1. The inter-se percentage of the Sponsors is calculated based on their respective shareholding in the Company against their total shareholding in the Company of 89,977,400 Shares. For example, Mr. Goon's percentage is calculated as follows: $(31,181,000/89,977,400) \times 100$.
2. The inter-se percentage of the Sponsors is calculated based on their respective shareholding and Options holding in the Company against their total shareholding and Options holding in the Company of 90,464,400 Relevant Securities. For example, Mr. Goon's percentage is calculated as follows: $(31,451,000/90,464,400) \times 100$.

In view of the above and the Sponsors' Irrevocable Undertakings, the Sponsors' Consideration which each of the Sponsors will be entitled under the Offer and the Options Proposal would be disproportionate to their respective shareholdings in the Offeror.

As described in Section 2.5 of the Letter to Shareholders of this Offer Document, the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by the Sponsors will fall after the FY2016 Dividend BCD. Based on the Adjusted Offer Price of S\$0.5048, the total Offer consideration for the Relevant Shares will be S\$45,420,592 and the total Option consideration based on the Option Price on a "see through" basis for the Relevant Options will be S\$51,038. As such, the aggregate Sponsors' Consideration will be S\$45,471,629.

The following table illustrates the actual amount payable to each Sponsor based on the Adjusted Offer Price of S\$0.5048 and the final amount of Shareholders' Loan they should be entitled to, based on their respective shareholding in the Offeror:

Sponsor	Total Offer Consideration at the Adjusted Offer Price ⁽¹⁾ (Adjusted Offer Price x Number of Relevant Shares)	Total Option Consideration at the Option Price on a "see through" basis ⁽¹⁾ (Adjusted Offer Price – S\$0.40) x Number of Relevant Options	Aggregate Sponsors' Consideration ^{(1),(2)}	Amount of final Shareholders' Loan based on Shareholding Interest in Offeror ⁽¹⁾ (S\$45,471,629 x Sponsor's Shareholding Interest (%) in the Offeror)	Difference between Amount of final Shareholders' Loan and Sponsors' Consideration ⁽²⁾
	(D)	(E)	(D) + (E) = (F)	(C) x (F) = (G)	(G) – (F)
Mr. Goon	S\$15,740,169	S\$28,296	S\$15,768,465	S\$18,188,652	S\$2,420,187
Ms. Wee	S\$12,686,634	S\$22,742	S\$12,709,375	S\$9,094,326	(S\$3,615,049)
Mr. Kho	S\$8,773,424	–	S\$8,773,424	S\$9,094,326	S\$320,902
Southern Cross	S\$8,220,365	–	S\$8,220,365	S\$9,094,326	S\$873,961
Total ⁽²⁾	S\$45,420,592	S\$51,038	S\$45,471,629	S\$45,471,629	–

Notes:

1. The figures set out in the table above are rounded to the nearest whole number.
2. Any discrepancies in the figures shown are due to rounding."

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5.2. Equalisation Mechanism

“10.2 Equalisation Mechanism. In order to ensure that the amount of Shareholders’ Loan owing by the Offeror to each of the Sponsors accurately reflects their respective shareholding interest in the Offeror, the Sponsors have undertaken to enter into an equalisation mechanism (the “Equalisation Mechanism”) after the close of the Offer. Under the Equalisation Mechanism, Mr. Goon, Mr. Kho and Southern Cross will each, extend further shareholder’s loans to the Offeror equivalent to the difference between their respective aggregate Sponsors’ Consideration and their respective amount of final Shareholders’ Loan. The Offeror contemplates that such further shareholders’ loans shall be utilised to reduce the Shareholders’ Loan owing to Ms. Wee, thereby reducing her portion of the Shareholders’ Loan.”

6. INFORMATION ON THE OFFEROR

The Offeror is a private company limited by shares incorporated in Singapore on 21 March 2017 for the purposes of the Acquisition, the Offer and holding the Offer Shares. Its principal activity is investment holding. It has an issued and paid-up share capital of S\$10 divided into 10 ordinary shares and its registered address is at 10 Ubi Crescent, #03-12, Ubi Techpark, Singapore 408564. The shareholders of the Offeror comprise Mr. Goon Eu Jin Terence, Ms. Wee Ai Quey, Mr. Kho Chuan Thye Patrick and Southern Cross Holdings Pte. Ltd.

Additional information on the Offeror are set out in **Paragraph 7** of the Offer Document and **Appendix 5** of the Offer Document.

7. INFORMATION ON THE COMPANY

The Company was incorporated in Singapore as Mistar Interior Design (Pte) Ltd on 29 September 1981. It changed its name to Nobel Design & Contracts Pte Ltd and then to Nobel Design Holdings Ltd on 29 October 1996, in connection with the change in its status to that of a public limited company. The Company was listed on the SESDAQ (now known as Catalist) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 25 November 1996 and transferred to the Mainboard of the SGX-ST on 8 August 2008. The Company, its operating subsidiaries and associate companies are engaged in interior design and contracts, retail of furniture, supply of furniture to commercial and hospitality projects, commercial and residential property development, and supply chain and distribution of furniture in the USA market.

Additional information on the Offeror are set out in **Paragraph 8** of the Offer Document and **Appendix 4** of the Offer Document.

8. RATIONALE FOR THE OFFER AND THE OFFEROR’S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Offer and the Offeror’s intentions for the Company are set out in **Paragraphs 12 & 13** respectively of the Offer Document.

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The rationale for the Offer is reproduced below for your reference.

“12.1 Complying with the Code.

The Offer is made by the Offeror to comply with Rule 14.1 of the Code, as following completion of the Acquisition, the Offeror and its Concert Parties have acquired Shares which represents more than 1% of the voting rights in the Company in the six-month period preceding the Acquisition.

12.2 Providing an opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity.

The historical trading liquidity of the Shares on the SGX-ST has been low. The average daily trading volume of the Shares over the last one (1)-month, three (3)-month, six (6)-month and 12-month periods up to and including the Last Trading Day (as defined herein) are detailed in the table below and amounted to less than 0.02% of the total number of Shares.

	Average Daily Trading Volume (“ADTV”)⁽¹⁾	ADTV as a percentage of total number of issued shares^{(3),(4)}
<i>One (1)-month period up to and including 28 April 2017, being the last trading day of the Shares prior to the Offer Announcement Date (the “Last Trading Day”)</i>	30,377	0.014%
<i>Three (3)-month period up to and including the Last Trading Day</i>	33,006	0.015%
<i>Six (6)-month period up to and including the Last Trading Day</i>	25,103	0.011%
<i>12-month period up to and including the Last Trading Day</i>	18,138	0.008%

Notes:

- The figures set out in the table above are based on data extracted from Bloomberg L.P.. The average daily trading volume is computed based on the total trading volume of the Shares divided by the number of Market Days⁽²⁾ with respect to the relevant period immediately prior to and including the Last Trading Day.*
- A day on which the SGX-ST is open for the trading of securities.*
- Calculated using the average daily total volume of Shares traded divided by the total number of issued Shares.*
- Rounded to the nearest three (3) decimal places.”*

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“12.3 The Offer Price represents an attractive premium to historical market prices

The Offer Price represents a premium of approximately 8.5% over the Company's closing price of S\$0.470 as of the Last Trading Day and a premium of 9.4%, 15.9%, 18.6%, and 22.6% over the one (1)-month volume weighted average price (“VWAP”) of S\$0.466, three (3)-month VWAP of S\$0.440, six (6)-month VWAP of S\$0.430 and 12-month VWAP of S\$0.416, respectively.

The Offer therefore represents a cash exit opportunity for Shareholders to liquidate and realise their entire investment at a premium to the prevailing market prices, without incurring brokerage fees and other trading costs.”

9. FINANCIAL ASSESSMENT OF THE OFFER

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

- (i) Financial performance and position of the Group;
- (ii) Historical Share Price performance and trading liquidity;
- (iii) The Group's
 - Net Asset Value (“NAV”), Net Tangible Assets (“NTA”) and Net Cash; and
 - Revalued NAV (“RNAV”)
- (iv) Relative valuation analysis;
- (v) Precedent privatisation transactions analysis;
- (vi) Implication of the Offeror's intention for the Group regarding listing status;
- (vii) Dividend track record of the Company; and
- (viii) Other relevant considerations.

9.1. Financial Performance and Position of the Group

We set out below a summary of the financial results of the Group for the last three financial years ended 31 December 2014, 2015 and 2016 (“FY2014”, “FY2015” and “FY2016” respectively) and the interim financial results of the Group for the three-month period ended 31 March 2017 (“Q12017”) and 31 March 2016 (“1Q2016”).

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Summary of the Group's Income and Loss Statement

S\$'000	Unaudited 1Q2017	Unaudited 1Q2016	Audited FY2016	Audited FY2015	Audited FY2014
Revenue	23,569	21,151	92,625	84,692	77,702
Gross Profit	7,848	7,268	32,670	30,531	28,374
Profit before income tax	1,525	1,342	18,627	18,294	23,380
Net Profit	784	1,290	17,212	18,142	23,104
Net Profit attributable to Shareholders of the Company	520	867	15,315	16,675	22,066

Summary of the Group's Financial Position

S\$'000	Unaudited 1Q2017	Audited FY2016	Audited FY2015	Audited FY2014
Current assets	184,449	174,684	148,251	143,375
Non-current assets	38,039	31,940	40,868	33,378
Total assets	222,488	206,625	189,119	176,753
Current liabilities	57,958	40,388	37,337	40,392
Non-current liabilities	614	1,432	4,637	7,965
Total liabilities	58,572	41,820	41,974	48,357
Share Capital	36,744	35,747	33,745	32,459
Treasury Shares	—	—	—	—
Other reserves ⁽²⁾	3,228	2,694	2,150	1,436
Retained earnings	121,914	121,314	107,085	91,791
Non-controlling interests	2,030	5,049	4,166	2,710
Total Equity	163,916	164,805	147,145	128,397

Summary of the Group's Cash Flows

S\$'000	Unaudited 1Q2017	Unaudited 1Q2016	Audited FY2016	Audited FY2015	Audited FY2014
Net cash provided by/(used in) operating activities	3,249	(1,114)	714	(1,784)	(502)
Net cash provided by/(used in) investing activities	(9,997)	(3,422)	(1,116)	5,119	(783)
Net cash provided by/(used in) financing activities	14,698	7,731	3,386	(3,234)	989
Cash and cash equivalents at end of period/year	20,890	13,502	13,229	10,368	10,279

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Group's Cash and Cash Equivalents

S\$'000	Unaudited 1Q2017	Unaudited 1Q2016	Audited FY2016	Audited FY2015	Audited FY2014
Cash and bank balances	144,947	117,190	134,822	108,247	92,228
Less: Bank deposits pledged	(13,437)	(13,887)	(13,424)	(13,879)	(11,838)
Less: Bank deposits with maturity more than 3 months but less than 12 months	(110,620)	(89,801)	(108,168)	(84,000)	(70,110)
Cash and cash equivalents at end of period/year	20,890	13,502	13,229	10,368	10,279

Source: FY2014 to FY2016 annual reports and Company's 1Q2017 interim financial results announcement

Notes:

1. *Figures above are subject to rounding differences.*
2. *Other reserves comprise employee share option reserve, currency translation reserve, premium on dilution of interests in subsidiary and discount on acquisition of non-controlling interests.*

9.1.1. Analysis of the Financial Performance of the Group

Revenue

We noted the Group had achieved revenue of S\$84.7 million in FY2015, an increase of 9.0% from revenue of S\$77.7 million in FY2014.

We noted the Group revenue in FY2016 increased by 9.4% to S\$92.6 million. The Group's revenue in 1Q2017 also increased by 11.4% from 1Q2016. This increase is mainly attributable to the Group's supply chain division, which sells to the USA market. However the interior and furniture segment recorded lower sales, in line with the slowdown in the domestic economy and the soft retail market environment.

Net profit attributable to Shareholders of the Company

We noted the Group recorded a 24.4% decrease in net profit attributable to shareholders from S\$22.1 million in FY2014 to S\$16.7 million in FY2015 due to lower profit recognition for the property development joint ventures.

We noted the Group net profit attributable to shareholders decreased by 8.2% to S\$15.3 million in FY2016. The decrease was due to the weakness in the furniture retail business. The Group's net profit attributable to Shareholders in 1Q2017 also decreased by 40.0% to S\$0.5 million from S\$0.9 million in 1Q2016. This was mainly due to a fall in the Group's share of profits from its property investments joint ventures which was partially offset by the increase in contribution from the supply chain division.

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We also noted that the Group had registered decreasing net profit attributable to shareholders for three consecutive years since 2014, due to the weakness in the furniture retail business caused by the cooling measures on property in Singapore and the Group's falling share in profits from its property investments joint ventures.

9.1.2. Analysis of the Financial and Cash Position of the Group

We noted that the Group's assets comprised mainly cash and bank balances (amounting to S\$144.9 million or 65.1% of total assets as at 31 March 2017), investments in joint ventures (13.1%), inventories (8.5%) and trade and other receivables (9.2%). The Group's liabilities comprised mainly bank borrowings (amounting to S\$23.0 million or 39.3% of total liabilities as at 31 March 2017) and trade and other payables (32.4%).

We noted the Group's total assets increased by S\$12.3 million to S\$189.1 million as at 31 December 2015 from S\$176.8 million as at 31 December 2014. The Group's total liabilities decreased by S\$6.4 million from S\$48.4 million as at 31 December 2014 to S\$42.0 million as at 31 December 2015. The decrease was mainly due to an increase in bank borrowings of \$1.2 million and reductions in bills payable to banks and deferred income of S\$3.7 million and S\$3.3 million respectively. The deferred income was due to the Company entering into a sale and leaseback transaction for the property at 16, Tai Seng Street in 2012. The property was sold at a consideration of S\$59.3 million which resulted in a gain of S\$48.5 million out of which S\$17.2 million was deferred due to the excess in sales price over the fair value of the property. In 2013, the Company completed its tranche 2 of the sale and leaseback transaction for the property at 16, Tai Seng Street. The consideration for tranche 2 was \$13,657,700, which resulted in a gain of \$6,769,236 out of which \$1,957,701 was deferred due to the excess in sales price over the fair value of the property. The excess amount was deferred and amortised in proportion to the lease payments over the lease period.

We noted the Group's total assets increased by S\$17.5 million to S\$206.6 million as at 31 December 2016. The increase was due mainly to the increase of cash and bank balances by S\$26.6 million to S\$134.8 million from S\$108.2 million, partially set off by a decrease in carrying value of the Group's interest in joint ventures by S\$8.6 million. The Group's total liabilities decreased by S\$0.2 million to S\$41.8 million as at 31 December 2016. The decrease was due mainly to the increase of trade and other payables by S\$4.0 million to S\$25.1 million, partially set off by a decrease of deferred income by S\$3.3 million.

We noted that the Group had maintained a positive cash position and working capital during the period under review, although the net working capital of the Group had declined from S\$134.3 million as at 31 December 2016 to S\$126.5 million as at 31 March 2017. Cash and bank balances increased from S\$99.2 million as at 31 December 2014 to S\$144.9 million as at 31 March 2017.

We noted that the Group is in a strong net cash position representing 54.8% of total assets of the Group as at 31 March 2017.

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Contingent liabilities

We noted that the Group had given corporate guarantees to certain banks and financial institutions for credit facilities granted to its joint ventures. As at 31 December 2016, these corporate guarantees amounted to S\$42.8 million. We noted that these joint ventures which received the loans are in favourable equity positions and are profitable.

9.1.3. Between 31 December 2016 and the Latest Practicable Date

In respect of the above, the Directors and Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, save for what have been previously disclosed above, in the Circular, the annual reports and its announcements on the SGXNET:

- (i) there are no other off-balance sheet and contingent liabilities, 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;
- (ii) 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;
- (iii) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and
- (iv) there are no material acquisitions and disposals of assets by the Group between 1 April 2017 and the Latest Practicable Date, other than in the ordinary course of business, 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.

9.2. Historical Share Price performance and Trading Liquidity

9.2.1. Historical Share Price performance

The following presents the historical chart of the closing prices of the Shares and the number of Shares traded on a daily basis during the period commencing from 29 April 2015, being the last 24 months period prior to 28 April 2017, being the Last Trading Day, and ending on the Latest Practicable Date.

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Chart 1: Share Price Performance from 29 April 2015 up to the Latest Practicable Date



Source: Bloomberg, and information/announcement from the SGX-ST

Share Consolidation

The Company did not undertake any share consolidation exercises since its listing on SGX-ST.

Period from 29 April 2015 up to the Last Trading Day

Based on Chart 1, between 29 April 2015 and up to the Last Trading Day, the Shares were mostly trading below the Offer Price at a range of between S\$0.335 to S\$0.480.

Period from the Last Trading Day up to the Latest Practicable Date

Based on Chart 1, between the Last Trading day to the Latest Practicable Date, the Shares were mostly trading close to the Offer Price at a range between S\$0.500 to S\$0.510.

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9.2.2. Offer Price comparison to historical Share price

We have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares commencing from 29 April 2016, being the 12-month period prior to the Last Trading Day, and ending on the Latest Practicable Date:

Table 1: Share Price Performance and Trading Liquidity Table

	VWAP ⁽¹⁾ (S\$)	Premium/ (Discount) of the Offer Price to VWAP per Share (%)	Lowest Transacted Price (S\$)	Highest Transacted Price (S\$)	Average daily trading volume ⁽²⁾ (Shares)	Average daily trading volume as % of Free-float
For the period prior to the Offer Announcement Date⁽³⁾						
Last 12 months	0.405	25.93%	0.335	0.480	31,414	0.060%
Last 6 months	0.427	19.44%	0.390	0.480	28,349	0.054%
Last 3 months	0.440	15.91%	0.400	0.480	33,006	0.063%
Last 1 month	0.466	9.44%	0.440	0.480	30,377	0.058%
Last Trading Day ⁽⁴⁾	0.470	8.51%	0.470	0.470	138,700	0.266%
For the period commencing on the Offer Announcement Date up to the Last Practicable Date⁽⁵⁾						
From the market day on the Offer Announcement Date up to and including the Latest Practicable Date	0.485	5.16%	0.470	0.515	3,240,300	2.573%
Latest Practicable Date	0.505	0.99%	0.500	0.505	16,000	0.013%

Source: Bloomberg as at the Latest Practicable Date, 30 May 2017

Notes:

1. The Volume Weighted Average Price ("VWAP") was calculated by adding up the dollar value for every transaction and then dividing by the total shares traded for the day which were rounded to the nearest three decimal places.
2. The average daily trading volume of the Shares was computed based on the total number of Shares traded during the relevant periods divided by the number of market days which the SGX-ST is open for the trading of securities ("Market Day") for the relevant periods.
3. Free-float is approximately 52,229,875 Shares of the issued share capital held by the public as at the Last Trading Day.
4. The Last Trading Day was defined as 28 April 2017 being the last full day of trading of the Shares, of which the closing price was the undisturbed Share price prior to the Offer Announcement Date on 2 May 2017. The closing price on 28 April is shown instead of VWAP.
5. Free-float is approximately 52,229,875 Shares of the issued share capital held by the public as estimated by Bloomberg as at the Latest Practicable Date.

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Based on Table 1, we note that the Offer Price is:

- (i) at approximately 9.44%, 15.91%, 19.44% and 25.93% premium to the VWAP for the Shares for the period one-month, three-months, six-months, and 12-months prior to the Offer Announcement Date respectively;
- (ii) at a premium of approximately 8.51% from the last transacted price of S\$0.470 per Share on the Last Trading Day;
- (iii) at a premium of approximately 5.16% from the VWAP for the Shares for the period on the Offer Announcement Date up to the Latest Practicable Date; and
- (iv) at a premium of approximately 0.99% from the last transacted price of S\$0.505 on the Latest Practicable Date.

9.2.3. Trading Volume and Liquidity

Based on the number of Shares traded on a daily basis during the period commencing from 29 April 2016, being the Market Day 12 months prior to the Last Trading Day, and ending on the Latest Practicable Date, we noted that:

- (i) from 29 April 2016 to the Last Trading Day, Shares were traded on 99 Trading Days out of the total 253 Market Days during the period, with the total number of Shares traded being approximately 7.9 million Shares and an average daily trading volume of approximately 31,414 Shares, which represents 0.01% of the issued Share capital as at the Last Trading Day or approximately 0.06% of the Free-float as at the Last Trading Day; and
- (ii) for the period commencing from the Market Day immediately after the Offer Announcement Date up till and including the Latest Practicable Date, the Shares were traded on 16 days out of the 20 Market Days during the period, with the total number of Shares traded being approximately 64.8 million Shares and an average daily trading volume of approximately 3.24 million Shares, which represents 1.48% of the issued Share capital as at the Latest Practicable Date or approximately 2.57% of the Free-float as at the Latest Practicable Date.

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Table 2: Market Liquidity of the Top 10 largest companies in the FTSE ST Fledging Index

Company	Market Capitalisation 1 Day prior to Joint Offer Announcement Date (S\$ million)	Average Daily Trading Volume 12 months prior to Joint Offer Announcement Date (million)	Average Daily Trading Volume as % Free Float Shares	Average Daily Trading Volume 6 months prior to Joint Offer Announcement Date (million)	Average Daily Trading Volume as % Free Float Shares	Average Daily Trading Volume 3 months prior to Joint Offer Announcement Date (million)	Average Daily Trading Volume as % Free Float Shares
Poh Tiong Choon Logistics Ltd	310	0.09	0.13	0.06	0.09	0.07	0.10
Tianjin ZhongXin Pharmaceutical Group Corp Ltd	265	0.25	0.12	0.25	0.13	0.28	0.14
Sunningdale Tech Ltd	262	0.43	0.36	0.73	0.60	1.39	1.15
BHG Retail REIT	220	0.49	0.22	0.92	0.42	1.10	0.50
MYP Ltd	219	0.09	0.04	0.10	0.05	0.09	0.04
CSE Global Ltd	215	0.39	0.10	0.32	0.08	0.44	0.11
Singapore Reinsurance Corp Ltd	185	0.05	0.01	0.04	0.01	0.05	0.01
Tat Hong Holdings Ltd	175	0.85	0.27	1.11	0.36	1.45	0.46
Sing Investments & Finance Ltd	166	0.04	0.03	0.06	0.05	0.11	0.10
Lung Kee Bermuda Holdings	163	0.00	0.00	0.00	0.00	0.00	0.00
Max			0.36		0.60		1.15
Min			0.00		0.00		0.00
Median			0.11		0.09		0.11
Simple Average			0.13		0.18		0.26
The Group	103	0.03	0.06	0.03	0.05	0.03	0.06

Source: Bloomberg and FTSE ST Fledging Index factsheet (data as at 28 April 2017) from the SGX-ST website. FTSE ST Fledging Index comprises 247 listed companies on the SGX-ST that are too small for the FTSE ST All-Share Index to capture.

Benchmarking the liquidity of the Shares against SGX-ST listed small capitalisation companies

Share prices transacted in the equity capital market can be affected by relative liquidity and free float at any given point in time. In analysing the liquidity of the Shares, we have given consideration to the liquidity of the Shares as compared with the ten largest companies by market capitalisation of the FTSE ST Fledging Index as at 28 April 2017 for the 12-months, 6-months and 3-months period preceding the Joint Offer Announcement Date.

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We noted that the average daily trading volume of the Shares of 0.06%, 0.05% and 0.06% of its free float for 12-months, 6-months and 3-months respectively. The 12-months average daily trading volume of the Shares of its free float were only higher than four of the top 10 constituents of FTSE ST Fledging Index prior to the Joint Offer Announcement Date. It was approximately 54% lower than the simple average daily trading volume of 0.13% for the top 10 constituents in the FTSE ST Fledging Index as at 28 April 2017 for the 12-months and much lesser for the 6-months and 3-months periods.

We noted that the trading volume of the Shares had generally been low in the past 12 months prior to the Offer Announcement Date. The Offer will provide an exit option for those Shareholders who wish to realise their investments in the Shares but find it difficult to do so as a result of the low trading liquidity. However, Shareholders should note that the past trading performance for the Shares should not be relied upon as an indication of its future trading performance.

9.3. The Group's NAV, NTA, Net Cash Position and RNAV

9.3.1. NAV and NTA analysis

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However the NAV approach does not take into account or consideration the hypothetical sale of assets in a non-orderly manner or over a short period of time. The NAV does not illustrate the values at which assets may actually be realised or disposed of.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities, minority interest and intangible assets of the company. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (other than intangible assets) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group, with the balance to be distributed to its shareholders. However the NTA based approach does not take into account or consideration the presence of any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names

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nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. The NTA does not illustrate the values of which assets may actually be realised or disposed of.

Based on the Group's unaudited first quarter financial statement ended 31 March 2017⁽¹⁾	
NAV attributable to Shareholders as at 31 March 2017 (S\$'000)	161,886
Less: Intangible assets (S\$'000)	161
NTA as at 31 March 2017 (S\$'000)	161,725
Number of ordinary Shares of the Company ('000) (excluding treasury Shares ⁽²⁾)	219,229
NAV per Share (S\$)	0.738
NTA per Share (S\$)	0.738
Offer Price (S\$)	0.510
Offer Price to NAV per Shares (x)	0.691
Discount of Offer Price to NAV per Share (%)	30.9%
Offer Price to NTA per Shares (x)	0.691
Discount of Offer Price to NTA per Share (%)	30.9%

Notes:

1. Figures and computations above are subject to rounding.
2. Based on Nobel Design Holdings Ltd 1Q2017 interim financial results as at 20 April 2017.

For illustrative purposes only, the Offer Price to NAV per Share ("P/NAV") and the discount of the Offer Price to NAV per Share as at 31 December 2016 were 0.691x and 30.9% respectively. There is no difference between the NAV and NTA for the Group.

9.3.2. Net Cash Position analysis

Based on the Group's unaudited first quarter financial statement ended 31 March 2017⁽¹⁾

	Unaudited 1Q2017	Audited FY2016
Cash and Bank balances (S\$'000)	144,947	134,822
Less: Borrowings (S\$'000)	23,010	8,971
Net Cash Position	121,937	125,852
Number of ordinary Shares of the Company ('000) (excluding treasury Shares ⁽²⁾)	219,229	216,954
Net Cash Per Shares	0.556	0.580
Offer Price (S\$)	0.510	0.510
Offer Price to Net Cash per Shares (x)	0.917	0.879
Discount of Offer Price to Net Cash per Share (%)	8.3%	12.1%

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Notes:

1. *Figures and computations above are subject to rounding.*
2. *Based on Nobel Design Holdings Ltd 1Q2017 interim financial results as at 20 April 2017 and FY2016 Annual Report as at 12 April 2017.*

For illustrative purposes only, the Offer Price to Net Cash per Share and the discount of the Offer Price to Net Cash per Share as at 31 March 2017 were 0.917x and 8.3% respectively.

We noted that the Group has contingent liabilities amounting to S\$42,805,000, comprising corporate guarantees given by the Group to secure the credit facilities of the joint ventures. If the entire contingent liabilities are to materialise, the Net Cash position of the Group as at 31 March 2017 will be reduced to approximately S\$79,132,000 and the Net Cash per Share will be reduced to S\$0.361.

We also noted that the cash balances in the joint ventures are not consolidated into the Group's total cash position as the Group only owns between 25% – 35% of the equity interest in these joint ventures.

9.3.3. Revalued NAV of the Group

In our evaluation of the financial terms of the Offer, we have also considered whether there are any assets which may be valued at an amount that is materially different from what was recorded in the balance sheet of the Group as at 31 March 2017.

As mentioned under section 9.1.2, the Group's assets comprised mainly cash and bank balances (amounting to S\$144.9 million or 65.1% of total assets as at 31 March 2017), investments in joint ventures (13.1%), inventories (8.5%) and trade and other receivables (9.2%). The Group's liabilities comprised mainly bank borrowings (amounting to S\$23.0 million or 39.3% of total liabilities as at 31 March 2017) and trade and other payables (32.4%).

Joint ventures of the Group are involved in the business of property development and hotel management and consultancy services. According to the Group's accounting policy, the Group accounts for its investments in joint ventures using the equity method. Under the equity method, the investments in joint ventures is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the joint ventures.

For the purposes of assessing the market valuation of the "Investments in joint ventures", the Company had commissioned AVA Associates Limited ("**AVA**") to conduct a market valuation of the real estate properties held by these joint ventures (the "**Revalued Assets**") as at 31 March 2017.

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For illustrative purposes only, we have presented the net book value and the fair valuation amount of the Revalued Assets as at 31 March 2017 in the following table:

Table 3: Revalued Assets

Revalued Assets	Date of Valuation	Independent Valuer	Net book value in the accounts of the joint ventures as at 31-Mar-17 (S\$) ⁽¹⁾	Fair Value (S\$) ^{(1),(2)}	Revaluation surplus (S\$) ^{(1),(2)}	Group's 25% share of the revaluation surplus ^{(1),(2)}
Real estate properties held by joint ventures	31-Mar-17	AVA	136,098,780	157,000,000	20,901,220	5,225,305

Group NAV (S\$ '000)	161,886
Add: Revaluation Surplus (S\$ '000)	5,225
Revalued Group NAV ("RNAV") (S\$ '000)	167,111
RNAV per Share (S\$)	0.762
Offer Price to RNAV per Shares (x)	0.669
Discount of Offer Price to RNAV per Share (%)	33.1%

Notes:

- Figures and computations above are subject to rounding and exchange rate differences. Net Book value of the Investments in joint ventures excluding commissions and incentives.
- For the computation of the market value, we have not included any potential tax liabilities that may arise on the hypothetical disposal of the Revalued Assets, this is because, other than in the ordinary course of business, the Group does not have any impending plans for any disposal of the Revalued Assets as at the Latest Practicable Date.

For illustrative purposes only, the Offer Price to RNAV per Share ("P/RNAV") and the discount of the Offer Price to RNAV per Share as at 31 March 2017 were 0.67x and 33.1% respectively.

Except for the Revalued Assets identified above, the Directors and the Management of the Company had confirmed that, to their best knowledge and belief, as at the Latest Practicable Date, on aggregate basis, there are no material differences between the estimated fair value of the other assets for which no valuation was obtained and their respective book value. The Directors confirmed that they are aware of and are satisfied with the selection of the Revalued Assets for the valuation exercise.

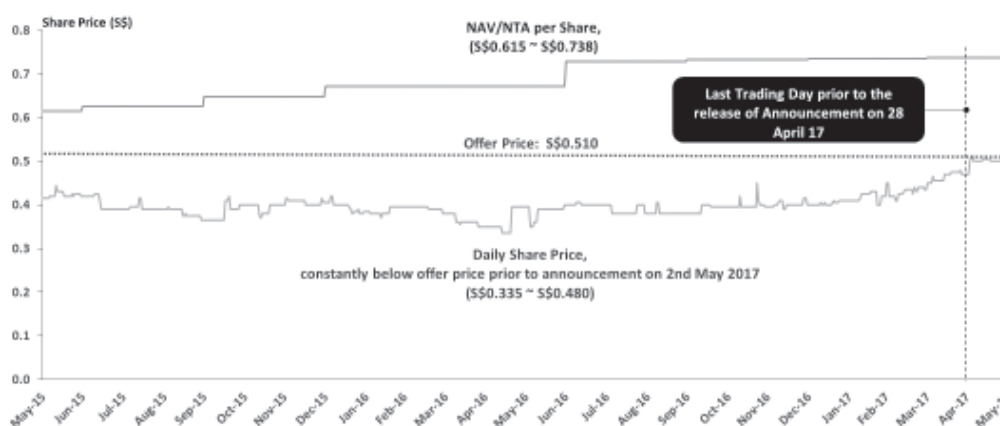
We have been furnished by the Company with the valuation reports in respect of the fair value of the Revalued Assets. For the avoidance of doubt, as we are not experts in the evaluation or appraisal of assets, we have not made any independent evaluation or appraisal of the Revalued Assets and have relied solely on the valuation reports for the fair value of the Revalued Assets.

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9.3.4. Historical Share Prices of the Company against its trailing NAV/NTA per Share

We have compared the historical Share prices of the Company and the Offer Price against the trailing NAV/NTA per Share of the Group over the 24 months period prior to the Last Trading Day, as shown below:

Chart 2: Historical Share Prices of the Company against its trailing NAV/NTA per Share⁽¹⁾



Source: Bloomberg as at the Latest Practicable Date, annual reports and interim financial statements

Based on the Company's unaudited financial statements as at 31 March 2017, the Exit Offer Price represents a discount of approximately 30.9% to the Group's unaudited NAV/NTA per Share.

Based on Chart 2 above, we noted the closing Share Prices of the Company had been consistently trading below its NAV/NTA per Share in the past 24 months prior to and including the Last Trading Day, at a discount between 29.0% and 54.0%.

Shareholders should note that the computation above is solely for illustration purposes as the NAV may not be fully realisable at its book value or revalued value, especially within a short time frame, and the market value of some of these assets may vary depending on, amongst others, the prevailing market and economic conditions and whether a buyer can be found for such assets.

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9.3.5. Comparison of P/RNAV against comparable companies and precedent privatisation transactions

We have compared the P/RNAV of the Group against the P/NAV of comparable companies to the Group. Please refer to section 9.4 of this Letter.

We have also compared the P/RNAV of the Group against the offer price to NAV/NTA multiple of precedent privatisation transactions. Please refer to section 9.5 of this Letter.

9.4. Relative Valuation Analysis

In assessing the reasonableness of the Offer Price, we have also considered the financial performance, financial position and valuation statistics of selected comparable companies listed on the SGX-ST (“**Comparable Companies**”) that may, in our view, be broadly comparable to the two main business segments of the Group, which are the Furniture Retail segment and the Property Development segment. We have selected Comparable Companies in the Property Development segment with market capitalisation of below S\$150.0 million and market capitalisation of below S\$250.0 million in the Furniture Retail segment due to the small number of Comparable Companies with market capitalisation of below S\$150.0 million.

We advise the Recommending Directors to note that **there may not be any company listed on the SGX-ST that is directly comparable to the Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria.** We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Comparable Companies as the business of these selected companies, their capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Group may differ. In addition, we wish to highlight that the list of Comparable Companies is by no means exhaustive. As such, any comparison made herein is necessarily limited and serves only an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Group as at the Latest Practicable Date.

Recommending Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of the financial performance, the historical share price performance, the demand/supply conditions of the shares, the relative liquidity of the shares, the relative sentiments of the market for the shares, as well as the market capitalisation.

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9.4.1. Comparable Companies for the Furniture Retail segment

Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S\$ million)	Principal activities
Cacola Furniture International Limited (SGX:D2U)	1.8	Cacola Furniture International Limited, an investment holding company, designs, manufactures, markets, distributes, and sells panel furniture, sofas, and mattresses in the People's Republic of China. The company offers fabric and leather sofas, which comprise a set of a one-seater, two-seater, and three-seater sofas, as well as a set of two one-seater and a three-seater sofas. It also provides a range of panel furniture products, such as display cabinets, shelves, tables, and chairs for the living room; beds, chests of drawers, wardrobes, nightstands, armories, and children's furniture for the bedroom; dining tables, chairs, sideboards, and cabinets for the dining room; and writing desks, bookcases, and computer units for office. In addition, the company operates furniture stores. Cacola Furniture International Limited was founded in 1999 and is headquartered in Dongguan, the People's Republic of China.
Courts Asia Limited (SGX:RE2)	215.8	Courts Asia Limited, an investment holding company, engages in the retailing of electrical, information technology, and furniture products in Singapore, Malaysia, and Indonesia. It operates a network of approximately 80 stores in various store formats, including megastores, superstores, departmental stores, and small-format stores. The company's stores offer white goods, vision products, small appliances, audio products, computers and related accessories, mobiles, photography products, mattresses, home office products, bedroom furniture, and dining and living room furniture. Courts Asia Limited also offers its products through online stores, as well as provides warranty sales and product replacement services, and telecommunications subscription plans. The company was founded in 1974 and is based in Singapore. Courts Asia Limited is a subsidiary of Singapore Retail Group Limited.

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Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S\$ million)	Principal activities
Design Studio Group Ltd. (SGX:D11)	152.3	Design Studio Group Ltd., together with its subsidiaries, manufactures, supplies, and installs paneling products primarily in Singapore, Malaysia, and China. The company operates in three segments: Residential Property Projects, Hospitality and Commercial Projects, and Distribution Projects. The Residential Property Projects segment offers paneling products, such as kitchen and vanity cabinets, wardrobes, doors and door frames, and furniture components. The Hospitality and Commercial Projects segment provides interior fitting-out services to hotels, resorts, office, shops, and bank branches. The Distribution Projects segment is involved in the distribution of furniture products of overseas brands. The company offers its products and services under the in-house brand name of PANELZ; and imported brand name of SieMatic. The company was formerly known as Design Studio Furniture Manufacturer Ltd. and changed its name to Design Studio Group Ltd. in January 2014. The company was founded in 1992 and is headquartered in Singapore. Design Studio Group Ltd. is a subsidiary of Depa Interiors LLC.

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Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S\$ million)	Principal activities
Kingsmen Creatives Ltd. (SGX:5MZ)	119.9	Kingsmen Creatives Ltd., an investment holding company, engages in exhibitions and thematic, retail and corporate interiors, research and design, and alternative marketing businesses. It also provides corporate marketing and other related services. The company's Exhibitions and Thematic segment produces exhibition displays for trade shows and promotional events; interiors and displays for museums and visitor centers; and thematic and scenic displays for theme parks. Its Retail and Corporate Interiors segment provides interior fitting-out services to commercial and retail properties. The company's Research and Design segment offers design works for upmarket specialty stores, departmental stores, eateries, museums, visitors' centers, corporate offices, showrooms, trade shows, events, promotional functions, and festivals. Its Alternative Marketing segment provides event management, branding consultancy, and custom publishing services. The company also provides design consultancy and planning management, advertising, marketing communications, electrical engineering, and graphic design and production services, as well as design and construction facilities to exhibitors. Further, it is involved in the design and production of architectural interiors, decorations, and museums; and provision of advertising contractor's services. In addition, the company engages in the manufacture, wholesale, and trading of interior and exhibition furniture, and fixtures and displays. It operates in South Asia, North Asia, the Middle East, the United States, Canada, Europe, and internationally. Kingsmen Creatives Ltd. was founded in 1976 and is headquartered in Singapore.

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Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S\$ million)	Principal activities
Koda Ltd (SGX:BJZ)	24.2	Koda Ltd, an investment holding company, designs, manufactures, wholesales, and retails wooden and steel furniture, and wood fixtures. It operates in four segments: Chairs and Tables, Outdoor and Garden, Furniture, Bedroom Furniture, and Occasional and Other Furniture. The company offers wood, upholstered, and metal chairs; solid wood, veneered, and metal dining tables; cabinets; living room furniture, including coffee/console tables, entertainment units, bookcases/display units, home offices, sofas/armchairs, and scandinavian designs; and bedroom furniture, such as beds, bedside tables, dressers, and chest of drawers. It is also involved in the inlaying of marble on wood; and interior decoration activities. In addition, the company holds investment properties; and operates as a timber merchant. The company has operations in Singapore, the United States, the United Kingdom, Vietnam, Canada, New Zealand, Australia, Spain, Korea, China, Malaysia, Saudi Arabia, Japan, France, the Russian Federation, the United Arab Emirates, Qatar, and internationally. Koda Ltd was founded in 1972 and is headquartered in Singapore.
Lorenzo International Limited (SGX:5IE)	18.0	Lorenzo International Limited, an investment holding company, engages in the design, manufacture, assembly, distribution, retail, and export of furniture under the Lorenzo brand name worldwide. The company operates through Retail, Export, Licensing Retail System (LRS), and Building Materials segments. It produces furniture under two product categories, leather-based and wood-based. The company offers leather sofas, L-shape and modular sofas, recliners, and coffee and side tables; dining tables, chairs, and cabinets; and beds, bedside tables, and dressing tables. It also designs and manufactures furniture under its customers' brands. In addition, the company trades building materials, such as stones and tiles for residential, commercial, and industrial projects; sofa sets, wood-based furniture, and accessories, as well as acts as a contractor for construction projects. Lorenzo International Limited was founded in 1983 and is based in Singapore.

Source: S&P Capital IQ as at 9 May 2017

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The following tabulates the key financial ratios for comparison of financial performance for the past 12-month period ended 31 March 2017 (“T12”) and financial position as at 31 March 2017 for the Comparable Companies and the Group:

Table 4: Financial Performance and debt position of the Group and the Comparable Companies for the Furniture Retail segment

Comparable Companies	T12 ROE ⁽¹⁾ (%)	T12 Net profit/loss margin ⁽²⁾ (%)	T12 Asset turnover ⁽³⁾ (x)	Total liabilities/ shareholders’ equity (x)	Total borrowings/ shareholders’ equity (x)	Net Debt/Cash Position ⁽⁴⁾
Cacola Furniture International Limited	45.8	13.6	1.4	0.5	0.1	Net Debt
Courts Asia Limited	8.83	3.4	1.0	1.6	1.1	Net Debt
Design Studio Group Ltd.	19.1	11.5	1.0	0.7	0.0	Net Cash
Kingsmen Creatives Ltd.	10.1	3.6	1.3	1.2	0.1	Net Cash
Koda Ltd	10.4	5.2	1.3	0.4	0.0	Net Cash
Lorenzo International Limited	(87.2)	(41.4)	1.0	2.9	1.4	Net Debt
High	45.8	13.6	1.4	2.9	1.4	
Low	(87.2)	(41.4)	1.0	0.4	0.0	
Median	10.3	4.4	1.1	0.9	0.1	
Simple Average	1.2	(0.7)	1.2	1.2	0.5	
The Group	10.7	15.7	0.4	0.4	0.2	Net Cash

Source: S&P Capital IQ as at the 9 May 2017, annual reports and the unaudited interim financial statements of the Comparable Companies

Notes:

1. The T12 Return on Equity (“ROE”) was calculated based on the ratio of the T12 net profit after tax attributable to the shareholders to the shareholders’ equity exclude minority interest as at the end of the latest published financial quarter of the respective companies.
2. T12 net profit/loss margin was calculated based on the ratio of T12 net profits/losses after tax attributable to shareholders to the T12 revenue of the respective companies.
3. T12 asset turnover was calculated based on the ratio of the T12 revenue to the total assets as at as at the end of the latest published financial quarter of the respective companies.
4. The Net Debt is the sum of all short-term and long-term debt less the total cash and cash equivalents as at the end of the latest published financial quarter. Net cash, in the context of this Letter, represents as a positive cash position after deducting total debt from cash and its short-term equivalents.

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Based on Table 4, we noted the following:

- (i) the Group's T12 ROE was positive and within the range and above the median (more favourable) of the Comparable Companies in the Furniture Retail segment;
- (ii) the Group's T12 net profit/loss margin was positive and above the range (more favourable) of the Comparable Companies in the Furniture Retail segment;
- (iii) the Group's T12 Asset turnover of 0.4x is below the range (less favourable) of the Comparable Companies in the Furniture Retail segment;
- (iv) the Group's total liabilities to shareholders' equity ratio of 0.4x were within the range and below the median (more favourable) of the Comparable Companies in the Furniture Retail segment;
- (v) the Group's total borrowings to shareholders' equity ratio of 0.2x were within the range but above the median (less favourable) of the Comparable Companies in the Furniture Retail segment; and
- (vi) the Group is in a net cash position, similar to three of the Comparable Companies in the Furniture Retail segment.

Table 5: Valuation Statistics of the Group and the Comparable Companies for the Furniture Retail segment

Comparable Companies	Financial period	Market Capitalisation (\$ million)	T12 PER ⁽¹⁾ (x)	T12 EV/ EBITDA ⁽²⁾ (x)	P/NAV ⁽³⁾ (x)
Cacola Furniture International Limited	31-Dec-16	1.8	0.5	2.6	0.3
Courts Asia Limited	31-Mar-17	215.8	8.7	7.4	0.7
Design Studio Group Ltd.	31-Dec-16	152.3	7.4	3.2	1.4
Kingsmen Creatives Ltd.	31-Dec-16	119.9	10.1	4.0	1.0
Koda Ltd	31-Dec-16	24.2	7.4	3.2	0.7
Lorenzo International Limited	30-Jun-16	18.0	NM	NM	1.5
High		215.8	10.1	7.4	1.5
Low		1.8	0.5	2.6	0.3
Median		72.1	7.4	3.2	0.9
Simple Average		88.7	6.8	4.1	0.9
The Group (implied by the Offer Price)	31-Mar-17	111.8⁽⁴⁾	7.4	NM	0.7

Source: S&P Capital IQ as at 9 May 2017, annual reports and the unaudited interim financial statements of the Comparable Companies.

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Notes:

1. T12 Price-Earnings Ratio (“**PER**”) was calculated based on the ratio of market capitalisation as at Latest Practicable Date to T12 net profits after tax attributable to shareholders of the respective companies.
2. The Enterprise Value (“**EV**”) was calculated based on the sum of the companies’ market capitalisation as Latest Practicable Date, preferred equity, minority interests, short and long term debts less cash and cash equivalents. The T12 Earnings before Interest, Tax, Depreciation and Amortisation (“**EBITDA**”) is computed based on the trailing 12 months period ending on the latest financial quarter for which financial results have been published.
3. The Price to NAV (“**P/NAV**”) was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to the NAV attributable to shareholders of the respective companies.
4. Based on offer price of S\$0.510.

Based on Table 5, we noted the following:

- (i) the Group’s T12 PER was positive and within the range and similar to the median of the Comparable Companies in the Furniture Retail segment;
- (ii) the Group’s T12 EV/EBITDA was not meaningful as the Group’s enterprise value was negative as at 31 March 2017 due mainly to its share prices trading below net cash per share; and
- (iii) the Group’s Offer Price to RNAV multiple of 0.67x based on the Group’s RNAV as at 31 March 2017 was within the range but below the median (less favourable) of the Comparable Companies in the Furniture Retail segment.

9.4.1. Comparable Companies for the Property Development segment

Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S\$ million)	Principal activities
CWG International Ltd. (SGX:ACW)	112.7	CWG International Ltd. engages in the development of real estate properties. The company’s portfolio comprises residential and commercial properties in the Yangtze River Delta Region, including Shanghai, Suzhou, Nanjing, and Wuhan in the People’s Republic of China; Brisbane and Sydney in Australia; and Los Angeles and Dallas in the United States. It is also involved in other areas of the real estate value chain, such as real estate investment, township planning, project management, and building maintenance services. The company was formerly known as Chiwayland International Limited and changed its name to CWG International Ltd. in November 2016. CWG International Ltd. was founded in 2002 and is based in Singapore with offices in Shanghai, Sydney, and Los Angeles.

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Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S\$ million)	Principal activities
Emerging Towns & Cities Singapore Ltd. (Catalist:1C0)	86.9	Emerging Towns & Cities Singapore Ltd. develops and sells residential and commercial properties in the People's Republic of China. It also invests in and rents properties. The company was formerly known as Cedar Strategic Holdings Ltd. and changed its name to Emerging Towns & Cities Singapore Ltd. in February 2017. Emerging Towns & Cities Singapore Ltd. was incorporated in 1980 and is based in Singapore.
Goodland Group Limited (SGX:5PC)	93.7	Goodland Group Limited, an investment holding company, engages in the real estate development activities in Singapore and Malaysia. It operates through Property Development, Construction, and Property Investment segments. The company develops and sells properties; constructs residential and commercial properties; and invests in properties. It also operates as a general building contractor; and offers housekeeping, cleaning, and maintenance services, as well as engages in the upgrading works. The company was incorporated in 1993 and is headquartered in Singapore.
Heeton Holdings Limited (SGX:5DP)	141.4	Heeton Holdings Limited, an investment holding company, engages in the property development and property investment, and hospitality activities in Singapore and the United Kingdom. The company develops and sells private residential properties; and leases residential, retail, and commercial properties. It also operates hotels; and provides property management, and administrative and management services. The company was founded in 1976 and is based in Singapore.
Imperium Crown Limited (Catalist:5HT)	51.8	Imperium Crown Limited, an investment holding company, engages in the property investment and development activities in Japan and Singapore. The company's property portfolio includes residential, retail, and office properties. It is also involved in real estate agency activities. The company was formerly known as Communication Design International Limited and changed its name to Imperium Crown Limited in June 2015. Imperium Crown Limited was founded in 1995 and is based in Singapore.

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Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S\$ million)	Principal activities
Lafe Corporation Limited (SGX:AYB)	12.7	Lafe Corporation Limited, an investment holding company, engages in property investment, development, agency, and consultancy activities. The company also provides property management, property appraisal, architectural consultancy, building consultancy, corporate administration, security guard, and close protection services, as well as holds trademarks. It has operations in Hong Kong, the People's Republic of China, and Singapore. The company was incorporated in 1999 and is based in Singapore. Lafe Corporation Limited is a subsidiary of Clarendon Investments Capital Limited.
LHN Limited (Catalist:41O)	81.1	LHN Limited, an investment holding company, provides real estate management services in Singapore, Indonesia, Thailand, and Myanmar. It operates through Industrial, Commercial, Residential, Logistics, Facilities Support, and Investment Holding segments. The company leases and manages industrial spaces, such as warehouses, storages, and factory spaces; commercial spaces consisting of offices, serviced offices, sports and recreation centers, lifestyle hubs, enrichment and tuition centers, retail spaces, and food and beverage establishments; and residential spaces, including private condominiums and public housing. It also offers flexi desk, virtual office, meeting and conference, and SOHO services, as well as serviced office spaces; and facilities management services, including facilities, carpark, and security management services to commercial, industrial, and residential properties. In addition, the company provides transportation and container depot services through a fleet of prime movers, trailers, oil tankers, ISO tankers, and trucks that handle various container trucking, oil and oil-related, and petro-chemical products. Further, it is involved in the sale of furniture; and the provision of public relations consultancy and Web portal services, as well as renovation and general contracting services. The company was founded in 1991 and is headquartered in Singapore. LHN Limited operates as a subsidiary of Hean Nereng Group Pte. Ltd.

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Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S\$ million)	Principal activities
Pollux Properties Ltd. (Catalist:5AE)	27.0	Pollux Properties Ltd., an investment holding company, operates as a property developer in Singapore. The company operates through Property Development and Property Investment segments. The Property Development segment acquires and develops residential and commercial properties for sale. The Property Investment segment rents properties, as well as operates serviced apartments. The company was formerly known as Shining Corporation Ltd. and changed its name to Pollux Properties Ltd. in June 2010. Pollux Properties Ltd. was incorporated in 1999 and is based in Singapore. Pollux Properties Ltd. is a subsidiary of Pollux Holdings Pte. Ltd.
Sing Holdings Limited (SGX:5IC)	142.4	Sing Holdings Limited, an investment holding company, engages in the property development activities in Singapore. The company develops and leases residential and commercial properties. Its property portfolio includes landed houses, apartments, condominiums, office and industrial buildings, factories, and warehouses. Sing Holdings Limited was founded in 1964 and is based in Singapore.
Starland Holdings Limited (Catalist:5UA)	28.9	Starland Holdings Limited, an investment holding company, engages principally in the development of integrated residential and commercial properties in the People's Republic of China and Singapore. It operates through Property Development, Property Management, and Rental Income segments. The company develops residential, commercial, and other properties; provides property management, property marketing planning, and other services; and leases properties held for sale. Its property development and management activities include site selection, land acquisition, project conceptualization, construction, sale, completion, and after-sale services. The company is also involved in the wholesale, import, and export of chemical products, office furniture, and clothing; provision of consultancy services on the enterprise management and business information; and sale of construction materials, decoration materials, and low voltage electronic apparatus. Starland Holdings Limited was founded in 2008 and is based in Singapore. Starland Holdings Limited is a subsidiary of GRP Chongqing Land Pte Ltd.

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Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S\$ million)	Principal activities
TEE Land Limited (SGX:S9B)	86.7	TEE Land Limited, an investment holding company, operates as a real estate developer and investor in Singapore, Malaysia, Thailand, Australia, and New Zealand. The company engages in identifying, acquiring, designing, developing, launching, and offering various properties to consumers and businesses. It undertakes residential, commercial, and industrial property development projects; invests in properties, such as hotels in Australia; and provides short-term accommodation in New Zealand. The company was incorporated in 2012 and is based in Singapore. TEE Land Limited operates as a subsidiary of TEE International Limited.
Top Global Limited (SGX:BHO)	104.6	Top Global Limited, an investment holding company, engages in property development and investment in real estate related businesses in Singapore and internationally. The company operates through Property Development, Hospitality Management, Facility Management, and Investment and Others segments. It is also involved golf and country club, hotel, and water theme park operations; and provision of property and facility management, and educational services. Top Global Limited was incorporated in 1980 and is headquartered in Singapore.

Source: S&P Capital IQ as at 9 May 2017

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The following tabulates the key financial ratios for comparison of financial performance for the past 12-month period ended 31 March 2017 (“T12”) and financial position as at 31 March 2017 for the Comparable Companies and the Group:

Table 6: Financial Performance and debt position of the Group and the Comparable Companies for the Property Development segment

Comparable Companies	T12 ROE ⁽¹⁾ (%)	T12 Net profit/loss margin ⁽²⁾ (%)	T12 Asset turnover ⁽³⁾ (x)	Total liabilities/ shareholders’ equity (x)	Total borrowings/ shareholders’ equity (x)	Net Debt/Cash Position ⁽⁴⁾
CWG International Ltd.	18.4	2.5	0.3	9.9	5.0	Net Debt
Emerging Towns & Cities Singapore Ltd.	63.3	8.9	0.4	2.8	1.2	Net Debt
Goodland Group Limited	(1.5)	(5.8)	0.2	0.8	0.6	Net Debt
Heeton Holdings Limited	3.56	18.5	0.1	1.1	1.1	Net Debt
Imperium Crown Limited	(19.6)	(219.3)	0.1	0.9	0.8	Net Debt
Lafe Corporation Limited	(16.2)	(84.3)	0.2	0.2	0.0	Net Cash
LHN Limited	28.3	17.5	0.8	0.7	0.3	Net Debt
Pollux Properties Ltd.	2.9	3.9	0.4	1.1	0.9	Net Debt
Sing Holdings Limited	13.9	9.4	0.5	0.9	0.9	Net Debt
Starland Holdings Limited	–	NM	(1.0)	0.8	0.3	Net Cash
TEE Land Limited	3.0	6.7	0.2	1.5	1.2	Net Debt
Top Global Limited	(3.0)	(11.2)	0.2	0.4	0.2	Net Debt
High	63.3	18.5	0.8	9.9	5.0	
Low	(19.6)	(219.3)	(1.0)	0.2	0.0	
Median	3.0	3.9	0.2	0.9	0.8	
Simple Average	8.5	(23.0)	0.2	1.8	1.0	
The Group	10.7	15.7	0.4	0.4	0.2	Net Cash

Source: S&P Capital IQ as at the 9 May 2017, annual reports and the unaudited interim financial statements of the Comparable Companies

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Notes:

1. The T12 Return on Equity (“**ROE**”) was calculated based on the ratio of the T12 net profit after tax attributable to the shareholders to the shareholders’ equity exclude minority interest as at the end of the latest published financial quarter of the respective companies.
2. T12 net profit/loss margin was calculated based on the ratio of T12 net profits/losses after tax attributable to shareholders to the T12 revenue of the respective companies.
3. T12 asset turnover was calculated based on the ratio of the T12 revenue to the total assets as at as at the end of the latest published financial quarter of the respective companies.
4. The Net Debt is the sum of all short-term and long-term debt less the total cash and cash equivalents as at the end of the latest published financial quarter. Net cash, in the context of this Letter, represents as a positive cash position after deducting total debt from cash and its short-term equivalents.

Based on Table 6, we noted the following:

- (i) the Group’s T12 ROE was positive and within the range and above the median (more favourable) of the Comparable Companies in the Property Development segment;
- (ii) the Group’s T12 net profit/loss margin was positive and within the range and above the median (more favourable) of the Comparable Companies in the Property Development segment;
- (iii) the Group’s T12 Asset turnover of 0.4x is within the range and above the median (more favourable) of the Comparable Companies in the Property Development segment;
- (iv) the Group’s total liabilities to shareholders’ equity ratio and total borrowings to shareholders’ equity ratio of 0.4x and 0.2x were within the range and below the median (more favourable) of the Comparable Companies in the Property Development segment; and
- (v) the Group is in a net cash position, similar to two of the Comparable Companies in the Property Development segment.

Table 7: Valuation Statistics of the Group and the Comparable Companies for the Property Development segment

Comparable Companies	Financial period	Market Capitalisation (S\$ million)	T12 PER ⁽¹⁾ (x)	T12 EV/ EBITDA ⁽²⁾ (x)	P/NAV ⁽³⁾ (x)
CWG International Ltd.	31-Dec-16	112.7	5.7	11.7	0.7
Emerging Towns & Cities Singapore Ltd.	31-Dec-16	86.9	3.5	10.9	1.6
Goodland Group Limited	31-Dec-16	93.7	NM	NM	0.5
Heeton Holdings Limited	31-Dec-16	141.4	11.3	13.8	0.4
Imperium Crown Limited	31-Dec-16	51.8	NM	66.4	1.0
Lafe Corporation Limited	31-Dec-16	12.7	NM	0.4	0.2
LHN Limited	31-Dec-16	81.1	4.4	3.6	1.1
Pollux Properties Ltd.	30-Sep-16	27.0	18.2	14.5	0.5

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Comparable Companies	Financial period	Market Capitalisation (\$ million)	T12 PER ⁽¹⁾ (x)	T12 EV/EBITDA ⁽²⁾ (x)	P/NAV ⁽³⁾ (x)
Sing Holdings Limited	31-Dec-16	142.4	5.42	7.9	0.6
Starland Holdings Limited	31-Dec-16	28.9	NM	NM	0.9
TEE Land Limited	28-Feb-17	86.7	17.5	26.2	0.5
Top Global Limited	31-Mar-17	104.6	NM	132.5	0.4
High		142.4	18.2	132.5	1.6
Low		12.7	3.5	0.4	0.2
Median		86.8	5.7	12.8	0.5
Simple Average		80.8	9.4	28.8	0.7
The Group (implied by the Offer Price)	31-Mar-17	111.8⁽⁴⁾	7.4	NM	0.7

Source: S&P Capital IQ as at 9 May 2017, annual reports and the unaudited interim financial statements of the Comparable Companies.

Notes:

1. T12 Price-Earnings Ratio ("**PER**") was calculated based on the ratio of market capitalisation as at Latest Practicable Date to T12 net profits after tax attributable to shareholders of the respective companies.
2. The Enterprise Value ("**EV**") was calculated based on the sum of the companies' market capitalisation as Latest Practicable Date, preferred equity, minority interests, short and long term debts less cash and cash equivalents. The T12 Earnings before Interest, Tax, Depreciation and Amortisation ("**EBITDA**") is computed based on the trailing 12 months period ending on the latest financial quarter for which financial results have been published.
3. The Price to NAV ("**P/NAV**") was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to the NAV attributable to shareholders of the respective companies.
4. Based on offer price of S\$0.510.

Based on Table 7, we noted the following:

- (i) the Group's T12 PER was positive and within the range and above the median of the Comparable Companies in the Property Development segment;
- (ii) the Group's T12 EV/EBITDA was not meaningful as the Group's enterprise value was negative as at 31 March 2017 due mainly to its share prices trading below net cash per share; and
- (iii) the Group's Offer Price to RNAV multiple of 0.67x based on the Group's RNAV as at 31 March 2017 was within the range and above the median (more favourable) of the Comparable Companies in the Property Development segment.

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9.5. Precedent Privatisation Transactions Analysis

In assessing the reasonableness of the Offer Price, we have also compared the valuation statistics implied by the Offer Price with those of selected recently successful privatisation transactions undertaken by SGX-ST listed companies.

For our analysis, we have compared the financial terms of the Offer against:

- (i) all precedent privatisation transactions carried out either by general takeover offer, either voluntary (“**VGO**”) or mandatory (“**MGO**”) (including Scheme of Arrangement (“**SOA**”)) or by way of voluntary delistings (“**VD**”) (collectively “**Precedent Privatisation Transactions**”) since January 2016 and up to the Latest Practicable Date.

Table 8: Valuation Statistics of Precedent Privatisation Transactions

Company	Type	Ann Date	Offer Price (\$)	Premium/(discount) over the			Offer Price to NTA/NAV (x)
				Last transacted price prior to ann date (%)	1-month VWAP prior to ann date (%)	3-month VWAP prior to ann date (%)	
HTL International Holdings Limited	SOA	7-Jan-16	1.00	46.0	69.2	98.4	1.9 ⁽¹⁾
Lantrovision Ltd	SOA	27-Jan-16	3.25	47.7	42.8	46.2	1.5 ⁽²⁾
China Yong Sheng Limited	VGO	24-Feb-16	0.03	52.4	67.4	62.4	0.7 ⁽³⁾
Xinren Aluminium Holdings	VGO	25-Feb-16	0.60	25.1	49.6	50.0	1.5 ⁽⁴⁾
Osim International	VGO	29-Feb-16	1.41	27.0	40.9	42.5	2.6 ⁽⁵⁾
Select Group Limited	VGO	23-Mar-16	0.53	23.5	37.9	43.4	3.9 ⁽⁶⁾
GMG Global Limited	VGO	28-Mar-16	0.70	10.8	25.2	39.9	0.7 ⁽⁷⁾
Xyec Holdings Co., Ltd	VD	29-Mar-16	0.30	50.0	49.3	49.3	1.3 ⁽⁸⁾
China Diary Group Ltd.	VD	12-Apr-16	0.20	87.7	96.4	82.5	1.1 ⁽⁹⁾
Pteris Global Limited	VGO	21-Apr-16	0.74	33.9	38.0	44.1	1.2 ⁽¹⁰⁾

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Company	Type	Ann Date	Offer Price (\$S)	Premium/(discount) over the			Offer Price to NTA/NAV (x)
				Last transacted price prior to ann date (%)	1-month VWAP prior to ann date (%)	3-month VWAP prior to ann date (%)	
China Merchants Holdings (Pacific) Limited	VGO	9-May-16	1.02	22.9	21.8	25.3	1.1 ⁽¹¹⁾
Eu Yan Sang International Ltd	VGO	16-May-16	0.60	2.6	8.5	16.5	1.7 ⁽¹²⁾
Otto Marine Limited	VD	2-Jun-16	0.32	39.1	44.8	43.5	2.3 ⁽¹³⁾
SMRT Corporation Ltd	SOA	15-Jul-16	1.68	8.7	10.8	10.7	2.8 ⁽¹⁴⁾
Sim Lian Group Limited	VGO	8-Aug-16	1.08	14.9	16.6	19.5	0.8 ⁽¹⁵⁾
China Minzhong Food Corporation Limited	VGO	6-Sep-16	1.20	25.0	24.8	23.1	0.7 ⁽¹⁶⁾
Aztech Group Ltd.	VD	19-Sep-16	0.42	29.2	38.6	21.0	0.4 ⁽¹⁷⁾
China New Town Development Company Limited	VD	18-Oct-16	0.07	18.6	20.5	27.0	0.9 ⁽¹⁸⁾
China Auto Electronics Group Limited	MGO	24-Oct-16	0.16	23.1	50.9	65.0	1.3 ⁽¹⁹⁾
Innovalues Limited	SOA	26-Oct-16	1.01	13.5 ⁽²¹⁾	19.0 ⁽²¹⁾	21.6 ⁽²¹⁾	3.7 ⁽²⁰⁾
ARA Asset Management Limited	SOA	8-Nov-16	1.78	26.2	29.6	30.3	3.1 ⁽²²⁾
Advanced Integrated Manufacturing Corp. Ltd.	VD	24-Nov-16	0.21	22.8	20.7	20.7	0.7 ⁽²³⁾
Sunmart Holdings	VD	30-Nov-16	0.07	n.m ⁽³¹⁾	n.m ⁽³¹⁾	n.m ⁽³¹⁾	0.9 ⁽²⁴⁾
Auric Pacific Group Limited	VGO	7-Feb-17	1.65	13.4	17.7	23.8	1.5 ⁽²⁵⁾

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Company	Type	Ann Date	Offer Price (\$)	Premium/(discount) over the			Offer Price to NTA/NAV (x)
				Last transacted price prior to ann date (%)	1-month VWAP prior to ann date (%)	3-month VWAP prior to ann date (%)	
Healthway Medical Corporation Limited	VGO	7-Feb-17	0.04	1.3	8.9	15.0	0.7 ⁽²⁶⁾
International Healthway Corporation Limited	MGO	16-Feb-17	0.11	0.0	14.0	20.5	0.9 ⁽²⁷⁾
Kingboard Copper Foil Holdings Limited	VGO	3-Mar-17	0.40	19.9	28.3	32.9	0.6 ⁽²⁸⁾
Spindex Industries Limited	MGO	3-Mar-17	0.85	21.4	20.9	23.4	1.0 ⁽²⁹⁾
Top Global Limited	VGO	28-Mar-17	0.33	50.0	65.0	65.0	0.3 ⁽³⁰⁾
High			3.25	87.7	96.4	98.4	3.9
Low			0.03	0.0	8.5	10.7	0.3
Median			0.60	23.3	29.0	31.6	1.1
Simple Average			0.74	27.0	34.9	38.0	1.4
The Group	MGO	2-May-17	0.51	8.5	9.4	15.9	0.7

Source: Circulars of the respective selected transactions

Notes:

1. Based on the NTA per share of HTL International Holdings Limited as at 31 December 2015;
2. Based on the NTA per share of Lantrovision (S) Ltd as at 31 December 2015;
3. Based on the revalued NAV per share of China Yongsheng Limited as at 31 December 2015;
4. Based on the revalued NAV per share of Xinren Aluminium Holdings Limited as at 31 December 2015;
5. Based on the final offer price of S\$1.39 per share announced on 5 April 2016 and the audited NAV per share of OSIM International Ltd as at 31 December 2015;
6. Based on the NTA per share of Select Group Limited as at 31 December 2015;
7. Based on the midpoint of the P/NAV range of GMG Global Limited of 0.72-0.77 as at 31 December 2015 implied by the respective Halcyon Agri Corporation Limited (offeror) VWAP for the 1, 3 and 6 month periods prior to the pre-conditional Offer Announcement Date as of 28 March 2016;
8. Based on the NAV per share of Xyec Holdings Co., Ltd. as at 30 September 2015;

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9. *Based on RNAV per share of China Dairy Group Ltd. as at 31 December 2015;*
10. *Based on the final offer and RNTA per share of Pteris Global Limited as at 31 March 2016;*
11. *Based on the revalued NAV per share of China Merchants Holdings (Pacific) Limited as at 31 March 2016;*
12. *Based on the revalued NAV per share of Eu Yan Sang International Ltd as at 31 March 2016;*
13. *Based on the revalued NTA per share of Otto Marine Limited as at 31 March 2016;*
14. *Based on the NTA per share of SMRT Corp Ltd as at 30 June 2016;*
15. *Based on the revalued NAV per share of Sim Lian Group Limited as at 30 June 2016;*
16. *Based on the NTA per share of China Minzhong Food Corporation Limited as at 30 September 2016;*
17. *Based on the RNTA per share of Aztech Group Ltd. as at 30 June 2016;*
18. *Based on the NAV per share of China New Town Development Company Limited as at 30 September 2016;*
19. *Based on the NTA per share of China Auto Electronics Group Limited on a diluted basis (after bond conversion) as at 30 June 2016;*
20. *Based on the NTA per share of Innovalues Limited as at 30 September 2016;*
21. *The market premia were computed based on prices prior to the holding Offer Announcement Date (7 April 2016) when the company first announced that it has appointed a financial adviser to conduct a review of the strategic options available to the company with a view to enhancing and unlocking shareholder value;*
22. *Based on the NAV per share of ARA Asset Management Limited as at 31 December 2016;*
23. *Based on the NAV per share of Sunmart Holdings Limited as at 30 September 2016;*
24. *Based on the RNTA per share of Advanced Integrated Manufacturing Corp. Ltd. As at 30 September 2016;*
25. *Based on the RNTA per share of Auric Pacific Group Limited as at 31 December 2016;*
26. *Based on the NTA per share of Healthway Medical Corporation Limited as at 31 December 2016;*
27. *Based on the RNAV per share of International Healthway Corporation Limited as at 30 September 2016;*
28. *Based on the RNTA per share of Kingboard Copper Foil Holdings Limited as at 31 December 2016;*
29. *Based on the RNTA per share of Spindex Industries Limited as at 31 December 2016;*
30. *Based on the RNAV per share of Top Global Limited as at 31 December 2016; and*
31. *n.m. denotes not meaningful.*

Based on Table 8, we noted that:

- (i) the premiums of 8.5%, 9.4% and 15.9% for the Group as implied by the Offer Price over the last transacted price, one-month VWAP for the Shares prior to the Offer Announcement Date and three-month VWAP for the Shares prior to the Offer Announcement Date, respectively, are within the comparable range but below (less favourable) the median and the simple average of the corresponding ratios of the Precedent Privatisation Transactions.
- (ii) The Group's Offer Price to RNAV multiple of 0.67x based on the Group's RNAV as at 31 March 2017 was within the range but below (less favourable) the median of the corresponding ratios of the Precedent Privatisation Transactions.

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We wish to highlight that the circumstances for each of the transactions is unique and as the companies of transactions involved may not be directly comparable to the Company and the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects, time and other relevant criteria. As such, the analysis is necessarily limited. Furthermore, the list of precedent privatisation transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Offer and the precedent privatisation transactions serves as an illustrative guide only.

9.6. Intention of the Offeror regarding Listing Status

We noted that the Offeror had stated that it intends to privatise the Company and does not intend to preserve the listing status of the Company. Accordingly,

- (i) in the event the Company does not meet the Free Float Requirement, the Offeror does not intend to preserve the listing status of the Company and does not intend to take any steps for any trading suspension in the securities of the Company to be lifted; and
- (ii) in the event that the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares not acquired under the Offer, the Offeror stated that it intends to exercise its right. The Offeror will then proceed to delist the Company from the SGX-ST.

As at the Latest Practicable Date, the Offeror and its concert parties directly or indirectly hold and/or control in aggregate 146,337,553 Shares, representing approximately 66.8 per cent. of the total number of Shares and 487,000 Options, representing approximately 18.59 per cent. of the total number of Options.

9.7. Dividend Track Record of the Company

We noted that the Company paid dividend for the last 7 financial years, with the last dividend distribution made for the financial year ended 31 December 2016. We noted that the Company carried out a distribution of 0.52 cents, 0.56 cents and 0.65 cents per ordinary share based on 216,953,686, 212,722,686 and 209,531,686 ordinary shares as at 31 December 2016, 2015 and 2014 respectively.

The Directors have confirmed that the Company has adopted a dividend policy. Pursuant to the dividend policy, the Company aims to provide stable returns to Shareholders at least once a year through the payment of dividends, after taking into account the Group's financial performance, short and long term capital requirements, future investment plans, general global and business economic conditions and any regulatory factors.

The Directors have also confirmed that the Company currently does not have any plan to distribute its cash to its shareholders by way of a special dividend or otherwise. Hence there is no certainty that the Company will pay a special dividend to distribute its cash to shareholders in the near future.

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.

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9.8. Other Relevant Considerations

9.8.1. No revision in Offer Price

Pursuant to **paragraph 2.1** of the Offer Document, we note that the Offer Price is final and the Offeror does not intend to revise the Offer Price under any circumstances.

9.8.2. No Competing Offer Received

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

9.8.3. Transaction costs in connection with the disposal of the Shares

The Offer presents an opportunity for Shareholders to dispose of their Shares for cash without any transaction costs as opposed to the sale of the Shares in the open market which will incur expenses such as brokerage or other trading costs.

10. SUMMARY OF ANALYSIS

In arriving at our opinion in respect of the financial terms of the Offer, we have deliberated on various factors which we consider to be pertinent and have a significant bearing on our assessment including, *inter alia*, the following:

10.1. Rationale for the Offer

We have considered the rationale for the Offer and they appear to be based on sound commercial grounds.

10.2. Financial performance and position of the Group

Declining financial performance of the Group for three consecutive financial years

We noted that the Group had registered decreasing net profit attributable to shareholders for three consecutive financial years since FY2014, due to the weakness in the furniture retail business caused by the cooling measures on property in Singapore and the Group's falling share in profits from its property investments joint ventures.

Strong Net Cash position

We noted that the Group had maintained a positive cash position and working capital during the period under review, although the net working capital of the Group had declined from S\$134.3 million as at 31 December 2016 to S\$126.5 million as at 31 March 2017. Cash and bank balances increased from S\$92.2 million as at 31 December 2014 to S\$144.9 million as at 31 March 2017.

We noted that the Group is in a strong net cash position representing 54.8% of total assets of the Group as at 31 March 2017.

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10.3. Historical Share price performance and trading liquidity

Period from 29 April 2015 up to the Last Trading Day

Based on Chart 1, between 29 April 2015 and up to the Last Trading Day, the Shares were mostly trading below the Offer Price at a range of between S\$0.335 to S\$0.480.

Period from the Last Trading Day up to the Latest Practicable Date

Based on Chart 1, between the Last Trading day to the Latest Practicable Date, the Shares were mostly trading close to the Offer Price at a range between S\$0.500 to S\$0.510.

Low trading volume for the Shares

We note that the trading volume of the Shares on SGX-ST had generally been low and the Shares of the Company only traded 99 days out of the total 253 Market Days during the period from 29 April 2016 to the Last Trading Day. Average daily trading volume during this period is approximately 31,414 Shares, which represents 0.01% of the issued Share capital as at the Last Trading Day or approximately 0.06% of the Free-float as at the Last Trading Day.

We noted that the trading volume of the Shares on the SGX-ST had generally been low in the past 12 months prior to the Offer Announcement Date and The Offer will provide an exit option for those Shareholders who wish to realise their investments in the Shares but find it difficult to do so as a result of the low trading liquidity.

10.4. The Group's NAV, NTA, Net Cash Position and RNAV

Offer Price to NAV and RNAV

The Group's P/NAV and P/NTA were approximately 0.69x and 0.69x respectively. The Group's P/RNAV was approximately 0.67x.

Historical Share price had consistently been trading at a discount to NAV per Share

We noted the closing Share Prices of the Company had been trading below its NAV per Share in the past 12 months prior to and including the Last Trading Day, at a discount between 29.0% and 54.0%.

Offer Price to Net Cash Position

The Group has a Net Cash per Share of S\$0.556 as at 31 March 2017. The Offer Price to Net Cash per Share and the discount of the Offer Price to NAV per Share as at 31 March 2017 were 0.917x and 8.3% respectively.

We noted that the Group has contingent liabilities amounting to S\$42,805,000, comprising corporate guarantees given by the Group to secure the credit facilities of the joint ventures. If the entire contingent liabilities are to materialise, the Net Cash position of the Group as at 31 March 2017 will be reduced to approximately S\$79,132,000 and the Net Cash per Share will be reduced to S\$0.361.

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Comparison of the Offer Price to RNAV per Share against Comparable Companies and Precedent Privatisation Transactions

The Group's Offer Price to RNAV multiple of 0.67x based on the Group's RNAV as at 31 March 2017 was within the range of the corresponding ratios of the Comparable Companies in both the Furniture Retail and Property Development segments. It was however below (less favourable) the median of the corresponding ratios of the Comparable Companies in the Furniture Retail segment but above (more favourable) the median of the corresponding ratios of the Comparable Companies in the Property Development segment.

The Group's Offer Price to RNAV multiple of 0.67x based on the Group's RNAV as at 31 March 2017 was within the range but below (less favourable) the median of the corresponding ratios of the Precedent Privatisation Transactions.

Book value or revalued book value may not be fully realisable and may deteriorate further

Shareholders should note that the NAV may not be fully realisable at its book value or revalued value, especially within a short time frame, and the market value of some of these assets may vary depending on, amongst others, the prevailing market and economic conditions and whether a buyer can be found for such assets.

10.5. Relative valuation analysis

The Group's performance ratio and debt position were generally more favourable compared to the Comparable Companies

The Group's T12 ROE was positive and above the median (more favourable) of the Comparable Companies in both the Furniture Retail and Property Development segment.

The Group's T12 net profit/loss margin was positive and above the range (more favourable) of the Comparable Companies in the Furniture Retail and Property Development segment and was positive and above the median (more favourable) of the Comparable Companies in the Property Development segment.

The Group's total liabilities to shareholders' equity ratio of 0.4x were within the range and below the median (more favourable) of the Comparable Companies in both the Furniture Retail and Property Development segment.

The Group's total borrowings to shareholders' equity ratio of 0.2x were within the range but above the median (less favourable) of the Comparable Companies in the Furniture Retail segment and within the range and below the median (more favourable) of the Comparable Companies in the Property Development segment.

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The Group's T12 PER was positive and within the range and similar to the median of the Comparable Companies in the Furniture Retail segment and was positive and above the median of the Comparable Companies in the Property Development segment.

10.6. Comparison against Precedent Privatisation Transactions

The premium of the Offer Price over Share Price is within the comparable range but below (less favourable) the median and the simple average compared to the Precedent Privatisation Transactions

We noted that the premiums of 8.5%, 9.4% and 15.9% as implied by the Offer Price over the last transacted price, one-month VWAP and three-month VWAP, respectively, are within the comparable range but below (less favourable) the median and the simple average of the corresponding ratios of the Precedent Privatisation Transactions.

10.7. Intention of the Offeror regarding Listing Status

We noted that the Offeror had stated that in the event the Company does not meet the Free Float Requirement, the Offeror does not intend to preserve the listing status of the Company and does not intend to take any steps for any trading suspension in the securities of the Company to be lifted.

In the event that the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares not acquired under the Offer, the Offeror stated that it intends to exercise its right. The Offeror will then proceed to delist the Company from the SGX-ST.

10.8. Dividend Track Record of the Company

We noted that the Company paid dividend for the last 7 financial years, with the last dividend distribution made for the financial year ended 31 December 2016. We noted that the Company carried out a distribution of S\$0.52 cents, S\$0.56 cents and S\$0.65 cents per ordinary share as at 31 December 2016, 2015 and 2014 respectively. The Directors have confirmed that the Company has adopted a fixed dividend policy. Pursuant to the dividend policy, the Company aims to provide stable returns to Shareholders at least once a year through the payment of dividends, after taking into account the Group's financial performance, short and long term capital requirements, future investment plans, general global and business economic conditions and any regulatory factors. The Directors have also confirmed that the Company currently does not have any plan to distribute its cash to its shareholders by way of a special dividend or otherwise. Hence there is no certainty that the Company will pay a special dividend to distribute its cash to shareholders in the near future.

10.9. Other Relevant Considerations

No revision in Offer Price

Pursuant to **paragraph 2.1** of the Offer Document, we note that the Offeror does not intend to revise the Offer Price under any circumstances.

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No Competing Offer Received

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

Transaction costs in connection with the disposal of the Shares

The Offer presents an opportunity for Shareholders to dispose of their Shares for cash without any transaction costs as opposed to the sale of the Shares in the open market which will incur expenses such as brokerage or other trading costs.

11. RECOMMENDATION AND CONCLUSION

Having carefully considered the information available to us, and the analysis set out in this letter, and based upon the industry, market, economic and other relevant considerations as at the Latest Practicable Date, and subject to the qualifications and assumptions made herein, from a financial point of view, we are of the view that the financial terms of the Offer is NOT FAIR BUT REASONABLE.

In determining that the Offer is **NOT FAIR**, we have considered the following pertinent factors from the perspective of the value of the Shares:

- (i) the Offer Price is at a discount of 8.3% to the Net Cash per Share of S\$0.556 as at 31 March 2017, although we note that if the entire contingent liabilities of the Group materialise, the Net Cash per Share will be reduced to S\$0.361;
- (ii) the Group's Offer Price to RNAV multiple of 0.67x based on the Group's RNAV as at 31 March 2017 was within the range of the corresponding ratios of the Comparable Companies in both the Furniture Retail and Property Development segments, it was however below (less favourable) the median of the corresponding ratios of the Comparable Companies in the Furniture Retail segment but above (more favourable) the median of the corresponding ratios of the Comparable Companies in the Property Development segment;
- (iii) the Group's Offer Price to RNAV multiple of 0.67x based on the Group's RNAV as at 31 March 2017 was within the range but below (less favourable) the median of the corresponding ratios of the Precedent Privatisation Transactions; and
- (iv) although the premium of the Offer Price over Share Price is within the comparable range, it is below (less favourable) the median and the simple average compared to the Precedent Privatisation Transactions.

In determining that the Offer is **REASONABLE**, we have considered the following pertinent factors other than from the perspective of the value of the Shares:

- (i) the rationale for the Offer appear to be based on sound commercial grounds;
- (ii) the declining financial performance of the Group for three consecutive years;

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- (iii) the trading volume of the Shares had generally been low in the past 12 months prior to the Offer Announcement Date and the Offer will provide a cash exit option for those Shareholders who wish to realise their entire investments in the Shares at a premium to the prevailing market prices but find it difficult to do so as a result of the low trading liquidity, without incurring brokerage fees and other trading costs;
- (iv) the Offeror had stated that in the event the Company does not meet the free float requirements of the Listing Manual, it does not intend to maintain the present listing status of the Company and does not intend to take any steps for any trading suspension in the securities of the Company to be lifted, and when entitled to, will exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares not acquired under the Offer;
- (v) notwithstanding the Company had paid dividend for the last 7 financial years, the Directors have confirmed that the Company currently does not have any plan to distribute its cash to its shareholders by way of a special dividend or otherwise. Hence there is no certainty that the Company will pay a special dividend to distribute its cash to shareholders in the near future; and
- (vi) there is no publicly available evidence of any alternative offer for the Shares from any third party.

Accordingly, we advise the Recommending Directors to recommend that Shareholders REJECT the Offer as on balance, the Offer is not fair from a financial point of view, and for Shareholders who wish to realise their Shares, to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after deducting expenses).

In respect of the Options Proposal, we note that as the Options Price is calculated on a “see-through” basis, the consideration an Option Holder would receive from accepting the Options Proposal would be the same as if the Option Holder were to convert the Options and accept the Offer. Our advice to Shareholders with respect to the Offer is applicable to Option Holders.

Accordingly, we advise the Recommending Directors to recommend that Option Holders REJECT the Options Proposal and for Shareholders who wish to realise their Shares, to sell their Shares, after exercising their Options, in the open market if they can obtain a price higher than the Offer Price (after deducting expenses).

Directors and Shareholders should note that the trading of the Shares are subject to, *inter alia*, the performance and prospects of the Group, prevailing market conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice of Stirling Coleman on the Offer **does not and cannot take into account future trading activities or patterns or price levels that may be established for the Shares after the Latest Practicable Date** since these are governed by factors beyond the ambit of Stirling Coleman’s review and also, such advice, if given, would not fall within Stirling Coleman’s terms of reference in connection with the Offer.

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We further recommend that the Recommending Directors should advise the Shareholders and Option Holders that Stirling Coleman’s opinion should not be relied upon by any Shareholder or Option Holder as the sole basis for deciding where to accept or reject the Offer or the Options Proposal, as the case may be.

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder or Option Holder. As each Shareholder or Option Holder would have different investment objectives and profiles, we would advise that any individual Shareholder or Option Holder who may require specific advice in relation to his investment objectives or portfolio should consult his broker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

This Letter (for inclusion in the Circular) is addressed to the Recommending Directors for their benefit, in connection with and for the purpose of their consideration of the Offer, but any recommendation made by the Recommending Directors in respect of the Offer to the Shareholders and the Options Proposal to the Option Holders remains the responsibility of the Recommending 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
STIRLING COLEMAN CAPITAL LIMITED

ANG LIAN KIAT
MANAGING DIRECTOR

YAP YEONG KEEN
MANAGING DIRECTOR

APPENDIX B – ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

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

Name	Address	Description
Mr. Chan Pengee Adrian	87 Farrer Drive, #01-06, Sommerville Park, Singapore 259287	Non-Executive Chairman and Independent Director
Mr. Goon Eu Jin Terence	5 Woollerton Drive, Woollerton Park, Singapore 257555	Group Chief Executive Officer and Group Managing Director
Ms. Wee Ai Quey	13 Ponggol Twenty-Fourth Avenue, Singapore 829504	Chief Operating Officer and Executive Director
Mr. Heng Chye Yam	9 Farrer Drive, #03-03, Sommerville Grandeur, Singapore 259279	Non-Executive and Independent Director
Mr. Wong Soon Chiu	39 Lorong Pisang Asam, Hoover Park, Singapore 597984	Non-Executive and Independent Director
Mr. Chan Kum Leong	58 Borthwick Drive, Serangoon Garden Estate, Singapore 559561	Non-Executive and Independent Director
Ms. Ong Ciu Hwa	335 Tampines Street 32, #06-494, Singapore 520335	Executive Director

2. REGISTERED OFFICE OF THE COMPANY

The registered office of the Company is at 16 Tai Seng Street, #07-09 Singapore 534138.

3. PRINCIPAL ACTIVITIES OF THE COMPANY

The Company was incorporated in 1981 in Singapore and is listed on the Mainboard of the SGX-ST. The Company, its operating subsidiaries and associate companies are engaged in the principal activities of interior design and contracts, retail of furniture, supply of furniture to commercial and hospitality projects, commercial and residential property development, and supply chain and distribution of furniture in the USA market.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

4. SHARE CAPITAL OF THE COMPANY

4.1. Number and Class of Shares

The Company has only one class of Shares, being ordinary shares. The Shares are quoted and listed on the Official List of the Mainboard of the SGX-ST. As at the Latest Practicable Date, the total issued and paid-up share capital of the Company is approximately S\$33,837,899 comprising 219,228,686 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 16 Tai Seng Street, #07-09 Singapore 534138. 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, save for 2,275,000 Shares issued pursuant to the valid exercise of Options, no new Shares have been issued by the Company since 31 December 2016, being the end of the last financial year.

4.4. Convertible Instruments

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

As at the Latest Practicable Date there are 2,620,000 Options to subscribe for an aggregate of 2,620,000 Shares outstanding.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

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 FY2014, FY2015, FY2016 and the unaudited financial information of the Group for 1QFY2017 is set out below.

Consolidated Statement of Comprehensive Income (S\$'000)	Unaudited 1QFY2017	Audited FY2016	Audited FY2015	Audited FY2014
Revenue	23,569	92,625	84,692	77,702
Gross profit	7,848	32,670	30,531	28,374
Share of profit of joint ventures – net of tax	(231)	12,903	12,268	19,037
Share of profit of associated companies – net of tax	–	–	–	38
Profit before income tax	1,525	18,627	18,294	23,380
Net profit	784	17,212	18,142	23,104
Profit attributable to:				
Equity holders of the Company	520	15,315	16,675	22,066
Non-controlling interests	264	1,897	1,467	1,037
Earnings per share for profit attributable to equity holders of the Company (cents per share):				
Basic	0.24	7.19	7.87	11.22
Diluted	0.23	6.97	7.68	10.42
Dividends per share (cents)	–	0.52	0.56	0.65

The above summary should be read together with the audited consolidated financial statements and the related notes thereto included in the Group's annual reports for the relevant years, copies of which are available for inspection at the registered office of the Company at 16 Tai Seng Street, #07-09 Singapore 534138 during normal business hours.

The unaudited financial information of the Group for 1QFY2017 is set out in fuller detail in Appendix E of this Circular.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

5.2. Balance Sheets

A summary of the audited consolidated statement of financial position of the Group as at 31 December 2016 is set out below.

Balance Sheets	Audited as at
S\$'000	31-Dec-16
<u>ASSETS</u>	
Current assets	
Cash and bank balances	134,822
Available-for-sale financial assets	1
Trade and other receivables	19,809
Inventories	19,733
Gross amount due from customers for contract work-in-progress	319
	174,684
Non-current assets	
Trade and other receivables	140
Investments in associated companies	—*
Investments in joint ventures	29,760
Property, plant and equipment	1,879
Intangible assets	161
	31,940
Total assets	206,624
<u>LIABILITIES</u>	
Current liabilities	
Trade and other payables	25,106
Borrowings	8,970
Obligations under finance leases	34
Gross amount due to customers for contract work-in-progress	1,747
Current income tax liabilities	1,281
Deferred income	3,250
	40,388
Non-current liabilities	
Obligations under finance leases	53
Deferred income	1,354
Deferred income tax liabilities	25
	1,432
Total liabilities	41,820
NET ASSETS	164,804
<u>EQUITY</u>	
Capital and reserves attributable to equity holders of the Company	
Share capital	35,747
Other reserves	2,694
Retained earnings	121,314
	159,755
Non-controlling interests	5,049
TOTAL EQUITY	164,804

* Less than \$1,000

APPENDIX B – ADDITIONAL GENERAL INFORMATION

The above summary should be read together with the audited consolidated financial statements and the related notes thereto included in the Group's annual report for FY2016, which are set out in Appendix D of this Circular.

5.3. Significant Accounting Policies

A summary of the significant accounting policies of the Group is set out in Note 2 to the audited consolidated financial statements of the Group for FY2016, 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 consolidated financial statements of the Group for FY2016 and section 4 of the unaudited financial information of the Group for 1QFY2017), 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

The Group has adopted the new and revised Singapore Financial Reporting Standards that are mandatory for financial years beginning on and after 1 January 2017, where applicable. The adoption of these standards did not result in substantial changes to the Group's accounting policies.

Save as disclosed in the notes to the audited consolidated financial statements of the Group for FY2016 and section 4 of the unaudited financial information of the Group for 1QFY2017, there are no changes in the accounting policies of the Group which will cause the financial statements of the Group not to be comparable to a material extent.

6. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in this Circular and publicly available information on the Company (including but not limited to announcements released by the Company in respect of its financial results such as the unaudited financial information of the Group for 1QFY2017 as announced on 20 April 2017 and set out in Appendix E of this Circular), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 31 December 2016, being the date to which the Company's last published audited financial statements were made up.

7. DISCLOSURE OF INTERESTS OF THE COMPANY AND THE DIRECTORS

7.1. Shareholdings and Dealings

As at the Latest Practicable Date:

- a. the Company does not have any direct or deemed interests in any Offeror Securities;

APPENDIX B – ADDITIONAL GENERAL INFORMATION

- b. save as disclosed below, none of the Directors has any direct or deemed interests in any Offeror Securities:

Name	No. of Shares					
	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Goon Eu Jin Terence	4	40	–	–	4	40
Ms. Wee Ai Quey	2	20	–	–	2	20

- 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 the Circular, as at the Latest Practicable Date, none of the Directors has any direct or deemed interests in any Company Securities:

Shares						
Name	No. of Shares					
	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Goon Eu Jin Terence	–	–	146,337,553	66.8	146,337,553	66.8
Ms. Wee Ai Quey	–	–	146,337,553	66.8	146,337,553	66.8
Mr. Heng Chye Yam	169,000	0.08	–	–	169,000	0.08
Mr. Wong Soon Chiu	6,716,000	3.06	–	–	6,716,000	3.06
Ms. Ong Ciu Hwa	2,640,000	1.20	–	–	2,640,000	1.20
Options						
	Date of Grant	Exercise Period		Exercise Price of Options	Number of Securities under the Options	
Mr. Goon Eu Jin Terence	9 January 2013	9 January 2015 to 9 January 2018		S\$0.40	270,000	
Ms. Wee Ai Quey	9 January 2013	9 January 2015 to 9 January 2018		S\$0.40	217,000	
Mr. Heng Chye Yam	9 January 2013	9 January 2015 to 9 January 2018		S\$0.40	100,000	
Mr. Wong Soon Chiu	9 January 2013	9 January 2015 to 9 January 2018		S\$0.40	100,000	
Mr. Chan Kum Leong	9 January 2013	9 January 2015 to 9 January 2018		S\$0.40	75,000	
Ms. Ong Ciu Hwa	9 January 2013	9 January 2015 to 9 January 2018		S\$0.40	680,000	

APPENDIX B – ADDITIONAL GENERAL INFORMATION

- e. save as disclosed below, none of the Directors has dealt for value in any Company Securities during the Relevant Period.

Director	Transaction Date	Nature of transaction	Number of Shares traded	Aggregate Transaction Price (\$\$)
Mr. Heng Chye Yam	6 March 2017	Exercise of ESOS options	150,000	46,800
Mr. Wong Soon Chiu	5 December 2016	Disposal of Shares	50,000	20,000
	18 January 2017	Disposal of Shares	50,000	20,250
	9 March 2017	Disposal of Shares	20,000	8,600
	13 March 2017	Exercise of ESOS options	150,000	46,800
	13 March 2017	Disposal of Shares	40,000	17,200
Ms. Ong Ciu Hwa	9 December 2016	Exercise of ESOS options	300,000	93,600
	6 March 2017	Exercise of ESOS options	1,225,000	382,200
Mr. Goon Eu Jin Terence	29 May 2017	Disposal of Shares	31,181,000	15,740,168.80 (deferred consideration)
Ms. Wee Ai Quey	29 May 2017	Disposal of Shares	25,132,000	12,686,633.60 (deferred consideration)

7.2. Directors' Intentions in relation to the Offer and the Options Proposal

The following Directors who have direct or deemed interests in the Shares and/or have been granted Options have informed the Company of their intentions in respect of the Offer and the Options Proposal, as follows:

- (a) Mr. Goon Eu Jin Terence has given an Irrevocable Undertaking to accept or procure the acceptance of the Offer in respect of all Shares held by him prior to and up to the close of the Offer, and an irrevocable undertaking not to exercise all or any Options held by him and to accept the Options Proposal in respect of all Options held by him prior to and up to the close of the Offer;
- (b) Ms. Wee Ai Quey has given an Irrevocable Undertaking to accept or procure the acceptance of the Offer in respect of all Shares held by her prior to and up to the close of the Offer, and an irrevocable undertaking not to exercise all or any Options held by her and to accept the Options Proposal in respect of all Options held by her prior to and up to the close of the Offer;
- (c) Mr. Chan Kum Leong has informed the Company that he intends to reject the Options Proposal in respect of his own Options. As at the Latest Practicable Date, Mr. Chan Kum Leong has no interest (whether direct or indirect) in the Shares;
- (d) Mr. Heng Chye Yam has informed the Company that he intends to accept the Offer and the Options Proposal in respect of his own Shares and Options;

APPENDIX B – ADDITIONAL GENERAL INFORMATION

- (e) Mr. Wong Soon Chiu has informed the Company that he intends to accept the Offer and the Options Proposal in respect of his own Shares and Options; and
- (f) Ms. Ong Ciu Hwa has informed the Company that she intends to accept the Offer and the Options Proposal in respect of her own Shares and Options.

As at the Latest Practicable Date, Mr. Chan Pengee Adrian has no interest (whether direct or indirect) in the Shares or Options.

7.3. Directors' Service Contracts

As at the Latest Practicable Date, (i) 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 (ii) 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 (6) months preceding the Offer Announcement Date and the Latest Practicable Date.

7.4. Arrangements Affecting Directors

As at the Latest Practicable Date:

- a. there are no payments or other benefits which will be made or given to any Director or any director of any corporation, which is by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- b. save for the Irrevocable Undertakings, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- c. save as disclosed in section 13.2 (Independence of Directors) of the Letter to Shareholders, sections 7 (Disclosure of Interests of the Company and the Directors) and 9 (Material Contracts with Interested Persons) of this Appendix B, and the Irrevocable Undertakings and the documents which are to be executed in relation to the Irrevocable Undertakings entered into by each of Mr. Goon Eu Jin Terence and Ms. Wee Ai Quey, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

8. DISCLOSURE OF INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

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

9. MATERIAL CONTRACTS WITH INTERESTED PERSONS

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

APPENDIX B – ADDITIONAL GENERAL INFORMATION

For completeness, as disclosed in the public announcements made by the Company via SGXNET and the annual reports of the Company for FY2014, FY2015 and FY2016, the Group had entered into several interested person transactions in the ordinary course of its business during the period commencing three (3) years before the Offer Announcement Date, and ending on the Latest Practicable Date.

10. MATERIAL LITIGATION

As at the Latest Practicable Date:

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

11. VALUATION REPORT

The Company has commissioned AVA Associates Limited, an independent valuer, to conduct an independent valuation of the Hotel Property and Retail Lots (each as defined below). An extract of the valuation report from AVA Associates Limited (the “**Valuation Report**”) is set out in Appendix G to this Circular.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation. Based on information provided to the Company by AVA Associates Limited, the potential tax liabilities that may be incurred by the Group on the hypothetical disposal of the hotel property owned by LVND Hotels Pte Ltd (the “**Hotel Property**”) is estimated at approximately S\$1,205,492.95, on the assumption that capital allowances have previously been fully claimed on the qualifying plant and machinery of the Hotel Property and that they would be disposed at cost. The aforesaid tax liabilities will not crystallise if the Group does not dispose of its interests in the Hotel Property. As at the Latest Practicable Date, the Company has no immediate plans to dispose of its interests in the Hotel Property, and as such, the aforesaid tax liabilities are not likely to crystallise.

In relation to the 22 units of retail shops and restaurants at MacPherson Mall (the “**Retail Lots**”) owned by LVND Investments Pte Ltd, the Company does not expect to incur any tax liability on the hypothetical sale of the Retail Lots if the Retail Lots were to be sold at the amount of the valuation based on the Valuation Report.

APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR

The following information on the Offeror has been extracted from Appendix 3 of the Offer Document and set out below.

“1. DIRECTORS

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

Name	Address	Description
Mr. Goon	5 Woollerton Drive, Woollerton Park, Singapore 257555	Director
Ms. Wee	13 Ponggol Twenty-Fourth Avenue, Singapore 829504	Director
Mr. Kho	64A Andrew Road, Caldecott Hill Estate, Singapore 299981	Director

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

The Offeror is a private company limited by shares incorporated in Singapore on 21 March 2017 for the purposes of the Acquisition, the Offer and holding the Offer Shares. Its principal activity is investment holding. As at the Latest Practicable Date, it has an issued and paid-up share capital of S\$10 divided into 10 ordinary shares. As at the Latest Practicable Date, the shareholders of the Offeror are Mr. Goon, Ms. Wee, Mr. Kho and Southern Cross. The shareholdings in the Offeror are held as to 40.0% by Mr. Goon and 20.0% by each remaining shareholder respectively.

3. FINANCIAL SUMMARY

As the Offeror has been incorporated on 21 March 2017, no financial statements of the Offeror have been prepared to date.

4. MATERIAL CHANGES IN FINANCIAL POSITION

Save for the Offeror making and financing the Acquisition and the Offer, there have been no material changes in the financial position of the Offeror since its incorporation.

5. REGISTERED OFFICE

The registered office of the Offeror is at 10 Ubi Crescent, #03-12, Ubi Techpark, Singapore 408564.”

Please refer to Appendix 3 of the Offer Document for further information on the Offeror.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

The audited consolidated financial statements of the Group for FY2016 which are set out below have been excerpted from the Company's annual report for FY2016, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in the notes to the audited consolidated financial statements of the Group for FY2016 set out below shall have the same meanings given to them in the annual report of the Company for FY2016.

A copy of the annual report of the Company for FY2016 is available for inspection at the registered address of the Company at 16 Tai Seng Street, #07-09 Singapore 534138, during normal business hours until the Closing Date.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Nobel Design Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2016.

1. Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date, 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.

2. Directors

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

Chan Pengee Adrian
Goon Eu Jin Terence
Wee Ai Quey
Wong Soon Chiu
Dr. Teh Ban Lian
Heng Chye Yam
Chan Kum Leong
Ong Ciu Hwa

In accordance with Article 107 of the Company's Constitution, Wee Ai Quey, Wong Soon Chiu and Dr. Teh Ban Lian retire and, being eligible, offer themselves for re-election.

3. Arrangements to enable directors to acquire shares and debentures

Except as described in paragraph five below, 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 object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

4. Directors' interests in shares and debentures (continued)

Company	Direct interest		At 1 January 2016	Deemed interest		At 1 January 2016
	At 21 January 2017	At 31 December 2016		At 21 January 2017	At 31 December 2016	
Ordinary shares						
Wee Ai Quey	25,132,000	25,132,000	23,645,000	–	–	–
Goon Eu Jin Terence	31,181,000	30,772,000	22,978,000	–	–	–
Wong Soon Chiu	6,626,000	6,676,000	6,726,000	–	–	–
Ong Ciu Hwa	1,415,000	1,415,000	1,115,000	–	–	–
Dr. Teh Ban Lian	102,000	102,000	362,000	–	–	–
Heng Chye Yam	19,000	19,000	89,000	–	–	–
Shares options						
Wee Ai Quey	217,000	217,000	1,704,000	–	–	–
Goon Eu Jin Terence	270,000	270,000	2,114,000	–	–	–
Dr. Teh Ban Lian	300,000	300,000	300,000	–	–	–
Heng Chye Yam	250,000	250,000	250,000	–	–	–
Wong Soon Chiu	250,000	250,000	250,000	–	–	–
Ong Ciu Hwa	1,905,000	1,905,000	2,205,000	–	–	–
Chan Kum Leong	75,000	75,000	75,000	–	–	–

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Ms. Wee Ai Quey and Mr. Goon Eu Jin Terence are deemed to have an interest in the shares of all the related corporations to the extent held by the Company.

5. Share options

(a) Nobel Employee Share Option Scheme

The Nobel Employee Share Option Scheme (the "Scheme") was approved by members of the Company at an Extraordinary General Meeting on 20 February 2008.

Under the Scheme, executive and non-executive directors and employees of the Company and its subsidiaries (including controlling shareholders and their associates, as defined in the SGX-ST Listing Manual) are eligible to participate in the Scheme.

The Scheme serves to motivate employees, directors and associated company employees to perform their utmost best and to maintain a high level of contribution for the benefits of the Group as well as to retain key employees whose contribution are important to the long term growth and profitability of the Group.

The Scheme is administered by the Remuneration Committee (the "RC"). The members of the RC are as follows:

Heng Chye Yam, Chairman
Chan Pengee Adrian, member
Chan Kum Leong, member

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

5. Share options (continued)

(a) Nobel Employee Share Option Scheme (continued)

The details of the options granted under the scheme to the directors of the Company as at 31 December 2016 are as follows:

Name of directors		Date of grant of option	Exercise price	Options granted and accepted	Options adjustment	Total	Options exercised	Lapsed	Options balance
Wee Ai Quey	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	–
	(a)	8-Dec-10	\$0.2061 *	1,050,000	30,000	1,080,000	(1,080,000)	–	–
	(a)	29-Mar-12	\$0.3120 *	1,634,000	–	1,634,000	(1,634,000)	–	–
	(a)	9-Jan-13	\$0.4000 *	723,000	–	723,000	(506,000)	–	217,000
Goon Eu Jin Terence	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	–
	(a)	8-Dec-10	\$0.2061 *	1,300,000	37,143	1,337,143	(1,337,000)	(143)	–
	(a)	29-Mar-12	\$0.3120 *	2,023,000	–	2,023,000	(2,023,000)	–	–
	(a)	9-Jan-13	\$0.4000 *	900,000	–	900,000	(630,000)	–	270,000
Ong Ciu Hwa	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	–
	(a)	8-Dec-10	\$0.2061 *	980,000	28,000	1,008,000	(1,008,000)	–	–
	(a)	29-Mar-12	\$0.3120 *	1,525,000	–	1,525,000	(300,000)	–	1,225,000
	(a)	9-Jan-13	\$0.4000 *	680,000	–	680,000	–	–	680,000
Dr. Teh Ban Lian	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	–
	(a)	8-Dec-10	\$0.2061 *	180,000	5,143	185,143	(185,000)	(143)	–
	(a)	29-Mar-12	\$0.3120 *	300,000	–	300,000	(120,000)	–	180,000
	(a)	9-Jan-13	\$0.4000 *	120,000	–	120,000	–	–	120,000
Heng Chye Yam	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	–
	(a)	8-Dec-10	\$0.2061 *	150,000	4,286	154,286	(154,000)	(286)	–
	(a)	29-Mar-12	\$0.3120 *	250,000	–	250,000	(100,000)	–	150,000
	(a)	9-Jan-13	\$0.4000 *	100,000	–	100,000	–	–	100,000
Wong Soon Chiu	(b)	25-May-09	\$0.0875 ^	100,000	2,857	102,857	(102,000)	(857)	–
	(a)	8-Dec-10	\$0.2061 *	150,000	4,286	154,286	(154,000)	(286)	–
	(a)	29-Mar-12	\$0.3120 *	250,000	–	250,000	(100,000)	–	150,000
	(a)	9-Jan-13	\$0.4000 *	100,000	–	100,000	–	–	100,000
Chan Kum Leong	(a)	9-Jan-13	\$0.4000 *	75,000	–	75,000	–	–	75,000

* The option was granted at a discount of 20% off market price of \$0.130, \$0.265, \$0.390 and \$0.500 respectively on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price for option granted on 5 March 2008 and 8 December 2010 was adjusted to \$0.1011 and \$0.2061 as a result of warrant issue.

^ The option was granted at market price of \$0.09 on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price was adjusted to \$0.0875 as a result of warrant issue.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

5. Share options (continued)

(a) Nobel Employee Share Option Scheme (continued)

- (a) The options are exercisable in 3 tranches as follows:
- (i) up to 40% of the New Shares available in respect of the Discount Option between the second anniversary and the third anniversary of the Date of Grant;
 - (ii) up to 70% of the New Shares available in respect of the Discount Option between the third anniversary and the fourth anniversary of the Date of Grant; and
 - (iii) up to 100% of the New Shares available in respect of the Discount Option between the fourth anniversary and the fifth anniversary of the Date of Grant.
- (b) The options are exercisable in 4 tranches as follows:
- (i) up to 25% of the New Shares available in respect of the Market Price Option between the first anniversary and the second anniversary of the Date of Grant;
 - (ii) up to 50% of the New Shares available in respect of the Market Price Option between the second anniversary and the third anniversary of the Date of Grant;
 - (iii) up to 75% of the New Shares available in respect of the Market Price Option between the third anniversary and the fourth anniversary of the Date of Grant; and
 - (iv) up to 100% of the New Shares available in respect of the Market Price Option between the fourth anniversary and the fifth anniversary of the Date of Grant.

(b) Share options outstanding

As at 31 December 2016, there are 5,533,000 outstanding options for the employees of the Company, the associated company, the executive and non-executive directors under the Scheme. Details of options granted to the directors up to 31 December 2016, have been disclosed in paragraphs four and five of this statement. Except as disclosed above, at the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6. Audit Committee

The members of the Audit Committee (the "AC") at the end of the financial year were as follows:

Wong Soon Chiu (Chairman) – Non-Executive and Independent Director
Chan Pengee Adrian – Non-Executive and Independent Director
Heng Chye Yam – Non-Executive and Independent Director
Dr. Teh Ban Lian – Non-Executive and Independent Director

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, the Listing Manual of the SGX-ST and the Singapore Code of Corporate Governance 2012. In performing those functions, the AC reviewed:

- the reliability and integrity of financial statements;
- the impact of new, revised or proposed changes in accounting policies or regulatory requirements on the financial statements;
- the compliance with laws and regulations in relation to financial reporting, particularly those of the Act, and the Listing Manual of the SGX-ST;
- the appropriateness of quarterly and full-year announcements and reports;

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

6. Audit Committee (continued)

- the adequacy of internal controls and evaluation of adherence to such controls;
- the effectiveness and efficiency of internal and external audits;
- the appointment and re-appointment of external auditors and the level of auditors' remuneration;
- the nature and extent of non-audit services and their impact on independence and objectivity of the external auditors;
- interested person transactions;
- the findings of internal investigation, if any;
- the processes put in place to manage any material conflicts of interest within the Group; and
- all conflicts of interest matters referred to it.

The Audit Committee also reviews arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Pursuant to this, the Audit Committee has introduced a Whistle Blowing Policy where employees may raise improprieties to the Audit Committee Chairman in good faith, with the confidence that employees making such reports will be treated fairly and be protected from reprisal. The Audit Committee met four times in 2016.

The Audit Committee has recommended to the Board of Directors that the auditors, Ernst & Young LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of directors

Goon Eu Jin Terence
Director

Wee Ai Quey
Director

Singapore
31 March 2017

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL DESIGN HOLDINGS LTD

For the financial year ended 31 December 2016

Report on the audit of the financial statements

Qualified Opinion

We have audited the financial statements of Nobel Design Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2016, the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Qualified Opinion

We were appointed auditors of the Group on 7 September 2015. Consequently we were not able to observe the counting of the physical inventories as at 1 January 2015 or satisfy ourselves concerning those inventory quantities via alternative means. The closing balance of the inventories as at 31 December 2014 was carried forward to form the opening balance of the inventories for the year ended 31 December 2015. Since opening inventories affect the determination of the cost of sales for the year ended 31 December 2015, we were unable to determine whether adjustments to the cost of sales and opening retained earnings might be necessary for 2015. Any adjustment to this figure would have a consequential effect on the results of the operations for the year ended 31 December 2015. This resulted in us qualifying our audit opinion on the financial statements for the year ended 31 December 2015. Our opinion on the current year's financial statements is also qualified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures on the cost of sales reported in the consolidated statement of comprehensive income and related notes.

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 qualified audit 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.

1. Revenue recognition for rendering of service for project contracts

The Group enters into renovation contracts for which the Group applies the percentage of completion method. The amount of revenue and profit recognised in a year on such renovation contracts is dependent, inter alia, on the actual cost accounted for, the estimates made on total contract costs, the assessment of the percentage of completion, and the expected revenue of each contract. Furthermore, the amount of revenue and profit is influenced by the estimates being made to assess the total variation orders and claims, and appropriately provide for loss making contracts. Significant management judgement is involved in estimating the cost to complete including the assessment of the remaining contingencies that a project is or could be facing until delivery. Reference is made to Note 3.1 to the consolidated financial statements.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL DESIGN HOLDINGS LTD

For the financial year ended 31 December 2016

Report on the audit of the financial statements (continued)

Key audit matters (continued)

1. Revenue recognition for rendering of service for project contracts (continued)

In our audit we tested the Group's processes and controls regarding the accounting for work in progress. We performed procedures to determine that the expected revenue has been properly reconciled to signed contracts and variation orders, the correct cost categories have been included in work in progress and that variation orders and claims have been properly taken into account when determining the valuation of work in progress and the resulting estimated cumulative result on contracts. We considered the appropriateness of the estimates made for significant projects and assessed whether or not these estimates showed any evidence of management bias. We have also reviewed the accuracy of management's estimates in previous period, identification and analysis of changes in assumptions from prior periods and the consistency of assumptions across projects. In detailed discussions with management, we considered the achievability of the estimated results of significant contracts, including the effect of variation orders and contingencies. We also tested the mathematical accuracy of the revenue and profit based on the percentage of completion calculations. Additionally, we assessed the adequacy of the Group's disclosure made in Note 4 to the consolidated financial statements.

2. Impairment of trade receivables

The Group had trade receivables of \$10,369,973 before allowance for impairment of \$608,693 as at 31 December 2016. The determination as to whether trade receivables are collectable involves management judgement. Specific factors management considers include the age of the balance, location of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine whether an allowance for impairment is required either for a specific transaction or for a customer's balance overall. We focused on this area because it requires a high level of management judgement and due to the materiality of the amounts involved.

We reviewed trade receivables through verifying if payments had been received since the year-end, reviewing historical payment patterns and any correspondence with customers on expected settlement dates. We selected a sample of the larger trade receivable balances where an allowance for impairment of trade receivables was recognised, and understood the rationale behind management's judgement. In order to evaluate the appropriateness of these judgements, we verified whether balances were overdue, the customer's historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures. We also circularised confirmations for larger trade receivable balances. In addition, we performed inquiry of management to obtain understanding of any disputes between the Group and counterparties, attempts by management to recover the amounts outstanding and on the financial conditions as well as credit status of significant counterparties. In assessing the appropriateness of the overall allowance for impairment, we considered the consistency of management's application of policy for recognising allowance for impairment with the prior year. Specifically we considered how much of prior years' allowance for impairment had been utilised for bad debt write offs during the year and how much of prior years' allowance for impairment were released due to customers' subsequent repayment. We also assessed the adequacy of the disclosures on trade receivables and the related risks such as credit risk and liquidity risk made in Note 32(b) and Note 32(c) to the consolidated financial statements.

3. Net realisable value for slow moving inventories

The Group sells furniture and related accessories which is subject to changing consumer demands and fashion trends. Significant judgement is involved in estimating the write-down of inventory. Judgement is required to assess the appropriate level of write-down for items which may be ultimately destroyed or sold below cost as a result of a reduction in consumer demand. Such judgements include management's expectations for future sales and inventory liquidation plans.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL DESIGN HOLDINGS LTD

For the financial year ended 31 December 2016

Report on the audit of the financial statements (continued)

Key audit matters (continued)

3. Net realisable value for slow moving inventories (continued)

For slow moving inventories, we reviewed the basis for the inventory write-down, the consistency of write-down in line with policy and the rationale for the recording of specific allowance for inventory obsolescence. We assessed management's write-down methodology which has been updated to reflect historical information. In doing so we understood the ageing profile of inventory, the process for identifying specific problem inventory and levels of demand for significant items. Based on our review, we assessed whether the inventory obsolescence allowance were valid and appropriate. In addition, we assessed the adequacy of the disclosures made in Note 14 to the consolidated financial statements.

4. Equity accounting for the results of and investment in joint ventures

The Group's investments in joint ventures are accounted for using the equity method. The accounting for the results of and investment in joint ventures is significant to our audit due to the significant share in joint ventures' net profit and net assets. At year ended 31 December 2016, the Group's share of profit of joint ventures amounted to \$12,903,187 which is 75% of the Group's net profit, and the Group's investments in joint ventures amounted to \$29,760,653 which is 93% of the Group's total non-current assets.

Joint ventures of the Group are involved in the business of property development. Significant management estimation is involved in estimating the cost to complete including the assessment of the remaining contingencies that the development projects could be facing till their development and sales completion. Significant management judgement is involved in assessing the collectability of trade receivables from specific customers.

As we are the auditor of significant joint ventures, amongst other audit procedures, we assessed the significant judgements made by management through examination of project documentation and discussion of the status of projects under construction with management. For significant contract costs and revenues, we performed test of details by vouching to supplier invoices and contracts to verify their occurrence. In addition, we reviewed significant construction contracts, examined various claims between the Company, subcontractors, and customers and responses thereto. We also verified the updated budgeted costs to complete the projects by checking to the contracts and variation orders. In addition, we have tested the robustness of management's forecast of budgeted costs by comparing prior year estimation against actual cost incurred and investigate if there was any significant discrepancy noted.

For significant trade receivables, we performed inquiry of management to obtain understanding of any disputes between the Group and counterparties, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties. We reviewed the equity accounting adjustments prepared by management in respect of these joint ventures and assessed if the effects of the transactions between the Group and the joint ventures for the financial year are appropriately reflected. We also evaluated the significant accounting policies of the joint ventures to ensure alignment with group accounting policy. Additionally, we assessed the adequacy of the disclosures made in Note 17 to the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our 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.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL DESIGN HOLDINGS LTD

For the financial year ended 31 December 2016

Report on the audit of the financial statements (continued)

Other information (continued)

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

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

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

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.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL DESIGN HOLDINGS LTD

For the financial year ended 31 December 2016

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 financial statements. We are responsible for the direction, supervision and performance of the 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.

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 of the audit resulting in this independent auditor's report is Eleanor Lee Kim Lin.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2017

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	GROUP	
		2016	2015
		\$	\$
Revenue	4	92,625,257	84,691,626
Cost of sales		(59,955,178)	(54,161,014)
Gross profit		32,670,079	30,530,612
Other income	5	8,547,592	9,614,025
Expenses			
- Distribution and marketing		(13,027,822)	(13,205,392)
- Administrative		(22,363,390)	(20,736,384)
- Finance	6	(102,429)	(176,854)
Share of profit of joint ventures – net of tax		12,903,187	12,268,382
Profit before income tax	7	18,627,217	18,294,389
Income tax expense	9	(1,414,924)	(152,575)
Net profit		17,212,293	18,141,814
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation – gains, representing other comprehensive income, net of tax		694,438	1,279,667
Total comprehensive income		17,906,731	19,421,481
Profit attributable to:			
Equity holders of the Company		15,315,158	16,674,682
Non-controlling interests		1,897,135	1,467,132
		17,212,293	18,141,814
Total comprehensive income attributable to:			
Equity holders of the Company		15,824,298	17,617,248
Non-controlling interests		2,082,433	1,804,233
		17,906,731	19,421,481
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic earnings per share	10(a)	7.19	7.87
Diluted earnings per share	10(b)	6.97	7.68

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

BALANCE SHEETS

As at 31 December 2016

	Note	<u>GROUP</u>		<u>COMPANY</u>	
		2016	2015	2016	2015
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and bank balances	11	134,822,321	108,247,413	117,068,229	95,943,642
Available-for-sale financial assets	12	552	18,795	552	18,795
Trade and other receivables	13	19,809,094	20,047,836	9,102,084	10,561,460
Inventories	14	19,733,189	19,772,928	–	–
Gross amount due from customers for contract work-in-progress	15	319,278	164,184	–	–
		174,684,434	148,251,156	126,170,865	106,523,897
Non-current assets					
Trade and other receivables	13	139,906	336,707	–	–
Investments in associated companies	16	4	6	4	4
Investments in joint ventures	17	29,760,653	38,400,651	850,002	1,137,502
Investments in subsidiaries	18	–	–	4,155,027	3,935,623
Property, plant and equipment	19	1,878,768	1,969,578	632,582	529,963
Intangible assets	20	161,000	161,000	161,000	161,000
		31,940,331	40,867,942	5,798,615	5,764,092
Total assets		206,624,765	189,119,098	131,969,480	112,287,989
LIABILITIES					
Current liabilities					
Trade and other payables	21	25,106,504	21,081,688	10,018,082	6,781,851
Borrowings	22	8,970,588	9,896,927	8,600,048	9,636,201
Obligations under finance leases	23	33,865	31,148	–	–
Gross amount due to customers for contract work-in-progress	15	1,746,754	2,657,913	–	–
Current income tax liabilities		1,280,634	419,692	–	–
Deferred income	24	3,249,874	3,249,874	3,249,874	3,249,874
		40,388,219	37,337,242	21,868,004	19,667,926
Non-current liabilities					
Obligations under finance leases	23	53,366	8,391	–	–
Deferred income	24	1,354,113	4,603,987	1,354,113	4,603,987
Deferred income tax liabilities	25	24,531	24,531	–	–
		1,432,010	4,636,909	1,354,113	4,603,987
Total liabilities		41,820,229	41,974,151	23,222,117	24,271,913
Net assets		164,804,536	147,144,947	108,747,363	88,016,076
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	26	35,747,385	33,744,505	35,747,385	33,744,505
Other reserves	27	2,694,138	2,149,836	811,970	1,426,935
Retained earnings	28	121,314,054	107,084,549	72,188,008	52,844,636
		159,755,577	142,978,890	108,747,363	88,016,076
Non-controlling interests		5,048,959	4,166,057	–	–
Total equity		164,804,536	147,144,947	108,747,363	88,016,076

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

	Attributable to equity holders of the Company							
	Share capital	Employee share option reserve	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$
2016								
Opening balance at 1 January 2016	33,744,505	1,426,935	722,901	–	107,084,549	142,978,890	4,166,057	147,144,947
Profit for the year	–	–	–	–	15,315,158	15,315,158	1,897,135	17,212,293
Other comprehensive income, net of tax								
Currency translation differences arising from consolidation – gains	–	–	509,140	–	–	509,140	185,298	694,438
Total comprehensive income for the year	–	–	509,140	–	15,315,158	15,824,298	2,082,433	17,906,731
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary (Note 18)	–	–	–	657,313	–	657,313	(896,717)	(239,404)
Disposal of equity interests without a change in control (Note 18)	–	–	–	(7,186)	–	(7,186)	27,186	20,000
Total changes in ownership interests in subsidiaries	–	–	–	650,127	–	650,127	(869,531)	(219,404)

For the financial year ended 31 December 2016

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APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

	← Attributable to equity holders of the Company →						
	Share capital	Employee share option reserve	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests
	\$	\$	\$	\$	\$	\$	\$
2015							
Opening balance at 1 January 2015	32,459,456	1,656,152	(219,665)	–	91,790,907	125,686,850	2,709,824
Profit for the year	–	–	–	–	16,674,682	16,674,682	1,467,132
Other comprehensive income, net of tax							
Currency translation differences arising from consolidation – gains	–	–	942,566	–	–	942,566	337,101
Total comprehensive income for the year	–	–	942,566	–	16,674,682	17,617,248	1,804,233
Contributions by and distributions to owners							
Employee share option scheme (Note 27 (b))	–	230,633	–	–	–	230,633	–
Issue of new shares	1,285,049	(459,850)	–	–	–	825,199	–
Dividend paid (Note 29)	–	–	–	–	(1,381,040)	(1,381,040)	(348,000)
Total transactions with owners in their capacity as owners	1,285,049	(229,217)	–	–	(1,381,040)	(325,208)	(673,208)
Closing balance at 31 December 2015	33,744,505	1,426,935	722,901	–	107,084,549	142,978,890	4,166,057
							147,144,947

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

	Note	GROUP 2016 \$	2015 \$
Operating activities			
Net profit		17,212,293	18,141,814
<u>Adjustments for:</u>			
- Income tax expense	9	1,414,924	152,575
- Employee share option expense	8	73,469	230,633
- Amortisation of deferred income	5	(3,249,874)	(3,249,873)
- Allowance for impairment of trade and other receivables	32(b)	1,108,375	540,956
- Bad debts recovered	5	(300,006)	(242,878)
- Depreciation	7	890,723	887,283
- Dividend income from investment in quoted shares – available-for-sale financial assets	5	(172)	(342)
- Property, plant and equipment written off	7	952	–
- Investment in an associated company written off	7	2	–
- Allowance for stock obsolescence	7	739,868	130,765
- Gain on disposal of property, plant and equipment	5	(83,131)	(35,705)
- Loss on disposal of available-for-sale financial assets	7	925	–
- Impairment loss on available-for-sale financial assets	12	2,105	5,184
- Interest income		(2,018,398)	(1,405,221)
- Finance expenses	6	102,429	176,854
- Share of profit of joint ventures – net of tax		(12,903,187)	(12,268,382)
- Unrealised exchange differences		813,180	1,268,130
Operating cash flows before changes in working capital		3,804,477	4,331,793
<u>Changes in working capital:</u>			
- Trade and other receivables		(710,110)	(541,292)
- Inventories		(700,129)	(1,446,723)
- Contract work-in-progress		(1,066,253)	(1,165,506)
- Trade and other payables		(60,184)	(2,615,972)
Cash flows provided by/(used in) operations		1,267,801	(1,437,700)
Income tax paid		(553,982)	(345,988)
Net cash flows provided by/(used in) operating activities		713,819	(1,783,688)

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

	Note	<u>GROUP</u>	
		2016	2015
		\$	\$
Investing activities			
Dividend income received from investment in quoted shares – available-for-sale financial assets	5	172	342
Dividend income received from joint ventures		21,246,400	4,893,750
Acquisition of non-controlling interests in a subsidiary	18	(239,404)	–
Proceeds from voluntary liquidation of a joint venture		287,500	–
Disposal of available-for-sale financial assets		15,213	–
Loans to associated companies		–	(831,118)
Repayment of loans by associated companies		616,191	–
Repayment of loans by joint ventures		–	14,010,398
Disposal of property, plant and equipment		123,659	42,143
Additions to property, plant and equipment		(745,999)	(188,739)
Fixed deposits with maturity of more than three months		(24,168,037)	(13,890,098)
Interest received		1,748,776	1,082,556
Net cash flows (used in)/provided by investing activities		(1,115,529)	5,119,234
Financing activities			
Advances from joint ventures		4,085,000	2,450,000
Proceeds from bank borrowings		7,303,887	34,412,963
Repayment of bank borrowings		(8,230,226)	(36,911,505)
Net proceeds from issuance of shares		1,420,040	825,199
Fixed deposits pledged		454,919	(2,041,242)
Repayment of finance leases		(43,452)	(63,580)
Interest paid		(102,429)	(176,854)
Dividends paid to equity holders of the Company	29	(1,191,247)	(1,381,040)
Dividends paid to non-controlling interests		(345,000)	(348,000)
Proceeds from disposal of equity interests in a subsidiary without a change in control	18	20,000	–
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests		15,000	–
Net cash flows provided by/(used in) financing activities		3,386,492	(3,234,059)
Net increase in cash and cash equivalents		2,984,782	101,487
Cash and cash equivalents at beginning of financial year		10,367,589	10,279,156
Effect of currency translation on cash and cash equivalents		(122,992)	(13,054)
Cash and cash equivalents at end of financial year	11	13,229,379	10,367,589

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

1. Corporate information

Nobel Design Holdings Ltd (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 16 Tai Seng Street, Singapore 534138.

The principal activities of the Company are those of interior designers and renovators and manufacturers of furniture. The principal activities of its associated companies, joint ventures and subsidiaries are disclosed in Notes 16, 17 and 18 respectively in the notes to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "\$") except when otherwise indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 Change in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 7 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12 <i>Recognition of Deferred Tax Assets for Unrealised losses</i>	1 January 2017
Improvements to FRSs (December 2016)	
- Amendments to FRS 112 <i>Disclosure of Interest in Other Entities</i>	1 January 2017
- Amendments to FRS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and 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 FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its available-for-sale financial assets and loans and trade receivables either on a 12-month of lifetime basis. The Group expects to adopt the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group does not expect any significant impact to arise from this change, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

Transition

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The Group plans to adopt the new standard on the required effective date using the full retrospective method and apply all the practical expedients available for full retrospective approach under FRS 115.

The adoption of FRS 115 has an impact on the Group's recognition of revenue from interior design, renovation and furnishing projects. The Group has to allocate the contract sum to the separately identifiable performance obligations within each project and recognise revenue only upon the satisfaction of the performance obligations. The Group is currently assessing the impact of FRS 115 on the recognition of revenue from interior design, renovation and furnishing projects.

The adoption of FRS 115 has an impact on the Group's joint ventures' recognition of revenue for sale of completed development property and pre-completion contracts for sale of development properties. The joint ventures have assessed that for their commercial development, performance obligations for the sale of pre-completion units will be satisfied over time. As all the development projects have been completed and there are no projects in progress, this is not expected to have a significant impact to the Group's share of profits of joint ventures.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2.4 Basis of consolidation and business combinations

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 attributed to owners of the Company.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.6 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

2.8 Joint ventures and associated companies

An associated company is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associated companies and joint ventures using the equity method from the date on which it becomes an associated company or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associated company and joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associated companies or joint ventures is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated companies or joint ventures. The profit or loss reflects the share of results of the operations of the associated companies or joint ventures. Distributions received from associated companies or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associated companies or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associated company or joint venture are eliminated to the extent of the interest in the associated companies or joint ventures.

When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company or joint venture.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.8 Joint ventures and associated companies (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associated companies or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated company or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associated companies and joint ventures are prepared as at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.9 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item 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.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.10 Property, plant and equipment (continued)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Useful lives</u>
Leasehold improvements	3 – 5 years
Equipment	3 – 5 years
Furniture and office equipment	3 – 5 years
Motor vehicles	5 years

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, as appropriate.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss within "Other income" in the year the asset is derecognised.

2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Club memberships

Club memberships were acquired separately, and the useful lives of the club memberships are estimated to be indefinite because they are lifetime memberships and do not expire.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures may be impaired. If any indication exists, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.13 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

(ii) Available-for-sale financial assets (continued)

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

De-recognition

A financial asset is derecognised when the rights to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial liabilities are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.15 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 and net of bank overdrafts (if any).

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.16 Construction contracts – renovation contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method").

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as gross amount due from customers for contract work-in-progress within current assets. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as gross amount due to customers for contract work-in-progress within current liabilities.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are not recognised for future operating losses.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grant relating to an asset is presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset.

Government grant relating to income is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grant is intended to compensate. Government grants relating to income are included in other income.

2.20 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries and joint ventures. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries and joint ventures fail to make principal or interest payments when due in accordance with the terms of their borrowings.

2.21 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the acquisition or construction of qualifying assets. Borrowing costs that are directly attributable to acquisition and construction of a qualifying asset is capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress until the asset is ready for its intended use or sale.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

The Group participates in the national pension scheme in Singapore under which the Group makes contributions to the Central Provident Fund scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.22 Employee benefits (continued)

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.23 Leases

(a) When the Group is the lessee

The Group leases motor vehicles under finance leases and warehouses, showrooms, land and office space under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor

The Group leases office space under operating leases to non-related parties.

(i) Lessor – Operating leases

Leases of leasehold land and building in which the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognised as income in profit or loss when earned.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, net of rebates, discounts and goods and services tax.

(a) Sale of goods – Trading income

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers which generally coincides with delivery and acceptance of the goods sold.

(b) Rendering of service – Revenue on project contracts

Revenue from interior design, renovation and furnishing contracts is recognised using the percentage of completion method. Under the percentage of completion method, contract income is recognised by reference to proportion of the total services to be performed on each contract, after making appropriate provision for uncertainties and estimated costs to complete. Progress billings are shown as a deduction from costs. Contract costs comprise direct materials, direct labour costs, sub-contractors' costs and those indirect costs related to contract performance. General and administrative costs are expensed when incurred. Provision for foreseeable losses on uncompleted contracts is made in the financial year in which such losses are determined.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(f) Commission income, parking fee income and management fee

Commission income, parking fee income and management fee are recognised when services are rendered.

2.25 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.25 Taxes (continued)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.26 Share capital and share issuance expenses

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.

2.27 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive directors whom are responsible for allocating resources and assessing performance of the operating segments.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated 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 each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 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 are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Revenue on renovation contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

If the total contract values on uncompleted contracts at the balance sheet date had been higher/lower by 10% from management's estimates, the Group's revenue and gross profit before income tax would have been higher/lower by \$1,188,742 (2015: \$1,327,426).

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit before income tax would have been lower/higher by \$734,979 (2015: \$842,070).

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

3. Significant accounting judgements and estimates (continued)

3.1 Key sources of estimation uncertainty (continued)

(b) Impairment of loans and receivables (continued)

If the net present values of estimated cash flows had been higher/lower by 10% from management's estimates for all past due loans and receivables, the allowance for impairment of the Group would have been higher/lower by \$11,146 (2015: \$16,673).

(c) Equity accounting for the results of and investment in joint ventures

The Group's investments in joint ventures are accounted for using the equity method. Joint ventures of the Group are involved in the business of property development.

For residential development projects under progressive payment scheme in Singapore, the joint ventures recognise revenue and cost of sales from partially completed development property held for sale based on the percentage of completion method. The stage of completion is measured by reference to the professional's certification of value of work done-to-date. For commercial development projects, the joint ventures recognise revenue and cost of sales upon the completion of construction.

Significant estimates are required in determining the cost to complete including the assessment of the remaining contingencies that the development projects could be facing till their development and sales completion. In making the assumption, the joint ventures rely on reference to information such as current offers and/or recent contracts with contractors and suppliers, estimation on cost of construction and material costs based on historical experience, and the work of professional surveyors and architects.

3.2 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement which has the most significant effect on the amounts recognised in the consolidated financial statements:

Net realisable value for slow moving inventories

The management carries out an inventory review on a product-by-product basis at the end of each reporting period taking into account the age of inventory. Aged inventories with slow turnaround are written down to lower of cost and net realisable value. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. As at 31 December 2016, management has written down approximately \$739,868 (2015: \$130,765) of its slow moving inventories. The carrying amount of inventories at the end of reporting year was \$19,733,189 (2015: \$19,772,928). Inventories are disclosed in Note 14 to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

4. Revenue

	GROUP	
	2016	2015
	\$	\$
Interior and furniture	34,180,537	35,308,544
Supply chain	58,444,720	49,383,082
	92,625,257	84,691,626

5. Other income

	GROUP	
	2016	2015
	\$	\$
Commission income	17,647	7,935
Dividend income from investment in quoted shares	172	342
Fixed deposit interest income	2,003,464	1,343,236
Interest income	14,934	61,985
Management fee from joint ventures	72,000	54,000
Parking fee income	30,034	86,213
Rental income	1,476,004	3,728,753
Write back of unclaimed trade payables more than 7 years	1,110,628	449,136
Miscellaneous income	189,698	353,969
Amortisation of deferred income (Note 24)	3,249,874	3,249,873
Bad debts recovered	300,006	242,878
Gain on disposal of property, plant and equipment	83,131	35,705
	8,547,592	9,614,025

6. Finance expenses

	GROUP	
	2016	2015
	\$	\$
Bank loan interest	73,530	105,689
Finance lease interest	2,352	4,687
Trust receipts interest	26,459	66,064
Other interest	88	414
	102,429	176,854

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

7. Profit before income tax

The following items have been included in arriving at profit before income tax:

	GROUP	
	2016	2015
	\$	\$
Advertising and promotion	2,995,363	2,665,699
Fees on audit services paid/payable to:		
- Auditor of the Company	126,600	112,800
- Other auditors	7,911	12,992
Fees on non-audit services paid/payable to:		
- Auditor of the Company	9,000	6,000
Bank charges	306,959	191,032
Contract costs on renovation contracts	9,224,649	8,761,234
Legal and professional fee	151,950	360,310
Depreciation of property, plant and equipment (Note 19)	890,723	887,283
Employee compensation (Note 8)	12,648,328	11,844,213
Allowance for impairment of trade and other receivables (Note 32 (b))	1,108,375	540,956
Property tax	720,126	1,125,279
Rental expense on operating leases	9,979,757	9,720,402
Sales commission	1,641,614	2,087,932
Utilities	368,555	427,711
Allowance for stock obsolescence	739,868	130,765
Inventories recognised as an expense in cost of sales (Note 14)	44,856,272	40,397,433
Reversal of inventories written-down (Note 14)	(102,041)	(400,906)
Investment in an associated company written off	2	–
Loss on disposal of available-for-sale financial assets	925	–
Property, plant and equipment written off	952	–

8. Employee compensation

	GROUP	
	2016	2015
	\$	\$
Wages and salaries	11,396,407	10,378,121
Employer's contribution to defined contribution plans including Central Provident Fund	839,081	849,111
Directors' fee	295,792	330,750
Employee share option expense (Note 27(b))	73,469	230,633
Staff accommodation	43,579	55,598
	12,648,328	11,844,213

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	GROUP	
	2016	2015
	\$	\$
Consolidated statement of comprehensive income:		
Current income tax:		
- Current income tax	1,438,963	419,311
- Overprovision in respect of previous years	(24,039)	(197,536)
	1,414,924	221,775
Deferred income tax:		
- Overprovision in respect of previous years (Note 25)	–	(69,200)
	1,414,924	152,575

Relationship between tax expense and accounting profit

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax for the years ended 31 December 2016 and 2015 is as follows:

	GROUP	
	2016	2015
	\$	\$
Consolidated statement of comprehensive income		
Profit before income tax	18,627,217	18,294,389
Share of profit of joint ventures – net of tax	(12,903,187)	(12,268,382)
Profit before income tax and share of profit of joint ventures	5,724,030	6,026,007
Tax calculated at tax rate of 17% (2015: 17%)	973,085	1,024,421
Effects of:		
- Different tax rates in other countries	100,881	59,140
- Expenses not deductible for tax purposes	748,845	1,183,576
- Income not subject to tax	(577,873)	(689,344)
- Deferred tax assets not recognised	948,470	551,963
- Benefits from previously unrecognised tax losses and temporary differences	(585,266)	(1,613,960)
- Overprovision in prior years income tax	(24,039)	(266,736)
- Effect of partial tax exemption, relief and rebates	(163,423)	(96,485)
- Others	(5,756)	–
Income tax expense recognised in profit or loss	1,414,924	152,575

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

10. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	GROUP	
	2016	2015
	\$	\$
Net profit attributable to equity holders of the Company	15,315,158	16,674,682
Weighted average number of ordinary shares outstanding for basic earnings per share	212,988,569	211,816,697
Basic earnings per share (cents per share)	7.19	7.87

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, net profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares in the form of share options.

The weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	GROUP	
	2016	2015
	\$	\$
Net profit attributable to equity holders of the Company	15,315,158	16,674,682
Weighted average number of ordinary shares outstanding for basic earnings per share	212,988,569	211,816,697
Effects of dilution:		
- Share options	6,881,604	5,313,266
Weighted average number of ordinary shares for diluted earnings per share computation	219,870,173	217,129,963
Diluted earnings per share (cents per share)	6.97	7.68

Since the end of the financial year, directors have exercised the employee share options to acquire 1,705,000 (2015: Nil) ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and up to the completion of these financial statements.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

11. Cash and bank balances

	<u>GROUP</u>		<u>COMPANY</u>	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash at bank and on hand	13,229,379	10,367,589	4,473,901	4,329,652
Bank deposits	121,592,942	97,879,824	112,594,328	91,613,990
Cash and bank balances	134,822,321	108,247,413	117,068,229	95,943,642

Cash at banks earns interest at floating rates based on daily bank deposit rates. Bank deposits are made for varying periods of between 6 months and 12 months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective bank deposit rates ranging from 1.00% to 1.92% (2015: 0.15% to 1.91%) and 1.30% to 1.92% (2015: 1.39% to 1.91%) for the Group and Company respectively.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<u>GROUP</u>		<u>COMPANY</u>	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash and bank balances	134,822,321	108,247,413	117,068,229	95,943,642
Less: Bank deposits pledged *	(13,424,459)	(13,879,378)	(12,690,191)	(12,549,390)
Less: Bank deposits with maturity more than 3 months but less than 12 months	(108,168,483)	(84,000,446)	(99,904,137)	(79,064,600)
Cash and cash equivalents	13,229,379	10,367,589	4,473,901	4,329,652

* Bank deposits are pledged in relation to the security granted for certain borrowings.

12. Available-for-sale financial assets

	<u>GROUP AND COMPANY</u>	
	2016	2015
	\$	\$
Equity securities (quoted)	552	18,795

The details of the quoted equity shares are as follows:

	<u>GROUP AND COMPANY</u>	
	2016	2015
	\$	\$
Equity securities – Singapore, at cost	49,700	76,462
Less: Allowance for impairment	(49,148)	(57,667)
End of financial year	552	18,795

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

12. Available-for-sale financial assets (continued)

The movement for allowance for impairment are as follows:

	GROUP AND COMPANY	
	2016	2015
	\$	\$
Beginning of financial year	57,667	52,483
Provision for impairment loss	2,105	5,184
Written off during the year	(10,624)	–
End of financial year	49,148	57,667

The Group has recognised an impairment loss of \$2,105 (2015: \$5,184) against the quoted securities in Singapore whose trade prices have been below cost for a prolonged period during the financial year.

13. Trade and other receivables

	GROUP		COMPANY	
	2016	2015	2016	2015
	\$	\$	\$	\$
Current				
Trade receivables				
- Non-related parties	10,288,101	9,644,239	165,675	116,655
- Subsidiaries	–	–	1,016,601	1,415,202
- Joint ventures	81,872	12,373	4,280	–
	10,369,973	9,656,612	1,186,556	1,531,857
Less: Allowance for impairment of receivables (Note 32 (b)(iii))	(608,693)	(1,017,096)	(1,125,064)	(1,531,857)
Trade receivables – net	9,761,280	8,639,516	61,492	–
Other receivables				
- Subsidiaries ⁽¹⁾	–	–	2,839,164	5,439,401
- Joint ventures ⁽¹⁾	9,286	–	9,286	–
- Loans to associated companies ⁽²⁾	8,306,545	8,939,831	5,822,482	5,611,950
- Sundry receivables	98,434	571,456	19,639	504,986
- Interest receivables	1,031,896	762,274	994,389	737,817
	9,446,161	10,273,561	9,684,960	12,294,154
Less: Allowance for impairment of receivables (Note 32 (b)(iii))	(887,175)	(39,184)	(962,632)	(2,063,322)
Non-trade receivables – net	8,558,986	10,234,377	8,722,328	10,230,832
Deposits	901,784	634,975	313,005	307,399
Prepayments	587,044	538,968	5,259	23,229
	1,488,828	1,173,943	318,264	330,628
Trade and other receivables (current)	19,809,094	20,047,836	9,102,084	10,561,460

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

13. Trade and other receivables (continued)

	<u>GROUP</u>		<u>COMPANY</u>	
	2016	2015	2016	2015
	\$	\$	\$	\$
Non-current Deposits	139,906	336,707	–	–
Total trade and other receivables	19,949,000	20,384,543	9,102,084	10,561,460
Add: Cash and bank balances	134,822,321	108,247,413	117,068,229	95,943,642
Less: Prepayments	(587,044)	(538,968)	(5,259)	(23,229)
Total loans and receivables	154,184,277	128,092,988	126,165,054	106,481,873

⁽¹⁾ The amounts due from subsidiaries and joint ventures are unsecured, interest-free and repayable on demand.

⁽²⁾ Loans to associated companies are unsecured, interest free and repayable on demand.

The fair values of non-current deposits receivable approximate their carrying value.

14. Inventories

	<u>GROUP</u>	
	2016	2015
	\$	\$
Merchandise	14,380,603	15,168,448
Goods in transit	5,352,586	4,604,480
	19,733,189	19,772,928

The cost of inventories recognised as an expense and included in "cost of sales" amounted to \$44,856,272 (2015: \$40,397,433).

The Group reversed \$102,041 (2015: \$400,906) of a previous write down of inventories as the inventories were sold above their carrying amounts.

The Group has written down the inventories of \$739,868 (2015: \$130,765) during the financial year.

15. Gross amount due from/(to) customers for contract work-in-progress

	<u>GROUP</u>	
	2016	2015
	\$	\$
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	7,886,406	6,983,262
Less: Progress billings	(9,313,882)	(9,476,991)
	(1,427,476)	(2,493,729)
Presented as:		
Gross amount due from customers for contract work	319,278	164,184
Gross amount due to customers for contract work	(1,746,754)	(2,657,913)
	(1,427,476)	(2,493,729)

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For the financial year ended 31 December 2016

16. Investments in associated companies

	GROUP	
	2016	2015
	\$	\$
Investments in associated companies	4	6
	COMPANY	
	2016	2015
	\$	\$
Equity investments at cost:		
Beginning and end of financial year	4	4

The investments in associated companies are not individually material.

The carrying amount of the Group's interest in associated companies is as follows:

	GROUP	
	2016	2015
	\$	\$
Net assets		
At 1 January	(233,316)	(32,046)
Translation reserve	90,712	(3)
Loss for the year	(1,178,731)	(201,267)
At 31 December	(1,321,335)	(233,316)
Interest in associated companies based on respective equity interests	(276,770)	(56,379)
Other adjustments	276,774	56,385
Carrying value of the Group's interest in associated companies	4	6

The Group has not recognised its share of losses of associated companies as the Group's cumulative share of losses exceeded its interests in those entities and the Group has no obligation in respect of those losses.

The Group's share of (losses)/profit of associated companies and cumulative share of losses are as follows:

	GROUP			
	Cumulative share of losses brought-forward	Share of (loss)/ profit	Exchange difference	Cumulative share of losses carry-forward
	\$	\$	\$	\$
2016				
Cove City Ltd	(184)	(27,738)	1,328	(26,594)
Alliance Stellar Ltd	(10,772)	9,572	1,200	—
Covent Garden Development Pte Ltd	(45,423)	(222,065)	17,312	(250,176)
	(56,379)	(240,231)	19,840	(276,770)
2015				
Cove City Ltd	(5,596)	5,536	(124)	(184)
Alliance Stellar Ltd	(137)	(10,666)	31	(10,772)
Covent Garden Development Pte Ltd	(7,875)	(37,511)	(37)	(45,423)
	(13,608)	(42,641)	(130)	(56,379)

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

16. Investments in associated companies (continued)

Details of investment in associated companies are as follows:

Name of associated companies	Principal activities	Country of incorporation/ place of business	Proportionate (%) ownership interest		Company Cost of investment	
			2016 %	2015 %	2016 \$	2015 \$
<u>Held by the Company</u>						
Covent Garden Development Pte Ltd ⁺	Property development in United Kingdom	Singapore	40	40	4	4
<u>Held by a subsidiary – Affluent Apex Ltd</u>						
Cove City Ltd ⁺	Investment holdings	British Virgin Island	25	25	–	–
Alliance Stellar Ltd [*]	Investment holdings	British Virgin Island	–	25	–	–
<u>Held by an associated company – Covent Garden Development Pte Ltd</u>						
English Rose Estates (TS Holdings) Ltd [#]	Property development in United Kingdom	London, United Kingdom	50	50	–	–
<u>Held by an associated company – English Rose Estates (TS Holdings) Ltd</u>						
English Rose Estates (Tower Street) Ltd [#]	Property development in United Kingdom	London, United Kingdom	100	100	–	–

⁺ Audited by Ernst & Young, Singapore.

[#] Audited by JD Bregman & Co Ltd.

^{*} Struck off during the financial year ended 31 December 2016.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

17. Investments in joint ventures

	GROUP
	2016 2015
	\$ \$
Investments in joint ventures	29,760,653 38,400,651
	COMPANY
	2016 2015
	\$ \$
Equity investments at cost	
Beginning of financial year	1,137,502 1,137,502
Liquidation of a joint venture	(287,500) –
End of financial year	850,002 1,137,502

Details of investments in joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation/ place of business	Proportionate (%) ownership interest		Company Cost of investment	
			2016 %	2015 %	2016 \$	2015 \$
<u>Held by the Company</u>						
Astrid Hill Residences Pte Ltd**	Property development	Singapore	–	28¾	–	287,500
Urban Lofts Pte Ltd ⁺	Property development	Singapore	35	35	350,000	350,000
LVND Homes Pte Ltd ⁺	Property development	Singapore	25	25	250,000	250,000
Alliance Land Pte Ltd [^]	Property development	Singapore	25	25	250,000	250,000
LVND Holdings Pte Ltd ⁺	Investment holdings	Singapore	25	25	2	2
CABAS International Pte Ltd®	Design and manufacture of furniture	Singapore	33¼	33¼	–	–
					850,002	1,137,502

Held by a joint venture – LVND Holdings Pte Ltd

LVND Hotels Pte Ltd ⁺	Hotel management consultancy services	Singapore	100	100	–	–
LVND Investments Pte Ltd ⁺	Property development	Singapore	100	100	–	–
LVND Management Services Pte Ltd ⁺	Management services	Singapore	–	100	–	–

* Struck off during the financial year ended 31 December 2016.

⁺ Audited by Ernst & Young, Singapore.

[®] Not audited. CABAS International Pte Ltd is presently dormant.

[^] Not audited for the financial year ended 31 December 2016 as this joint venture is in the process of voluntary liquidation.

** Voluntary liquidation during the financial year ended 31 December 2016.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

17. Investments in joint ventures (continued)

Set out below is the summarised financial information for the joint ventures of the Group as at 31 December 2016 and 2015, which, in the opinion of the directors, is material to the Group.

	Urban Lofts Pte Ltd		LVND Homes Pte Ltd		Alliance Land Pte Ltd		LVND Holdings Pte Ltd and its subsidiaries	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Summarised balance sheet</i>								
Current assets	90,338,033	81,007,323	23,861,936	158,378,261	2,411,246	17,873,081	62,377,869	133,900,751
Includes:								
- Cash and cash equivalents	7,287,403	2,894,284	16,957,297	34,583,514	2,401,247	7,883,414	9,036,907	10,302,490
Current liabilities	44,002,745	35,459,198	18,420,742	64,988,334	26	5,282,577	111,959,872	222,756,751
Includes:								
- Financial liabilities (excluding trade and other payables)	32,591,087	28,209,567	-	61,059,042	-	-	93,480,000	126,500,000
- Other current liabilities (including trade and other payables)	11,411,658	7,249,631	18,420,742	3,929,292	26	5,282,577	18,479,872	96,256,751
Non-current assets	-	-	-	-	-	-	102,044,040	88,817,923
Non-current liabilities	867,188	-	1,139,216	15,807,212	1,111,320	1,652,729	2,676,639	-
Includes:								
- Other non-current liabilities (including trade and other payables)	867,188	-	1,139,216	15,807,212	1,111,320	1,652,729	2,676,639	-
Net assets/(liabilities)	45,468,100	45,548,125	4,301,978	77,582,715	1,299,900	10,937,775	49,785,398	(38,077)

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

17. Investments in joint ventures (continued)

	Urban Lofts Pte Ltd		LVND Homes Pte Ltd		Alliance Land Pte Ltd		LVND Holdings Pte Ltd and its subsidiaries	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Summarised statement of comprehensive income</i>								
Revenue	22,782,007	43,511,050	5,566,458	119,230,706	-	17,651,209	163,983,379	-
Interest income	-	16,199	631,294	1,334,486	56,469	-	64,901	25,800
Interest expenses	2,200	58,595	436,422	1,616,837	-	67,512	1,580,441	-
Depreciation	-	-	-	-	-	-	1,568,121	237
Profit/(loss) before income tax	1,414,951	6,400,191	1,875,745	44,276,124	653,877	4,647,271	61,625,413	(964,598)
Income tax expense	(1,494,976)	(600,004)	(156,482)	(7,617,783)	(306,152)	(807,286)	(11,801,938)	(3,479)
Total comprehensive income	(80,025)	5,800,187	1,719,263	36,658,341	347,725	3,839,985	49,823,475	(968,077)
Dividend received	-	-	18,750,000	-	2,496,400	4,893,750	-	-

Total comprehensive income in aggregate for all individually immaterial joint ventures for the year ended 31 December 2016 amounted to \$176,360 (2015: \$848).

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint ventures.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

17. Investments in joint ventures (continued)

	Urban Lofts Pte Ltd		LVND Homes Pte Ltd		Alliance Land Pte Ltd		LVND Holdings Pte Ltd and its subsidiaries		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Reconciliation of summarised financial information</i>										
Net assets/(liabilities)										
At 1 January	45,548,125	39,747,938	77,582,715	40,924,374	10,937,775	26,672,790	(38,077)	930,000	134,030,538	108,275,102
Dividend	-	-	(75,000,000)	-	(9,985,600)	(19,575,000)	-	-	(84,985,600)	(19,575,000)
(Loss)/profit for the year	(80,025)	5,800,187	1,719,263	36,658,341	347,725	3,839,985	49,823,475	(968,077)	51,810,438	45,330,436
At 31 December	45,468,100	45,548,125	4,301,978	77,582,715	1,299,900	10,937,775	49,785,398	(38,077)	100,855,376	134,030,538
Interest in joint ventures	15,913,835	15,941,844	1,075,494	19,395,679	324,975	2,734,444	12,446,349	(9,519)	29,760,653	38,062,448
Add:										
Carrying value of individually immaterial joint ventures									-	338,203
Carrying value of Group's interest in joint ventures									29,760,653	38,400,651

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

18. Investments in subsidiaries

	COMPANY	
	2016	2015
	\$	\$
Equity investments at cost		
Beginning of financial year	5,828,309	5,828,309
Additions	239,404	–
Written off	(649,999)	–
Disposal	(20,000)	–
	5,397,714	5,828,309
Less: Allowance for impairment	(1,242,687)	(1,892,686)
End of financial year	4,155,027	3,935,623

The movement for allowance for impairment are as follows:

	COMPANY	
	2016	2015
	\$	\$
Beginning of financial year	1,892,686	2,112,000
Reversal of allowance for impairment – net	–	(219,314)
Written off	(649,999)	–
End of financial year	1,242,687	1,892,686

Details of subsidiaries held by the Company are as follows:

Name of subsidiaries	Principal activities	Country of incorporation/ place of business	Proportionate (%) ownership interest		Company Cost of investment	
			2016	2015	2016	2015
			%	%	\$	\$
Held by the Company						
Boss Design International Pte Ltd [^]	Furniture retailing, interior renovators and designers	Singapore	100	100	339,400	339,400
Home2be Pte Ltd [^]	Retailing of furniture and household accessories	Singapore	75.2	75.2	395,200	395,200
Marquis Furniture Gallery Pte Ltd ⁺	Furniture retailing and interior designers	Singapore	100	100	430,000	430,000
Momentum Creations Pte Ltd ⁺	Retailers of designer furniture	Singapore	84.2	84.2	133,047	133,047

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

18. Investments in subsidiaries (continued)

Details of subsidiaries held by the Company are as follows (continued):

Name of subsidiaries	Principal activities	Country of incorporation/ place of business	Proportionate (%) ownership interest		Company Cost of investment	
			2016 %	2015 %	2016 \$	2015 \$
<u>Held by the Company</u>						
Nobel Projects Pte Ltd ⁺	Supply and installation of wardrobes, kitchens and other wooden joinery and fittings	Singapore	–	65	–	649,999
Affluent Apex Ltd ⁺	Investment holdings	British Virgin Island	100	100	3	3
Nobel Design Sdn Bhd ⁺⁺	Interior design contractors	Brunei	52	52	260,000	260,000
Nobel Design House (M) Sdn Bhd ⁺⁺⁺	Interior design contractors	Malaysia	100	100	51,500	51,500
Nobel Reka Cipta Sdn Bhd ⁺⁺⁺	Interior design contractors	Malaysia	100	100	38,540	38,540
Seni Reka Nobel Sdn Bhd ⁺⁺⁺	Furniture retailing and interior design contractors	Malaysia	100	100	285,000	285,000
Buylateral Group Pte Ltd ^{+,^^}	Trading and distribution on an e-commerce platform for furniture, accessories, fabric and furnishings for the business-to-business (B2B) market	Singapore	78.20	73.15	3,405,024	3,165,620
Numero Uno Creative Group Pte Ltd ⁺	Interior design services, furniture manufacturer, turnkey projects and project management	Singapore	60	80	60,000	80,000
					5,397,714	5,828,309

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

18. Investments in subsidiaries (continued)

Details of subsidiaries held by the Company are as follows (continued):

Name of subsidiaries	Principal activities	Country of incorporation/ place of business	Proportionate (%) ownership interest		Company Cost of investment	
			2016 %	2015 %	2016 \$	2015 \$
<u>Held by a subsidiary – Marquis Furniture Gallery Pte Ltd</u>						
Marquis HQO Pte Ltd ⁺	Retailer of office furniture, leather chairs and other office accessories	Singapore	90	90	–	–
Marquis HNC Pte Ltd ⁺⁺	Interior renovation contractors	Singapore	90	–	–	–
<u>Held by a subsidiary – Buylateral Group Pte Ltd</u>						
Buylateral.Com (M) Sdn Bhd ⁺⁺⁺	Wholesaler and internet retailers of furniture, accessories, fabric and furnishing	Malaysia	100	100	–	–
Target Marketing Systems, Inc. ⁺	Trading and distribution on an e-commerce platform for furniture, accessories, fabric and furnishing for the business-to-business (B2B) market	United States of America	100	100	–	–

[^] Not audited for the financial year ended 31 December 2016 as these subsidiaries are in the process of striking off and remain dormant.

^{^^} In 2006, Nobel Design Holdings Ltd acquired the entire 65,577 Series A redeemable convertible preference shares. Accordingly, the company became a subsidiary of Nobel Design Holdings Ltd, which is also the ultimate holding company.

^{*} Struck off during the financial year ended 31 December 2016.

[@] Newly incorporated during the financial year ended 31 December 2016.

⁺ Audited by Ernst & Young, Singapore.

⁺⁺ Audited by Deloitte & Touche, Brunei Darussalam.

⁺⁺⁺ Audited by Roger Yue, Tan & Associates, Malaysia.

(i) In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

	GROUP	
	2016 \$	2015 \$
<i>Carrying value of non-controlling interests</i>		
Buylateral Group Pte Ltd and its subsidiaries	3,870,975	3,534,877
Other subsidiaries with immaterial non-controlling interests	1,177,984	631,180
	5,048,959	4,166,057

During the financial year end 31 December 2016, the Group has paid dividend of \$345,000 (2015: \$348,000) to non-controlling interests.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

18. Investments in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for Buylateral Group Pte Ltd that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 December 2016 and 2015.

	<u>Buylateral Group Pte Ltd and its subsidiaries</u>	
	2016	2015
	\$	\$
<i>Summarised balance sheet</i>		
Current		
Assets	27,414,382	20,023,321
Liabilities	(10,259,670)	(7,477,874)
Total current net assets	17,154,712	12,545,447
Non-current		
Assets	602,053	628,222
Liabilities	–	(8,391)
Total non-current net assets	602,053	619,831
Net assets	17,756,765	13,165,278
<i>Summarised statement of comprehensive income</i>		
Revenue	58,444,720	49,383,082
Profit before income tax	4,734,861	3,088,198
Income tax expense	(833,493)	–
Net profit	3,901,368	3,088,198
Other comprehensive income	690,119	1,255,499
Total comprehensive income	4,591,487	4,343,697
<i>Summarised statement of cash flows</i>		
Net cash flows provided by operating activities	6,881,738	3,733,005
Net cash flows used in investing activities	(6,504,967)	(45,675)
Net cash flows provided by/(used in) financing activities	326,733	(3,527,297)
Net increase in cash and cash equivalents	703,504	160,033
Cash and cash equivalents at beginning of financial year	635,665	446,667
Effect on currency translation on cash and cash equivalents	14,328	28,965
Cash and cash equivalents at end of financial year	1,353,497	635,665

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18. Investments in subsidiaries (continued)

Acquisition of ownership interest in subsidiary, without loss of control

On 16 December 2016, the Company acquired an additional 5.05% equity interest in Buylateral Group Pte Ltd ("Buylateral") from its non-controlling interests for a cash consideration of \$239,404. As a result of this acquisition, Buylateral became a 78.20% owned subsidiary of the Company. The carrying value of the net assets of Buylateral at 31 December 2016 was \$17,756,765 and the carrying value of the additional interest acquired was \$896,717. The difference of \$657,313 between the consideration and the carrying value of the additional interest acquired has been recognised as "Discount on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in Buylateral on the equity attributable to owners of the Company:

	\$
Consideration for acquisition of non-controlling interests	239,404
Decrease in equity attributable to non-controlling interests	<u>(896,717)</u>
Increase in equity attributable to owners of the Company	<u>(657,313)</u>

Disposal of ownership interest in subsidiary, without loss of control

On 27 October 2016, the Company disposed 20% of its equity interest in Numero Uno Creative Group Private Limited ("Numero"). Prior to the disposal, the Company owned 80% of the issued and paid up share capital of Numero. After the disposal, Numero remains as a subsidiary of the Company.

The transaction has been accounted for as an equity transaction with non-controlling interests within equity.

The following summarises the effect of the change in the Group's ownership interest in Numero on the equity attributable to owners of the Company:

	\$
Proceeds from disposal of 20% equity interest	20,000
Increase in equity attributable to non-controlling interests	<u>(27,186)</u>
Decrease in equity attributable to owners of the Company	<u>(7,186)</u>

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For the financial year ended 31 December 2016

19. Property, plant and equipment

Group	Leasehold improvements	Furniture and office equipment	Equipment	Motor vehicle	Total
	\$	\$	\$	\$	\$
Cost					
As at 31 December 2014	1,685,786	1,509,766	563,103	947,083	4,705,738
Currency translation differences	713	24,292	28,315	1,850	55,170
Additions	942,830	78,899	25,172	18,425	1,065,326
Disposals	–	–	(25,264)	(62,735)	(87,999)
Written off	(24,927)	(32,526)	–	–	(57,453)
As at 31 December 2015	2,604,402	1,580,431	591,326	904,623	5,680,782
Currency translation differences	3,583	9,852	11,006	1,112	25,553
Additions	32,710	138,522	43,790	620,777	835,799
Disposals	–	(520)	–	(396,425)	(396,945)
Written off	–	(33,920)	–	(49,072)	(82,992)
As at 31 December 2016	2,640,695	1,694,365	646,122	1,081,015	6,062,197
Accumulated depreciation					
As at 31 December 2014	853,780	1,077,519	254,393	749,808	2,935,500
Currency translation differences	1,662	12,563	12,850	360	27,435
Depreciation charge (Note 7)	540,094	156,696	83,116	107,377	887,283
Disposals	–	–	(18,826)	(62,735)	(81,561)
Written off	(24,927)	(32,526)	–	–	(57,453)
As at 31 December 2015	1,370,609	1,214,252	331,533	794,810	3,711,204
Currency translation differences	2,189	8,335	8,548	887	19,959
Depreciation charge (Note 7)	538,395	165,184	80,468	106,676	890,723
Disposals	–	(420)	–	(355,997)	(356,417)
Written off	–	(32,968)	–	(49,072)	(82,040)
As at 31 December 2016	1,911,193	1,354,383	420,549	497,304	4,183,429
Carrying value					
As at 31 December 2015	1,233,793	366,179	259,793	109,813	1,969,578
As at 31 December 2016	729,502	339,982	225,573	583,711	1,878,768

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For the financial year ended 31 December 2016

19. Property, plant and equipment (continued)

<u>Company</u>	Leasehold improvements	Furniture and office equipment	Motor vehicle	Total
	\$	\$	\$	\$
Cost				
As at 31 December 2014	125,010	663,146	262,001	1,050,157
Additions	600,000	–	–	600,000
As at 31 December 2015	725,010	663,146	262,001	1,650,157
Additions	–	4,835	353,000	357,835
Disposal	–	–	(262,000)	(262,000)
As at 31 December 2016	725,010	667,981	353,001	1,745,992
Accumulated depreciation				
As at 31 December 2014	42,629	585,656	240,168	868,453
Depreciation charge	200,612	29,296	21,833	251,741
As at 31 December 2015	243,241	614,952	262,001	1,120,194
Depreciation charge	200,612	25,187	29,417	255,216
Disposal	–	–	(262,000)	(262,000)
As at 31 December 2016	443,853	640,139	29,418	1,113,410
Carrying value				
As at 31 December 2015	481,769	48,194	–	529,963
As at 31 December 2016	281,157	27,842	323,583	632,582

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$835,799 (2015: \$1,065,326) of which \$89,800 (2015: \$25,172) was acquired by means of finance lease arrangements and \$Nil (2015: \$851,415) relates to reinstatement costs.

The Group's carrying amounts of motor vehicles and equipment held under finance leases are \$119,323 (2015: \$Nil) and \$18,034 (2015: \$58,089) respectively at the balance sheet date.

20. Intangible assets

	GROUP AND COMPANY	
	2016	2015
	\$	\$
Club memberships, at cost		
At beginning and end of financial year	161,000	161,000
<u>Impairment testing of club membership</u>		

The recoverable amount of club memberships have been determined based on fair value less cost to sell, using an observable market price.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

21. Trade and other payables

	<u>GROUP</u>		<u>COMPANY</u>	
	2016	2015	2016	2015
	\$	\$	\$	\$
Trade payables to:				
- non-related parties	4,628,218	5,327,103	6,401	41,851
Other payables to:				
- non-related parties	616,041	893,201	55,469	96,366
- subsidiaries	–	–	–	27,548
- advances from joint ventures	6,650,000	2,565,000	6,650,000	2,565,000
- directors of subsidiaries ⁽¹⁾	–	77,400	–	–
Deposits received from customers	4,154,748	4,164,252	253,946	748,229
Provision for reinstatement cost	854,735	851,415	600,000	600,000
Accrued operating expenses	8,202,762	7,203,317	2,452,266	2,702,857
	20,478,286	15,754,585	10,011,681	6,740,000
Total trade and other payables	25,106,504	21,081,688	10,018,082	6,781,851
Add: Borrowings (Note 22)	8,970,588	9,896,927	8,600,048	9,636,201
Add: Obligations under finance leases (Note 23)	87,231	39,539	–	–
Less: Sales tax	(268,552)	(287,346)	–	–
Less: Provision for reinstatement cost	(854,735)	(851,415)	(600,000)	(600,000)
Total financial liabilities carried at amortised cost	33,041,036	29,879,393	18,018,130	15,818,052

The amounts due to subsidiaries, joint ventures and directors of subsidiaries are unsecured, interest-free and repayable on demand.

⁽¹⁾ Directors of subsidiaries who are also non-controlling interests.

Movement in provision for reinstatement cost:

	<u>GROUP</u>		<u>COMPANY</u>	
	2016	2015	2016	2015
	\$	\$	\$	\$
As at 1 January	851,415	–	600,000	–
Arose during the financial year	–	851,415	–	600,000
Currency translation differences	3,320	–	–	–
As at 31 December	854,735	851,415	600,000	600,000

A provision is recognised for reinstatement cost of office, showroom and warehouse. It is expected that most of these costs will be incurred in the next two financial years.

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For the financial year ended 31 December 2016

22. Borrowings

	GROUP		COMPANY	
	2016	2015	2016	2015
	\$	\$	\$	\$
<i>Current</i>				
Bank loan	8,600,048	9,636,201	8,600,048	9,636,201
Bills payable to banks	370,540	260,726	–	–
Total borrowings	8,970,588	9,896,927	8,600,048	9,636,201

Bank loan

The bank loan is interest bearing at 0.40% per annum above the bank's cost of funds for interest periods of 1, 2 or 3 months and are secured by a pledge of certain fixed deposits in the name of the company, equivalent to not less than 120% of Singapore Dollars equivalent of the loan utilisation from time to time and interest thereon.

Bills payable to banks

The Group's bills payable to banks is interest-bearing at the bank's prime lending rate for interest periods of 1, 2, 3 or 4 months and are unsecured.

Bankers guarantee ("BG")

The Group's BG are unsecured except for certain BGs which are secured by a pledge of fixed deposits of the Group amounting to \$734,268 (2015: \$726,595) (Note 11).

23. Obligations under finance leases

The Group leases certain motor vehicles and equipment from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	GROUP	
	2016	2015
	\$	\$
Minimum lease payments due		
Not later than one year	36,739	32,594
Later than one year but not later than five years	58,710	8,798
	95,449	41,392
Less: Future finance charges	(8,218)	(1,853)
Present value of finance lease liabilities	87,231	39,539

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23. Obligations under finance leases (continued)

The present values of finance lease liabilities are analysed as follows:

	GROUP	
	2016	2015
	\$	\$
Not later than one year	33,865	31,148
Later than one year but not later than five years	53,366	8,391
Total	87,231	39,539

The fair values of the non-current finance lease liabilities approximate their carrying amounts.

The effective interest rate for the Group ranges from 5.00% to 5.90% (2015: 4.00% to 5.00%) per annum.

24. Deferred income

	GROUP AND COMPANY	
	2016	2015
	\$	\$
Current	3,249,874	3,249,874
Non-current	1,354,113	4,603,987
Total	4,603,987	7,853,861

Movement of deferred income is as follows:		
Beginning of financial year	7,853,861	11,103,734
Credited to profit and loss (Note 5)	(3,249,874)	(3,249,873)
End of financial year	4,603,987	7,853,861

In 2012, the Company entered into a sale and leaseback transaction for the property at 16 Tai Seng Street. The property was sold at a consideration of \$59,250,000, which resulted in a gain of \$48,479,441, out of which \$17,150,000 was deferred due to the excess in sales price over the fair value of the property. The excess amount has been deferred and will be amortised in proportion to the lease payments over the lease period. The amortised deferred income recognised in the profit or loss amounted to \$2,858,333 (2015: \$2,858,333) and the balance of \$4,049,306 (2015: \$6,907,639) in the balance sheet as deferred income.

In 2013, the Company completed its Tranche 2 of the sale and leaseback transaction for the property at 16 Tai Seng Street. The consideration for Tranche 2 is \$13,657,700, which resulted in a gain of \$6,769,236 out of which \$1,957,701 was deferred due to the excess in sales price over the fair value of the property. The excess amount has been deferred and will be amortised in proportion to the lease payments over the lease period. The amortised deferred income recognised in the profit or loss amounted to \$391,541 (2015: \$391,540) and the balance of \$554,681 (2015: \$946,222) in the balance sheet as deferred income.

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25. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	GROUP	
	2016	2015
	\$	\$
Deferred income tax liabilities		
Differences in depreciation for tax purposes	24,531	24,531

The movement in deferred income tax liabilities is as follows:

	GROUP	
	2016	2015
	\$	\$
Overprovision in respect of previous years (Note 9)	-	69,200

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$23,911,322 (2015: \$21,248,826) and capital allowances of \$97,474 (2015: \$568,711) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

There are no tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 29).

26. Share capital

	GROUP AND COMPANY	
	No. of ordinary shares	Share capital
		\$
2016		
Beginning of financial year	212,722,686	33,744,505
Shares issued pursuant to the share option scheme	4,231,000	2,002,880
End of financial year	216,953,686	35,747,385
2015		
Beginning of financial year	209,531,686	32,459,456
Shares issued pursuant to the share option scheme	3,191,000	1,285,049
End of financial year	212,722,686	33,744,505

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

During the financial year 2016;

- (i) 3,095,000 share options were exercised and issued at \$0.3120 each; and
- (ii) 1,136,000 share options were exercised and issued at \$0.4000 each.

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For the financial year ended 31 December 2016

26. Share capital (continued)

During the financial year 2015;

- (i) 1,609,000 share options were exercised and issued at \$0.2061 each; and
- (ii) 1,582,000 share options were exercised and issued at \$0.3120 each.

The newly issued shares rank pari passu in all respects with the previously issued shares.

27. Other reserves

(a) Composition

	<u>GROUP</u>		<u>COMPANY</u>	
	2016	2015	2016	2015
	\$	\$	\$	\$
Employee share option reserve	811,970	1,426,935	811,970	1,426,935
Currency translation reserve	1,232,041	722,901	–	–
Premium on dilution of interests in subsidiary	(7,186)	–	–	–
Discount on acquisition of non-controlling interests	657,313	–	–	–
	2,694,138	2,149,836	811,970	1,426,935

(b) Employee share option reserve

	<u>GROUP</u>		<u>COMPANY</u>	
	2016	2015	2016	2015
	\$	\$	\$	\$
Beginning of financial year	1,426,935	1,656,152	1,426,935	1,656,152
Employee share option scheme				
- Value of employee services (Note 8)	73,469	230,633	73,469	230,633
- Share options exercised	(582,840)	(459,850)	(582,840)	(459,850)
- Share options lapsed in prior years	(105,594)	–	(105,594)	–
End of financial year	811,970	1,426,935	811,970	1,426,935

The Nobel Employee Share Option Scheme (the “Scheme”) was approved by the shareholders at an Extraordinary General Meeting (EGM) held on 20 February 2008.

Under the Scheme, executive and non-executive directors and employees of the Company and its subsidiaries (including controlling shareholders and their associates, as defined in the SGX-ST Listing Manual) are eligible to participate in the Scheme as administered by the Remuneration Committee.

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For the financial year ended 31 December 2016

27. Other reserves (continued)

(b) Employee share option reserve (continued)

Movements in the number of share options granted to controlling shareholders and directors and employees of the Company under the Scheme as at 31 December 2016, are as follows:

	Number of shares	
	2016	2015
Beginning of financial year	9,764,000	13,247,716
Share option exercised during the financial year	(4,231,000)	(3,191,000)
Share option forfeited and lapsed during the financial year	–	(292,716)
End of financial year	5,533,000	9,764,000

During the financial year, 4,231,000 (2015: 3,191,000) share options were exercised by employees. No options were granted during the year.

The share options granted on 5 March 2008, 8 December 2010, 29 March 2012 and 9 January 2013 are exercisable in 3 tranches as follows:

- (i) up to 40% of the New Shares available in respect of the Discount Option between the second anniversary and the third anniversary of the Date of Grant;
- (ii) up to 70% of the New Shares available in respect of the Discount Option between the third anniversary and the fourth anniversary of the Date of Grant; and
- (iii) up to 100% of the New Shares available in respect of the Discount Option between the fourth anniversary and the fifth anniversary of the Date of Grant.

The share options granted on 25 May 2009 and 27 July 2009 are exercisable in 4 tranches as follows:

- (i) up to 25% of the New Shares available in respect of the Market Price Option between the first anniversary and the second anniversary of the Date of Grant;
- (ii) up to 50% of the New Shares available in respect of the Market Price Option between the second anniversary and the third anniversary of the Date of Grant;
- (iii) up to 75% of the New Shares available in respect of the Market Price Option between the third anniversary and the fourth anniversary of the Date of Grant; and
- (iv) up to 100% of the New Shares available in respect of the Market Price Option between the fourth anniversary and the fifth anniversary of the Date of Grant.

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27. Other reserves (continued)

(b) Employee share option reserve (continued)

The details of the options granted under the scheme to the directors of the Company as at 31 December 2016 are as follows:

Name of directors		Date of grant of option	Exercise price	Options granted and accepted	Options adjustment ⁽¹⁾	Total	Options exercised	Lapsed	Options balance
Wee Ai Quey	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	–
	(a)	8-Dec-10	\$0.2061 *	1,050,000	30,000	1,080,000	(1,080,000)	–	–
	(a)	29-Mar-12	\$0.3120 *	1,634,000	–	1,634,000	(1,634,000)	–	–
	(a)	9-Jan-13	\$0.4000 *	723,000	–	723,000	(506,000)	–	217,000
Goon Eu Jin Terence	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	–
	(a)	8-Dec-10	\$0.2061 *	1,300,000	37,143	1,337,143	(1,337,000)	(143)	–
	(a)	29-Mar-12	\$0.3120 *	2,023,000	–	2,023,000	(2,023,000)	–	–
	(a)	9-Jan-13	\$0.4000 *	900,000	–	900,000	(630,000)	–	270,000
Ong Ciu Hwa	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	–
	(a)	8-Dec-10	\$0.2061 *	980,000	28,000	1,008,000	(1,008,000)	–	–
	(a)	29-Mar-12	\$0.3120 *	1,525,000	–	1,525,000	(300,000)	–	1,225,000
	(a)	9-Jan-13	\$0.4000 *	680,000	–	680,000	–	–	680,000
Dr. Teh Ban Lian	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	–
	(a)	8-Dec-10	\$0.2061 *	180,000	5,143	185,143	(185,000)	(143)	–
	(a)	29-Mar-12	\$0.3120 *	300,000	–	300,000	(120,000)	–	180,000
	(a)	9-Jan-13	\$0.4000 *	120,000	–	120,000	–	–	120,000
Heng Chye Yam	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	–
	(a)	8-Dec-10	\$0.2061 *	150,000	4,286	154,286	(154,000)	(286)	–
	(a)	29-Mar-12	\$0.3120 *	250,000	–	250,000	(100,000)	–	150,000
	(a)	9-Jan-13	\$0.4000 *	100,000	–	100,000	–	–	100,000
Wong Soon Chiu	(b)	25-May-09	\$0.0875 ^	100,000	2,857	102,857	(102,000)	(857)	–
	(a)	8-Dec-10	\$0.2061 *	150,000	4,286	154,286	(154,000)	(286)	–
	(a)	29-Mar-12	\$0.3120 *	250,000	–	250,000	(100,000)	–	150,000
	(a)	9-Jan-13	\$0.4000 *	100,000	–	100,000	–	–	100,000
Chan Kum Leong	(a)	9-Jan-13	\$0.4000 *	75,000	–	75,000	–	–	75,000

* The option was granted at a discount of 20% off market price of \$0.130, \$0.265, \$0.390 and \$0.500 respectively on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price for option granted on 5 March 2008 and 8 December 2010 was adjusted to \$0.1011 and \$0.2061 as a result of warrant issue.

^ The option was granted at market price of \$0.09 on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price was adjusted to \$0.0875 as a result of warrant issue.

⁽¹⁾ Options adjustments were made pursuant to the Nobel Employee Share Option Scheme Agreement when the Company issued new warrants in the financial year ended 31 December 2011.

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27. Other reserves (continued)

(b) Employee share option reserve (continued)

The fair value of the share options was estimated as of the grant date using the Black Scholes pricing model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used to value the share options on the following grant dates:

Date of grant	Date of expiry	Fair value of options granted (\$)	Weighted average share price (\$ per share)	Weighted average exercise price (\$ per share)	Weighted average exercise price (adjusted) (\$ per share)	Estimated volatility (%)	Expected life (years)	Risk-free rate (%)	Expected dividend yield (%)
05.03.2008 [^]	05.03.2013	479,393	0.130	0.104	0.1011	64%	5	1.41%	0%
25.05.2009 [^]	25.05.2014	32,040	0.090	0.090	0.0875	54%	5	1.20%	0%
27.07.2009 [^]	27.07.2014	6,302	0.080	0.080	0.0778	94%	5	1.20%	0%
08.12.2010 [^]	08.12.2015	814,317	0.265	0.212	0.2061	70%	5	1.20%	0%
29.03.2012 [*]	29.03.2017	1,117,643	0.390	0.312	–	28%	5	3.00%	1.89%
09.01.2013 [*]	09.01.2018	668,869	0.500	0.400	–	18%	5	0.30%	0.88%

* The option was granted at a discount of 20% off market price on the average exercise price.

[^] These options have lapsed as at 31 December 2016.

The share price and exercise price at date of grant are based on volume-weighted share price for 3 consecutive trading days prior to the grant date. The expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 12 months. The risk-free interest rate is based on the 5 years zero-coupon Singapore Government bond yields on the date of grant.

The fair values of the options were determined using the Black Scholes pricing model with the above inputs.

The expense recognised during the year taken into the employee share option reserve amounted to \$73,469 (2015: \$230,633) (Note 8). The weighted average share price at the date of exercise of the options during the financial year was \$0.4050 (2015: \$0.4076).

(c) Currency translation reserve

	GROUP		COMPANY	
	2016	2015	2016	2015
	\$	\$	\$	\$
Beginning of financial year	722,901	(219,665)	–	–
Net currency translation differences of financial statements of foreign subsidiaries	694,438	1,279,667	–	–
Less: Non-controlling interests	(185,298)	(337,101)	–	–
End of financial year	1,232,041	722,901	–	–

The currency translation reserve represents exchange differences arising from the translation of the financial statements of operations whose functional currencies are different from that of the Group's presentation currency.

(d) Premium on dilution of interests in subsidiary

The premium on dilution of interests in subsidiary represents the difference between the consideration received and the carrying value of non-controlling interests adjusted upon dilution of interests in subsidiary.

(e) Discount on acquisition of non-controlling interests

The discount on acquisition of non-controlling interests represents the difference between the consideration paid and the carrying value of non-controlling interests adjusted upon acquisition of interests in subsidiary.

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28. Retained earnings

Movement in retained earnings for the Company is as follows:

	COMPANY	
	2016	2015
	\$	\$
Beginning of financial year	52,844,636	48,340,928
Net profit	20,429,025	5,884,748
Dividends paid (Note 29)	(1,191,247)	(1,381,040)
Share options lapsed in prior years	105,594	–
End of financial year	72,188,008	52,844,636

29. Dividends

	COMPANY	
	2016	2015
	\$	\$
<i>Ordinary dividends paid</i>		
Final dividend paid in respect of the previous financial year of 0.56 cents (2015: 0.65 cents) per share	1,191,247	1,381,040
Proposed but not recognised as a liability as at 31 December: First and final dividend of 0.52 cents (2015: 0.56 cents) per ordinary share	1,128,159	1,191,247

Proposed dividend per ordinary share is based on 216,953,686 and 212,722,686 ordinary shares as at 31 December 2016 and 2015 respectively. The proposed dividend will be recommended during the Annual General Meeting and is subject to shareholders' approval. The financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

30. Contingencies

	GROUP		COMPANY	
	2016	2015	2016	2015
	\$	\$	\$	\$
Corporate guarantees (based on facility amount)				
- Subsidiaries	–	–	2,828,750	2,828,750
- Joint ventures	42,805,000	109,477,550	42,805,000	109,477,550
	42,805,000	109,477,550	45,633,750	112,306,300

The Company has given corporate guarantees to certain banks and financial institutions for credit facilities granted to the subsidiaries and joint ventures (collectively known as the "borrowers"). The Company has evaluated the fair value of the corporate guarantees and is of the view that the consequential benefit derived from its guarantees to the banks and financial institutions with regard to the subsidiaries and joint ventures is minimal. The subsidiaries and joint ventures which received the loans for which the guarantees were provided are in favourable equity positions and are profitable.

The Group's share of the aggregate amount drawn down on these facilities as at 31 December 2016 is \$34,776,880 (2015: \$56,763,109). The Company's share of the aggregate amount drawn down on these facilities as at 31 December 2016 is \$34,776,880 (2015: \$56,763,109).

The Company was not required to fulfil any guarantee on the basis of default by the borrowers at the balance sheet date.

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For the financial year ended 31 December 2016

31. Commitments

(a) Capital commitments

Capital expenditures contracted for by joint ventures at the balance sheet date but not recognised in the financial statements of the joint ventures are as follows:

	<u>GROUP</u>	
	2016	2015
	\$	\$
Construction cost commitments	533,563	11,432,189

(b) Operating lease commitments – where the Group is a lessee

The Group and Company lease warehouses, showrooms, land and office space from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	2016	2015	2016	2015
	\$	\$	\$	\$
Not later than one year	8,131,641	8,638,743	6,239,539	6,167,234
Later than one year but not later than five years	4,552,480	12,627,791	2,572,687	8,909,971
	12,684,121	21,266,534	8,812,226	15,077,205

The operating lease expenses incurred by the Group and Company for rental of premises were \$9,979,757 (2015: \$9,720,402) and \$6,208,884 (2015: \$6,061,582) respectively.

(c) Operating lease commitments – where the Group is a lessor

The Group and Company lease out office space to non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	<u>GROUP AND COMPANY</u>	
	2016	2015
	\$	\$
Not later than one year	858,928	1,287,228
Later than one year but not later than five years	175,638	429,076
	1,034,566	1,716,304

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For the financial year ended 31 December 2016

32. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Market risk

(i) Currency risk

The Group primarily operates in Asia Pacific with operations in Singapore, Malaysia, Brunei Darussalam, United States of America and United Kingdom. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), Malaysian Ringgit ("MYR"), Euro ("EUR") and British Pound ("GBP"). The currency risk is mitigated to certain extent by the natural hedge between sales receipts and purchases, and operating expenses disbursement.

The Group's currency exposure is as follows:

GROUP	SGD	USD	MYR	EUR	GBP	Others	Total
	\$	\$	\$	\$	\$	\$	\$
2016							
Financial assets							
Cash and bank balances	126,278,748	7,118,380	1,016,336	–	408,857	–	134,822,321
Trade and other receivables	5,359,817	6,489,309	104,296	60,778	7,344,372	3,384	19,361,956
Available-for-sale financial assets	552	–	–	–	–	–	552
	<u>131,639,117</u>	<u>13,607,689</u>	<u>1,120,632</u>	<u>60,778</u>	<u>7,753,229</u>	<u>3,384</u>	<u>154,184,829</u>
Financial liabilities							
Trade and other payables (excluding provision and tax)	(16,335,159)	(6,696,267)	(328,436)	(620,415)	–	(2,940)	(23,983,217)
Bank borrowings	(370,540)	–	–	–	(8,600,048)	–	(8,970,588)
Obligations under finance leases	(79,717)	(7,514)	–	–	–	–	(87,231)
	<u>(16,785,416)</u>	<u>(6,703,781)</u>	<u>(328,436)</u>	<u>(620,415)</u>	<u>(8,600,048)</u>	<u>(2,940)</u>	<u>(33,041,036)</u>
Net financial assets/(liabilities)	114,853,701	6,903,908	792,196	(559,637)	(846,819)	444	121,143,793
Less: Balances denominated in the respective entities' functional currencies	(113,773,401)	(6,972,604)	(294,092)	–	9,569	–	(121,030,528)
Currency exposure	<u>1,080,300</u>	<u>(68,696)</u>	<u>498,104</u>	<u>(559,637)</u>	<u>(837,250)</u>	<u>444</u>	<u>113,265</u>

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For the financial year ended 31 December 2016

32. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

GROUP	SGD	USD	MYR	EUR	GBP	Others	Total
	\$	\$	\$	\$	\$	\$	\$
2015							
Financial assets							
Cash and bank balances	106,190,597	618,020	623,554	–	815,242	–	108,247,413
Trade and other receivables	3,781,879	6,502,222	710,563	3,047	8,847,864	–	19,845,575
Available-for-sale financial assets	18,795	–	–	–	–	–	18,795
	<u>109,991,271</u>	<u>7,120,242</u>	<u>1,334,117</u>	<u>3,047</u>	<u>9,663,106</u>	<u>–</u>	<u>128,111,783</u>
Financial liabilities							
Trade and other payables (excluding provision and tax)	(13,961,076)	(4,800,541)	(551,120)	(609,572)	–	(20,618)	(19,942,927)
Bank borrowings	(260,726)	–	–	–	(9,636,201)	–	(9,896,927)
Obligations under finance leases	–	(39,539)	–	–	–	–	(39,539)
	<u>(14,221,802)</u>	<u>(4,840,080)</u>	<u>(551,120)</u>	<u>(609,572)</u>	<u>(9,636,201)</u>	<u>(20,618)</u>	<u>(29,879,393)</u>
Net financial assets/(liabilities)	95,769,469	2,280,162	782,997	(606,525)	26,905	(20,618)	98,232,390
Less: Balances denominated in the respective entities' functional currencies	(95,547,658)	(2,325,217)	(273,092)	–	17,618	–	(98,128,349)
Currency exposure	<u>221,811</u>	<u>(45,055)</u>	<u>509,905</u>	<u>(606,525)</u>	<u>44,523</u>	<u>(20,618)</u>	<u>104,041</u>

The Group is not exposed to significant currency risk on its receivables from/payable to subsidiaries.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

32. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure is as follows:

COMPANY	SGD	MYR	GBP	Total
	\$	\$	\$	\$
2016				
Financial assets				
Cash and bank balances	116,160,687	498,685	408,857	117,068,229
Trade and other receivables	1,742,885	–	7,353,940	9,096,825
Available-for-sale financial assets	552	–	–	552
	<u>117,904,124</u>	<u>498,685</u>	<u>7,762,797</u>	<u>126,165,606</u>
Financial liabilities				
Trade and other payables (excluding provision and tax)	(9,418,082)	–	–	(9,418,082)
Bank borrowings	–	–	(8,600,048)	(8,600,048)
	<u>(9,418,082)</u>	<u>–</u>	<u>(8,600,048)</u>	<u>(18,018,130)</u>
Net financial assets/(liabilities)	108,486,042	498,685	(837,251)	108,147,476
Less: Balances denominated in the Company's functional currency	<u>(108,486,042)</u>	<u>–</u>	<u>–</u>	<u>(108,486,042)</u>
Currency exposure	<u>–</u>	<u>498,685</u>	<u>(837,251)</u>	<u>(338,566)</u>
2015				
Financial assets				
Cash and bank balances	95,112,151	16,249	815,242	95,943,642
Trade and other receivables	1,178,499	494,250	8,865,482	10,538,231
Available-for-sale financial assets	18,795	–	–	18,795
	<u>96,309,445</u>	<u>510,499</u>	<u>9,680,724</u>	<u>106,500,668</u>
Financial liabilities				
Trade and other payables (excluding provision and tax)	(6,181,851)	–	–	(6,181,851)
Bank borrowings	–	–	(9,636,201)	(9,636,201)
	<u>(6,181,851)</u>	<u>–</u>	<u>(9,636,201)</u>	<u>(15,818,052)</u>
Net financial assets	90,127,594	510,499	44,523	90,682,616
Less: Balances denominated in the Company's functional currency	<u>(90,127,594)</u>	<u>–</u>	<u>–</u>	<u>(90,127,594)</u>
Currency exposure	<u>–</u>	<u>510,499</u>	<u>44,523</u>	<u>555,022</u>

The Company is not exposed to significant currency risk on its receivables from/payable to subsidiaries.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

32. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, MYR, EUR and GBP change against the functional currencies of the respective entities by 6% (2015: 7%), 4% (2015: 12%), 7% (2015: 4%) and 12% (2015: 2%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets/(liabilities) position will be as follows:

	← Increase/(decrease) →			
	PROFIT BEFORE INCOME TAX			
	GROUP		COMPANY	
	2016	2015	2016	2015
	\$	\$	\$	\$
USD against SGD				
- strengthened	(4,122)	(3,154)	–	–
- weakened	4,122	3,154	–	–
MYR against SGD				
- strengthened	19,924	61,189	19,947	61,260
- weakened	(19,924)	(61,189)	(19,947)	(61,260)
EUR against SGD				
- strengthened	(39,175)	(24,261)	–	–
- weakened	39,175	24,261	–	–
GBP against SGD				
- strengthened	(100,470)	890	(100,470)	890
- weakened	100,470	(890)	100,470	(890)

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the consolidated balance sheet as available-for-sale.

These securities are listed in Singapore. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

If prices for equity securities listed in Singapore had changed by 10% (2015: 10%) with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

	← Increase/(decrease) →			
	2016		2015	
	Profit after tax	Other comprehensive income	Profit after tax	Other comprehensive income
	\$	\$	\$	\$
Listed in Singapore				
- increased by	–	46	–	1,560
- decreased by	(46)	–	(1,560)	–

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

32. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that changes in interest rates will have an adverse financial effect on the Group's financial conditions and/or results. The primary source of the Group's interest rate risk is its borrowings from financial institutions in Singapore. The Group's policy is to manage its interest cost using a combination of fixed and variable interest rate borrowings, where applicable.

The Group has adequate credit facilities to ensure necessary liquidity as shown in the consolidated balance sheets.

The Group has cash balances placed with reputable banks. The Group manages its interest rate risks on its interest income by placing the cash balances in varying maturities and interest rate terms.

The Group's and the Company's interest-bearing financial assets and liabilities are mainly cash and bank balances, financial assets and bank borrowings (all variable) as set out in the table below.

	Interest bearing Fixed	Variable	Non-interest bearing	Total
	\$	\$	\$	\$
GROUP				
2016				
Financial assets				
Cash and bank balances	121,592,942	8,693,672	4,535,707	134,822,321
Available-for-sale financial assets	–	–	552	552
Financial assets classified under other receivables	–	–	9,600,676	9,600,676
	<u>121,592,942</u>	<u>8,693,672</u>	<u>14,136,935</u>	<u>144,423,549</u>
Financial liabilities				
Bank borrowings	–	8,970,588	–	8,970,588
Obligations under finance leases	87,231	–	–	87,231
	<u>87,231</u>	<u>8,970,588</u>	<u>–</u>	<u>9,057,819</u>
2015				
Financial assets				
Cash and bank balances	97,879,824	6,041,452	4,326,137	108,247,413
Available-for-sale financial assets	–	–	18,795	18,795
Financial assets classified under other receivables	–	–	11,206,059	11,206,059
	<u>97,879,824</u>	<u>6,041,452</u>	<u>15,550,991</u>	<u>119,472,267</u>
Financial liabilities				
Bank borrowings	–	9,896,927	–	9,896,927
Obligations under finance leases	39,539	–	–	39,539
	<u>39,539</u>	<u>9,896,927</u>	<u>–</u>	<u>9,936,466</u>

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

32. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	Interest bearing		Non-interest	Total
	Fixed	Variable	bearing	
	\$	\$	\$	\$
COMPANY				
2016				
Financial assets				
Cash and bank balances	112,594,328	3,123,369	1,350,532	117,068,229
Available-for-sale financial assets	–	–	552	552
Financial assets classified under other receivables	–	–	9,035,333	9,035,333
	<u>112,594,328</u>	<u>3,123,369</u>	<u>10,386,417</u>	<u>126,104,114</u>
Financial liabilities				
Bank borrowings	–	8,600,048	–	8,600,048
2015				
Financial assets				
Cash and bank balances	91,613,990	3,109,022	1,220,630	95,943,642
Available-for-sale financial assets	–	–	18,795	18,795
Financial assets classified under other receivables	–	–	10,538,231	10,538,231
	<u>91,613,990</u>	<u>3,109,022</u>	<u>11,777,656</u>	<u>106,500,668</u>
Financial liabilities				
Bank borrowings	–	9,636,201	–	9,636,201

The Group's bank borrowings are at variable rates and no hedges have been entered. If the interest rates increase/decrease by 0.5% (2015: 0.5%) with all other variables being held constant, the Group's profit before income tax will be lower/higher by \$44,853 (2015: \$49,484) as a result of higher/lower interest expense on these borrowings.

The Company's bank borrowings are at variable rates and no hedges have been entered. If the interest rates increase/decrease by 0.5% (2015: 0.5%) with all other variables being held constant, the Company's profit before income tax will be lower/higher by \$43,000 (2015: \$48,181) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group manages such risks by dealing with a diversity of credit-worthy counterparties to mitigate any significant concentration of credit risk. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections. The Group places its cash and bank balances with creditworthy institutions.

The maximum exposure to credit risk in the event that the counterparties fail to perform the obligations as at the end of the financial year in relation to each class of financial assets is the carrying amount of these assets in the consolidated balance sheets.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

32. Financial risk management (continued)

(b) Credit risk (continued)

The trade receivables of the Group comprise 4 major debtors (2015: 4 major debtors) that individually represented 6% - 25% (2015: 7% - 27%) trade receivables.

The credit risk for trade receivables by geographical area is as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
	\$	\$	\$	\$
Singapore	3,024,276	1,642,443	61,492	–
United States of America	6,322,587	6,375,551	–	–
Malaysia and Brunei	414,417	621,522	–	–
	9,761,280	8,639,516	61,492	–

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and the Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

Trade receivables that are more than 90 days old are considered past due except for balances pertaining to a subsidiary which has credit terms between 30 and 60 days.

The age analysis of trade receivables past due but not impaired is as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
	\$	\$	\$	\$
Past due < 3 months	–	106,430	–	–
Past due 3 to 6 months	111,460	60,299	–	–
	111,460	166,729	–	–

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

32. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

The carrying amounts of trade and other receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
	\$	\$	\$	\$
Trade receivables				
Gross amount	608,693	1,017,096	1,125,064	1,531,857
Less: Allowance for impairment – trade	(608,693)	(1,017,096)	(1,125,064)	(1,531,857)
	–	–	–	–
Other receivables				
Gross amount	887,175	39,184	962,632	2,063,322
Less: Allowance for impairment – other	–	(22,215)	(75,457)	(2,063,322)
Less: Allowance for impairment – associated companies	(887,175)	(16,969)	(887,175)	–
	–	–	–	–

Movement in allowance account:

	GROUP		COMPANY	
	2016	2015	2016	2015
	\$	\$	\$	\$
Trade receivables				
Beginning of financial year	1,017,096	1,043,907	1,531,857	1,447,118
Currency translation difference	595	23,834	–	–
Charge for the year	214,829	523,861	–	84,739
Written back	(272,251)	(217,297)	(211,515)	–
Written off	(351,576)	(357,209)	(195,278)	–
End of financial year	608,693	1,017,096	1,125,064	1,531,857
Other receivables				
Beginning of financial year	39,184	156,072	2,063,322	2,158,772
Currency translation difference	(8,260)	1,415	(6,375)	–
Charge for the year	893,546	17,095	1,064,274	1,440
Written back	(27,755)	(25,581)	–	–
Written off	(9,540)	(109,817)	(2,158,589)	(96,890)
End of financial year	887,175	39,184	962,632	2,063,322

Trade receivables that are individually determined to be impaired at the end of the reporting period relates to trade receivables that are more than 90 days old and irrecoverable. Other receivables are individually determined for impairment when indicators exist. These receivables are not secured by any collateral or credit enhancements.

Included in allowance for impairment of trade and other receivables disclosed in Note 7 to the financial statements are expenses recognised during the period in respect of impaired receivables from related parties amounted to \$887,175 (2015: \$16,969).

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

32. Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk include cash and bank balances as disclosed in Note 11.

Management monitors rolling forecasts of the liquidity reserve and cash and bank balances of the Group and the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies, monitoring liquidity ratios and maintaining debt financing plans.

The table below summarises the maturity profile of the financial liabilities of the Group and the Company at the balance sheet date based on contractual undiscounted repayment cash flows. Financial guarantee contracts disclosed below represents the maximum amount allocated to the earliest period in which the guarantee could be called. The Group's and the Company's cash and bank balances (Note 11) exceed the total contractual cash outflows as disclosed below.

	Balance sheet carrying amounts	Contractual cash flows	Cash flows Within 1 year	Within 1 to 5 years
	\$	\$	\$	\$
GROUP				
2016				
Trade and other payables (excluding provision and sales tax)	23,983,217	23,983,217	23,983,217	–
Bank borrowings	8,970,588	8,979,870	8,979,870	–
Obligations under finance lease	87,231	95,449	36,739	58,710
Financial guarantee contracts	–	34,776,880	34,776,880	–
Total financial liabilities	33,041,036	67,835,416	67,776,706	58,710
2015				
Trade and other payables (excluding provision and sales tax)	19,942,927	19,942,927	19,942,927	–
Bank borrowings	9,896,927	9,910,650	9,910,650	–
Obligations under finance lease	39,539	41,392	32,594	8,798
Financial guarantee contracts	–	56,763,109	56,763,109	–
Total financial liabilities	29,879,393	86,658,078	86,649,280	8,798
COMPANY				
2016				
Trade and other payables (excluding provision and sales tax)	9,418,082	9,418,082	9,418,082	–
Bank borrowings	8,600,048	8,604,421	8,604,421	–
Financial guarantee contracts	–	34,776,880	34,776,880	–
Total financial liabilities	18,018,130	52,799,383	52,799,383	–
2015				
Trade and other payables (excluding provision and sales tax)	6,181,851	6,181,851	6,181,851	–
Bank borrowings	9,636,201	9,646,268	9,646,268	–
Financial guarantee contracts	–	56,763,109	56,763,109	–
Total financial liabilities	15,818,052	72,591,228	72,591,228	–

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

32. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services which commensurate with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Management monitors capital based on gearing ratio and debt equity ratio.

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total external borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt. As the Group is in net cash position, gearing ratio is not meaningful.

Debt equity ratio is calculated as total external borrowings divided by total equity attributable to equity holders of the Company. Included in total borrowings are borrowings and obligations under finance leases.

	GROUP	
	2016	2015
	\$	\$
Total borrowings	9,057,819	9,936,466
Total equity attributable to equity holders of the Company	159,755,577	142,978,890
Debt equity ratio	5.67%	6.95%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2016 and 2015.

33. Fair value of assets and liabilities

(a) Fair value hierarchy

The following table presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- (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).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

33. Fair value of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of the assets measured at fair value at the end of the reporting period:

	GROUP AND COMPANY		
	Level 1	Level 2	Level 3
	\$	\$	\$
2016			
Assets			
Available-for-sale financial assets			
- Equity securities	552	–	–
2015			
Assets			
Available-for-sale financial assets			
- Equity securities	18,795	–	–

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and Company is the current bid price. These instruments are included in Level 1.

34. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions between the Group and related parties took place at terms agreed between the parties:

	GROUP	
	2016	2015
	\$	\$
Dividend received from joint ventures	21,246,400	4,893,750
Management fee received from joint ventures	72,000	54,000
Interest received from joint ventures	–	41,336

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

34. Related party transactions (continued)

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling activities of the company. The directors and executive officers of the Group are considered as key management personnel of the Group.

Key management's remuneration includes salary, bonus, commission and other emoluments computed based on the cost incurred by the Group and the Company and where the Group and the Company did not incur any costs, the value of the benefit is included. The key management's remuneration is as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	2016	2015	2016	2015
	\$	\$	\$	\$
Wages and salaries	5,480,645	5,739,967	2,562,800	2,499,572
Employer's contribution to defined contribution plans	182,983	160,689	60,138	50,877
Staff allowances	70,924	70,893	3,600	11,400
Employee share option expense	62,403	192,348	33,247	112,203
	5,796,955	6,163,897	2,659,785	2,674,052

35. Segment information

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions, allocate resources, and assess performance.

The executive directors consider the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the primary geographic areas: Singapore, Malaysia, Brunei Darussalam ("Brunei"), the United States of America and United Kingdom. From a business segment perspective, management separately considers sales activities in these geographic areas.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

35. Segment information (continued)

The segment information for the reportable segments for the year ended 31 December 2016 is as follows:

Group	Interior and furniture \$'000	Development properties \$'000	Hotel division \$'000	HQ and other investing activities \$'000	Supply chain \$'000	Total \$'000
2016						
Sales						
Total segment sales	35,768	–	–	6	58,445	94,219
Less: Inter-segment sales	(1,594)	–	–	–	–	(1,594)
Sales to external parties	34,174	–	–	6	58,445	92,625
Adjusted EBITDA	3,567	2	–	(4,239)	5,369	4,699
Allowance for impairment of trade and other receivables	133	–	–	852	123	1,108
Depreciation	478	–	–	255	158	891
Income tax expense	579	–	–	2	834	1,415
Finance expenses	16	–	–	74	12	102
Interest income	99	–	–	1,883	36	2,018
Bad debts recovered	103	6	–	–	191	300
Allowance for stock obsolescence	307	–	–	–	433	740
Share of profit/(loss) of joint ventures - net of tax	–	13,826	(923)	–	–	12,903
Total assets	22,158	33,127	(868)	124,192	28,016	206,625
Total assets includes:						
Investment in joint ventures	–	30,629	(868)	–	–	29,761
Additions to property, plant and equipment	339	–	–	358	139	836
Available-for-sale financial assets	–	–	–	1	–	1
Intangible assets	–	–	–	161	–	161
Total liabilities	11,087	6,651	–	16,572	7,510	41,820

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

35. Segment information (continued)

Group	Interior and furniture	Development properties	Hotel division	HQ and other investing activities	Supply chain	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015						
Sales						
Total segment sales	36,874	–	–	–	49,383	86,257
Less: Inter-segment sales	(1,565)	–	–	–	–	(1,565)
Sales to external parties	35,309	–	–	–	49,383	84,692
Adjusted EBITDA	3,682	(19)	–	(1,279)	3,301	5,685
Allowance for impairment of trade and other receivables	174	17	–	–	350	541
Depreciation	466	–	–	252	169	887
Income tax expense	219	–	–	(66)	–	153
Finance expenses	24	–	–	108	45	177
Interest income	93	–	–	1,311	1	1,405
Bad debts recovered	218	–	–	–	25	243
Allowance for stock obsolescence	157	–	–	–	(26)	131
Share of profit/(loss) of joint ventures - net of tax	–	12,310	(42)	–	–	12,268
Total assets	18,967	46,939	55	102,506	20,652	189,119
Total assets includes:						
Investment in joint ventures	–	38,346	55	–	–	38,401
Additions to property, plant and equipment	252	–	–	600	213	1,065
Available-for-sale financial assets	–	–	–	19	–	19
Intangible assets	–	–	–	161	–	161
Total liabilities	12,743	2,566	–	21,679	4,986	41,974

The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the statement of comprehensive income.

The executive directors assess the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") for continuing operations. This measurement basis excludes the effects of expenditure from the operating segments such as restructuring costs and impairment loss that are not expected to recur regularly in every period which are separately analysed.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

35. Segment information (continued)

(a) Reconciliations

(i) Segment profits

A reconciliation of adjusted EBITDA to profit before income tax and discontinued operations is as follows:

	GROUP	
	2016	2015
	\$'000	\$'000
Profit before income tax	18,627	18,294
Depreciation	891	887
Finance expenses	102	177
Interest income	(2,018)	(1,405)
Share of profit of joint ventures - net of tax	(12,903)	(12,268)
Adjusted EBITDA for reportable segments	4,699	5,685

(ii) Segment assets

Total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the executive directors monitor the property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment.

	GROUP	
	2016	2015
	\$'000	\$'000
Segment assets for reportable segments	206,625	189,119

(iii) Segment liabilities

Total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

	GROUP	
	2016	2015
	\$'000	\$'000
Segment liabilities for reportable segments	41,820	41,974

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

35. Segment information (continued)

(b) Revenue from major products and services

Revenue from external customers are derived mainly from interior design and renovation projects, retailing of furniture and accessories and supply chain. Breakdown of the revenue is as follows:

	GROUP	
	2016	2015
	\$'000	\$'000
Interior design and residential projects	34,180	35,309
Supply chain	58,445	49,383
	92,625	84,692

(c) Geographical information

The Group's five business segments operate in four main geographical areas:

Singapore – the company is headquartered and has operations in Singapore. The operations in this area are principally furniture retailing, interior design, renovation and residential projects.

Malaysia and Brunei – the operations in this area are principally furniture retailing, interior design and residential projects.

United States of America – the operations in this area are principally supply chain management.

United Kingdom – the operations in this area are principally investment holdings and property development.

	GROUP	
	2016	2015
	\$'000	\$'000
Revenue		
Singapore	32,738	31,578
United States of America	58,445	49,383
Malaysia and Brunei	1,442	3,731
	92,625	84,692
Non-current assets		
Singapore	31,325	40,224
United States of America	602	628
Malaysia and Brunei	13	16
United Kingdom	*	*
	31,940	40,868

* Amount less than \$1,000

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

35. Segment information (continued)

(d) Information about major customers

Information regarding customers which account for more than 10% of the revenue derived by any of the entities within the Group is as follows:

	<u>Supply chain</u>	
	2016	2015
	\$'000	\$'000
Customer A	20,814	17,707
Customer B	15,136	14,678
Customer C	15,054	9,864

36. Events occurring after the reporting period

Incorporation of a subsidiary

On 9 February 2017, the Company incorporated a subsidiary, Jacksonville Bridge Pte. Ltd. ("JBPL"). JBPL has an issued and paid up share capital of \$100 comprising 100 ordinary shares, of which the Company had allotted for 71 ordinary shares. The principal activity of JBPL is investment holdings, and JBPL will be investing in property projects in the United States of America.

Acquisition of ownership interest in subsidiary

On 22 March 2017, the Company acquired an additional 17.22% equity interest in Buylateral from its non-controlling interests for a cash consideration of MYR4,800,000 (equivalent to \$1,532,242). As a result of this acquisition, Buylateral became a 95.42% owned subsidiary of the Company. The difference between the consideration and the carrying value of the additional interest acquired will be recognised as "Discount on acquisition of non-controlling interests" within equity in the Group's financial statements for the financial year ending 31 December 2017.

37. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Nobel Design Holdings Ltd on 31 March 2017.

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2017

NOBEL DESIGN HOLDINGS LIMITED
(Company Registration No: 198104591E)

First Quarter Financial Statement And Dividend Announcement for the Period Ended 31 Mar 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated income statement for the financial period ended 31-Mar-17

	GROUP		Variance
	31-Mar-17	31-Mar-16	
	S\$'000	S\$'000	%
Revenue	23,569	21,151	11%
Cost of sales	(15,721)	(13,883)	13%
Gross profit	7,848	7,268	
Other income	1,972	1,850	7%
Expenses			
- Distribution and marketing	(3,537)	(3,497)	1%
- Administrative	(4,498)	(4,882)	-8%
- Finance	(29)	(30)	-3%
Share of (loss)/profit of joint ventures-net of tax	(231)	633	NM
Profit before income tax	1,525	1,342	
Income tax expense	(741)	(52)	NM
Net profit	784	1,290	-39%
Profit attributable to:			
Equity holders of the Company	520	867	-40%
Non-controlling interests	264	423	
	784	1,290	

NM means not meaningful

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2017

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year. (continued)

Consolidated Statement of Comprehensive income for the financial period ended 31-Mar-17

	GROUP		Variance
	31-Mar-17 S\$'000	31-Mar-16 S\$'000	
Net profit	784	1,290	-39%
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation – losses	(850)	(976)	
Other comprehensive loss, net of tax	(850)	(976)	
Total comprehensive income	(66)	314	
Total comprehensive income attributable to:			
Equity holders of the Company	(144)	152	
Non-controlling interests	78	162	
	(66)	314	

Additional information to the income statement:

	GROUP	
	31-Mar-17 S\$'000	31-Mar-16 S\$'000
1. Other income		
Commission income	1	1
Fixed deposit interest income	517	447
Interest income	23	3
Management fee from joint ventures	18	14
Parking fee income	9	6
Rental income	429	322
Amortisation of deferred income	812	812
Bad debts recovered	13	74
Loss on disposal of property, plant and equipment	-	(1)
Miscellaneous income	150	172
	1,972	1,850

2. Administrative expenses

The decrease in administrative expenses was mainly due to decrease in staff cost.

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2017

Additional information to the income statement (continued):

	GROUP	
	31-Mar-17	31-Mar-16
	S\$'000	S\$'000
3. Finance Expenses		
Bank loan interest	24	28
Finance lease interest	1	-
Trust receipts interest	4	2
	29	30

	GROUP	
	31-Mar-17	31-Mar-16
	S\$'000	S\$'000
4. Profit before income tax		
Profit before income tax is determined after charging/(crediting):-		
Advertising and promotion	897	729
Bank charges	37	32
Depreciation of property, plant and equipment	224	214
Allowance for impairment of trade and other receivables	44	46
Property tax	160	179
Sales commission	498	464
Foreign Exchange gain - net	(19)	(143)
Legal and professional fee	14	45
(Reversal of)/allowance for stock obsolescence	(67)	25
Rental expense on operating leases	2,551	2,505
Utilities	89	87

5. Income tax expense

The increase in income tax expense was mainly due to the increase in tax expense incurred by the supply chain division in 1st quarter ended 31 Mar 2017 as this division had fully utilised its prior year tax losses in FY2016.

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2017

- 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.

	GROUP		COMPANY	
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	144,947	134,822	124,431	117,068
Available-for-sale financial assets	1	1	1	1
Trade and other receivables	13,256	12,390	10,434	4,167
Loan to associated companies	7,172	7,419	4,745	4,935
Inventories	18,910	19,733	-	-
Gross amount due from customers for contract work-in-progress	163	319	-	-
	184,449	174,684	139,611	126,171
Non-current assets				
Trade and other receivables	7,113	140	-	-
Investments in associated companies	-	-	-	-
Investments in joint ventures	29,129	29,760	850	850
Investments in subsidiaries	-	-	5,687	4,155
Property, plant and equipment	1,636	1,879	559	632
Intangible assets	161	161	161	161
	38,039	31,940	7,257	5,798
Total assets	222,488	206,624	146,868	131,969
LIABILITIES				
Current liabilities				
Trade and other payables	18,989	18,456	3,802	3,368
Advances from joint ventures	6,650	6,650	6,650	6,650
Borrowings	23,010	8,971	22,719	8,600
Obligations under finance leases	30	34	-	-
Gross amount due to customers for contract work-in-progress	4,194	1,746	-	-
Current income tax liabilities	1,835	1,281	-	-
Deferred income	3,250	3,250	3,250	3,250
	57,958	40,388	36,421	21,868
Non-current liabilities				
Deferred income	542	1,354	542	1,354
Obligations under finance leases	47	53	-	-
Deferred income tax liabilities	25	25	-	-
	614	1,432	542	1,354
Total liabilities	58,572	41,820	36,963	23,222
NET ASSETS	163,916	164,804	109,905	108,747
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	36,744	35,747	36,744	35,747
Other reserves	3,228	2,694	445	812
Retained earnings	121,914	121,314	72,716	72,188
	161,886	159,755	109,905	108,747
Non-controlling interests	2,030	5,049	-	-
TOTAL EQUITY	163,916	164,804	109,905	108,747

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2017

Additional Information to the Statement of financial position:

Current and Non-Current Assets

- Cash and bank balances increased by \$10.13 million as compared to 31 Dec 2016. The increase is mainly due to dividend received and repayment of a short-term USD advance (amounting to USD5 million) arising from our USA project development investment. The amount of USD5 million will be used to repay short-term USD bank loan maturing in April 2017.
- Inventories decreased by \$0.82 million as compared to 31 Dec 2016. The decrease is mainly due to a decrease in inventory in the supply chain division and interior and furniture division.
- Trade and other receivable (current and non-current) increased by \$7.84 million as compared to 31 Dec 2016. The increase is mainly due to the increase in loan given by a subsidiary to a USA company.

Current and Non-Current Liabilities

- Total borrowings and obligations under finance leases increased by \$14.03 million as compared to 31 Dec 2016. The increase is mainly due to increase in short-term USD bank loan taken up by the Company maturing in April 2017.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31-Mar-17		As at 31-Dec-16	
Secured	Unsecured	Secured	Unsecured
S\$22,749,914	S\$290,464	S\$8,633,913	S\$370,540

Amount repayable after one year

As at 31-Mar-17		As at 31-Dec-16	
Secured	Unsecured	Secured	Unsecured
S\$46,779	Nil	S\$53,366	Nil

Details of any collateral

Bank loan

The bank loan is interest bearing at 0.40% per annum above the bank's cost of funds for interest periods of 1, 2 or 3 months and are secured by a pledge of certain fixed deposits in the name of the Company, equivalent to not less than 120% of Singapore Dollars equivalent of the loan utilisation from time to time and interest thereon.

Bills payable to banks

The Group's bills payable to banks is interest-bearing at the bank's prime lending rate for interest periods of 1, 2, 3 or 4 months and are unsecured.

Bankers guarantee ("BG")

The Group's BG are unsecured except for certain BGs which are secured by a pledge of fixed deposits of the Group amounting to \$747,024 (2016: \$734,268).

Finance leases of \$77,255 (31 Dec 2016: \$87,231) are secured over some of the Group's motor vehicles and equipment.

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2017

- 1(c) A Statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP	
	31-Mar-17	31-Mar-16
	S\$'000	S\$'000
Cash flows from operating activities		
Net profit	784	1,290
Adjustments for:		
- Income tax expense	741	52
- Employee share option expense	-	34
- Amortisation of deferred income	(812)	(812)
- Allowance for impairment of trade and other receivables	44	46
- Bad debts recovered	(13)	(74)
- Depreciation	224	214
- (Reversal of)/allowance for stock obsolescence	(67)	25
- Loss on disposal of property, plant and equipment	-	1
- Loss on disposal of investment	-	1
- Reversal of impairment loss of available-for-sale financial assets	-	2
- Interest income	(540)	(450)
- Finance expenses	29	30
- Share of loss/(profit) of joint ventures-net of tax	231	(633)
- Unrealised exchange differences	(541)	(893)
Operating cash flows before changes in working capital	80	(1,167)
<i>Change in working capital:</i>		
- Trade and other receivables	(670)	(448)
- Inventories	889	2,312
- Contract work-in-progress	2,603	(119)
- Trade and other payables	533	(1,660)
Cash provided by/(used in) operations	3,435	(1,082)
- Income tax paid	(186)	(32)
Net cash provided by/(used in) operating activities	3,249	(1,114)
Cash flows from investing activities		
Dividend income received from joint ventures	400	1,800
Loan to a non-related company, net	(6,976)	-
Proceeds from disposal of investment	-	15
Disposal of property, plant and equipment	-	25
Additions to property, plant and equipment	-	(126)
Fixed deposits with maturity of more than three months	(2,452)	(5,801)
Interest received	316	140
Acquisition of non-controlling interests in a subsidiary	(1,532)	-
Repayment of loan by associated companies	247	525
Net cash used in investing activities	(9,997)	(3,422)
Cash flows from financing activities		
Advances from joint ventures	-	8,373
Proceeds from bank borrowings	14,425	126
Repayment of bank borrowings	(385)	(720)
Net proceeds from issuance of shares	710	-
Fixed deposits pledged	(13)	(8)
Repayment of finance leases	(10)	(10)
Interest paid	(29)	(30)
Net cash provided by financing activities	14,698	7,731
Net increase in cash and cash equivalents	7,950	3,195
Cash and cash equivalents		
Beginning of financial period	13,229	10,368
Effect of currency translation on cash and cash equivalents	(289)	(61)
End of financial period	20,890	13,502

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2017

Notes to Cash Flow Statement

For the purpose of presenting in the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	GROUP	
	31-Mar-17	31-Mar-16
	S\$'000	S\$'000
Cash and bank balances	144,947	117,190
Less: Bank deposits pledged	(13,437)	(13,887)
Less: Bank deposits with maturity more than 3 months but less than 12 months	(110,620)	(89,801)
Cash and cash equivalents per consolidated statement of cash flows	20,890	13,502

The Group generated \$0.08 million in operating activities before taking into account working capital changes as compared to cash used from operations of \$1.17 million in the 1st quarter ended 31 Mar 2016. Taking into account changes in working capital and income tax paid, the Group generated \$3.25 million from its operating activities as compared to \$1.11 million used in the 1st quarter ended 31 Mar 2016.

The Group recorded a net cash inflow of \$7.95 million in the 1st quarter ended 31 Mar 2017 as compared to a net cash inflow of \$3.20 million in the 1st quarter of 2016. The net increase in cash and cash equivalents was due to net cash provided by the operating activities and financing activities of \$3.25 million and \$14.70 million respectively, which was partially offset by net cash used in the investing activities of \$10.00 million.

**APPENDIX E – UNAUDITED FINANCIAL INFORMATION
OF THE GROUP FOR 1QFY2017**

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.

Consolidated statement of changes in equity for the financial period ended 31-Mar-17

	Attributable to equity holders of the Company						
	Share capital	Employee share option reserve	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP							
Opening balance at 1-Jan-17	35,747	812	1,232	650	121,314	159,755	5,049
Profit for the period	-	-	-	-	520	520	264
Other comprehensive income, net of tax							
Currency translation differences arising from consolidation – loss	-	-	(664)	-	-	(664)	(186)
Total comprehensive income for the period	-	-	(664)	-	520	(144)	78
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests in a subsidiary	-	-	-	1,565	-	1,565	(3,097)
Total changes in ownership interests in subsidiaries	-	-	-	1,565	-	1,565	(3,097)
Contributions by and distributions to owners							
Employee share option scheme lapsed during the period	-	(80)	-	-	80	-	-
Issue of new shares	997	(287)	-	-	-	710	-
Total contributions by and distributions to owners	997	(367)	-	-	80	710	-
Total transactions with owners in their capacity as owners	997	(367)	-	1,565	80	2,275	(3,097)
Closing balance at 31-Mar-17	36,744	445	568	2,215	121,914	163,916	2,030

**APPENDIX E – UNAUDITED FINANCIAL INFORMATION
OF THE GROUP FOR 1QFY2017**

Consolidated statement of changes in equity for the financial period ended 31-Mar-16

	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Employee share option reserve	Currency translation reserve	Other reserves	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP								
Opening balance at 1-Jan-16	33,745	1,426	723	-	107,085	142,979	4,166	147,145
Profit for the period	-	-	-	-	867	867	423	1,290
Other comprehensive income, net of tax								
Currency translation differences arising from consolidation – loss	-	-	(715)	-	-	(715)	(261)	(976)
Total comprehensive income for the period	-	-	(715)	-	867	152	162	314
Contributions by and distributions to owners								
Employee share option scheme	-	34	-	-	-	34	-	34
Total contributions by and distributions to owners	-	34	-	-	-	34	-	34
Total transactions with owners in their capacity as owners	-	34	-	-	-	34	-	34
Closing balance at 31-Mar-16	33,745	1,460	8	-	107,952	143,165	4,328	147,493

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2017

Statement of changes in equity for the financial period ended 31-Mar-17

	Share capital	Employee share option reserve	Retained earnings	Total
COMPANY	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1-Jan-17	35,747	812	72,188	108,747
Profit for the period	-	-	448	448
Total comprehensive income for the period	-	-	448	448
Contributions by and distributions to owners				
Employee share option scheme lapsed during the period	-	(80)	80	-
Issue of new shares	997	(287)	-	710
Total contributions by and distributions to owners	997	(367)	80	710
Total transactions with owners in their capacity as owners	997	(367)	80	710
Closing balance at 31-Mar-17	36,744	445	72,716	109,905

Statement of changes in equity for the financial period ended 31-Mar-16

	Share capital	Employee share option reserve	Retained earnings	Total
COMPANY	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1-Jan-16	33,745	1,426	52,845	88,016
Profit for the period	-	-	1,102	1,102
Total comprehensive income for the period	-	-	1,102	1,102
Contributions by and distributions to owners				
Employee share option scheme	-	34	-	34
Total contributions by and distributions to owners	-	34	-	34
Total transactions with owners in their capacity as owners	-	34	-	34
Closing balance at 31-Mar-16	33,745	1,460	53,947	89,152

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2017

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

	GROUP AND COMPANY	
	31-Mar-17	31-Dec-16
	S\$'000	S\$'000
Issued and paid up capital		
At the end of the financial period/year	36,744	35,747

Note:

The number of share options outstanding as at 31 Mar 2017 is 2,620,000 (31 Dec 2016: 5,533,000).

- 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 preceding year.

	GROUP AND COMPANY	
	31-Mar-17	31-Dec-16
No of issued shares at the beginning of the period/year	216,953,686	212,722,686
Issue of new shares:		
- exercised of share option by employees and directors	2,275,000	4,231,000
No of issued shares at the end of the period/year	219,228,686	216,953,686

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares 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 financial statements have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2017

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and method of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 Dec 2016.

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 the new and revised Singapore Financial Reporting Standards ("FRSs") that are mandatory for financial years beginning on and after 1 Jan 2017, where applicable. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact on the retained earnings of the Group as at 1 Jan 2017.

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.**

	GROUP	
	31-Mar-17	31-Mar-16
Earnings per share based on consolidated profit after taxation and Non-controlling interests		
Based on existing issued share capital (cents)	0.24	0.41
On a fully diluted basis (cents)	0.23	0.40

Note:

- a) The Earnings per share is calculated based on the weighted average number of shares in issue during the period amounting to 217,519,464 and 212,722,686 shares as at 31 Mar 2017 and 31 Mar 2016 respectively.
- b) In calculating Earnings per share on a fully diluted basis, the weighted average number of shares in issue during the period is adjusted to take into account the employee share options on a deemed exercised basis, being 221,764,927 and 215,555,488 shares as at 31 Mar 2017 and 31 Mar 2016 respectively.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	GROUP		COMPANY	
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
Net asset value per share based on the existing issued share capital as at the respective period	73.84 cents	73.64 cents	50.13 cents	50.12 cents

Note:

The net assets value per ordinary shares are calculated based on the issued share capital of the Company of 219,228,686 and 216,953,686 as at 31 Mar 2017 and 31 Dec 2016 respectively.

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2017

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.**

Group revenue for the 1st quarter ended 31 Mar 2017 increased by 11% to \$23.57 million as compared to \$21.15 million for the 1st quarter ended 31 Mar 2016.

This increase is mainly attributable to the Group's supply chain division which sells to the USA market. However the interior and furniture segment recorded lower sales, in line with the slow down in the domestic economy and the soft retail market environment.

The Group's net profit after tax for the 1st quarter decreased by 39% to \$0.78 million as compared to a net profit after tax of \$1.29 million for the 1st quarter ended 31 Mar 2016. This was mainly due to a fall in the Group's share of profits from its property investments joint ventures which was partially offset by the increase in contribution from the supply chain division. Consequently, the Group's net profit attributable to shareholders for the 1st quarter 2017 also dropped 40% to \$0.52 million as compared to \$0.87 million for the 1st quarter ended 31 Mar 2016.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

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.**

The interior and furniture segment continues to slow down as a result of a slow-down in the Singapore economy. Parallel import competition in the digital space continues to circumvent traditional retail channels. We have closed down our Liang Court showroom and we will study if further retail business operations need to be streamlined.

The property development business in Singapore continues to be challenging and opportunities remain limited. The performance of Ibis Styles Hotels, in which the Group has a 25% stake, continues to be impacted by the increasing supply of hotel rooms and slower tourism growth in Singapore.

The Group's USA distribution and supply chain division has performed positively for the 1st quarter ended 31 Mar 2017. While the Group will continue to grow the business, it will continue to monitor closely the current USA government's position on trade restrictions and protectionism viz a viz export oriented countries in Asia.

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2017

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the current financial period ended 31 Mar 2017.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales.

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (S\$)	Previous Full Year (S\$)
Ordinary	0	0
Preference	0	0
Total:	0	0

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2017

17. Interest Person Transaction

Name of Interested Person	Aggregate value of all Interested Persons 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 Persons Transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	Nil	Nil

18. Confirmation of Directors' and Executive Officers' Undertakings

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the Listing Manual.

19. Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual

The board of directors have confirmed that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of which may render the unaudited 1st quarter financial statements for the three months ended 31 Mar 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Goon Eu Jin Terence
Director

Wee Ai Quey
Director

BY ORDER OF THE BOARD

Goon Eu Jin Terence
Group Chief Executive Officer and Managing Director

20 April 2017

APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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 16 Tai Seng Street, #07-09 Singapore 534138, during normal business hours until the Closing Date.

(A) RIGHTS IN RESPECT OF CAPITAL

SHARES

5. Subject to the Statutes, no shares may be issued without the prior approval of the Company in General Meeting but subject thereto and to these Articles relating to new shares and to any special right attached to any share for the time being issued, the Directors may allot (with or without conferring any right of renunciation), grant options over or otherwise dispose of the same to such persons on such terms and conditions (including such consideration) and at a premium or otherwise and at such time as the Directors determine Provided Always that:—
- Shares under control of Company in General Meeting.
- (a) no Director shall participate in an issue of shares to employees of the Company unless the Company in General Meeting shall have approved the specific allotment to such Director and that Director holds office in the Company in an executive capacity;
 - (b) no shares may be issued at a discount except in accordance with the Statutes; and
 - (c) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.
6. (1) The Company in General Meeting may by Ordinary Resolution authorise the Directors to exercise any power of the Company to issue shares, such authority being confined to a particular exercise of that power or generally. Any such authority may be unconditional or subject to conditions and shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the approval was given or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held whichever is the earlier but may be previously revoked or varied by the Company in General Meeting Provided Always that no shares may be issued to transfer a controlling interest without prior approval of the Company in General Meeting.
- Authority of Directors to issue shares.

APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (2) Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register as the holder thereof or before such share is entered against the name of a Depositor in the Depository Register, as the case may be, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of such share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit.
7. Any share in the Company may be issued with such preferred, qualified, deferred or other special rights, privileges and conditions or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine, and subject to the Statutes, the Company may issue preference shares which are or, at the option of the Company, are liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution determine. Provided Always that the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares for the time being.
8. In the event of the Company at any time issuing preference capital it shall at the same time indicate whether it reserves the right to issue further preference capital ranking equally with or in priority to the preference capital then already issued.
9. Subject to the provisions of the Statutes, all or any of the special rights or privileges for the time being attached to any preference share for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by a Special Resolution passed by holders of such preference shares at a special meeting called for the purpose. To any such special meeting, all provisions of these Articles as to General Meetings of the Company shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third of the issued preference shares concerned and that every holder of the preference shares concerned shall be entitled on a poll to one vote for every such share held by him and that any holder of the preference shares concerned present either in person or by proxy may demand a poll. Provided Always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from holders of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.
- Company may issue shares with preferred, qualified, deferred and other special rights.
- Issue of further preference shares.
- Alteration of rights of preference shareholders.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 10. Preference shareholders shall have the same rights as ordinary Members as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning the sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears. | Rights of preference shareholders. |
| 11. If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the holder for the time being of the share or his legal personal representative. | Instalments of shares. |
| 12. The Company may pay a commission to any person in consideration of his subscribing, or agreeing to subscribe, whether absolutely or conditionally, for any share in the capital of the Company but such commission shall not exceed ten per cent of the price at which the shares are issued or an amount equivalent thereof. Any such commission may be paid in whole or in part in cash or fully or partly paid shares of the Company at par as may be arranged, and the Company may, in addition to, or in lieu of, such commission, in consideration of any person so subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any share in the Company, confer on any such person an option call within a specified time for a specified number or amount of shares in the Company at a specified price not being less than par. The payment or agreement to pay a commission or the conferring of an option shall be in the discretion of the Directors on behalf of the Company. The requirements of the Statutes shall be observed, so far as applicable. | Commission for subscribing. |
| 13. (1) The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors, administrators or trustees of the estate of a deceased Member.

(2) Subject to Article 13(1), any two or more persons may be registered as joint holders of any share and the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls and interest (if any) due in respect of such share.

(3) The joint holder first named in the Register or the Depository Register, as the case may be, shall as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share. | Joint holders. |
| 14. No person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the person (other than the depository) entered in the Register as the registered holder or in the person whose name is entered in the Depository Register in respect of that share, as the case may be, except only where these Articles otherwise provide or as required by the Statutes or pursuant to any order of Court. | No trusts recognised. |

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 15. No person shall exercise any rights of a Member in respect of a share until his name shall have been entered in the Register as the registered holder thereof or in the Depository Register in respect of such share, as the case may be, and, unless the Directors otherwise determine, such person shall have paid all calls and other moneys for the time being due and payable on any share held by him. | Exercise of rights of Members. |
| 16. No part of the funds of the Company shall be employed by the Directors or the Company in the acquisition of shares in the Company or in lending on the security of shares in the Company unless permitted by the Statutes. | Company not to deal with its own shares. |

SHARE CERTIFICATE

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| 17. Every certificate for shares shall be under the Seal. | Authentication of certificates. |
| 18. Every certificate of shares shall specify the distinctive numbers of the shares in respect of which it is issued, and the amount paid up thereon. No share certificate shall be issued representing shares of more than one class. | Certificates shall specify number of shares. |
| 19. Every person whose name is entered as a registered holder in the Register shall be entitled without payment to receive within ten Market Days (or such other period as may be approved by the Exchange) after the closing date for applications to subscribe for a new issue of shares and within fifteen Market Days (or such other period as may be approved by the Exchange) after lodgement of a registrable transfer one certificate under the Seal in respect of each class of shares held by him for all his shares in that class or several certificates in reasonable denominations each for one or more of his shares in any one class subject to such person's prior payment of two Singapore Dollars (or such other sum as the Directors shall from time to time determine having regard to any limitation thereof as the Exchange may prescribe) for every certificate after the first and such stamp duty as is payable on such certificate unless otherwise directed by the Directors Provided Always that in the case of joint registered holders, the Company shall not be bound to issue more than one certificate and delivery of such certificate to any one of them shall be sufficient delivery to all such holders. | Member's right to certificate & cancellation of certificates. |
| 20. (1) Where only some of the shares comprised in any share certificate are transferred, the old certificate shall be cancelled and a new certificate for the balance of such shares shall be issued in lieu thereof without charge.

(2) Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register may be cancelled at his request and a single new certificate for such shares issued in lieu thereof without charge. | Issue of replacement certificates. |

APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (3) Any share certificate representing shares of any class held by any person whose name is entered in the Register may be surrendered by such person for cancellation and at his request the Company may issue in lieu thereof two or more share certificates representing such shares in such proportions as such person may specify, and the Directors may comply with such request if they think fit. Such person shall pay a maximum of two Singapore Dollars for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine, taking into consideration any limitation thereof as may be prescribed by the Exchange.
- (4) Subject to the Statutes, if any share certificate shall be defaced, worn out, destroyed, stolen or lost, it may be renewed on such evidence being produced and a letter of indemnity or undertaking (if required) being given by the purchaser, registered holder, transferee, person entitled or Member company of the Exchange or on its behalf 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 one Singapore Dollar as the Directors may from time to time require (or such other amount as may be permitted under the Statutes). In the case of theft, destruction or loss the registered holder or the 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 theft, destruction or loss.
- (5) Where shares are registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.
21. The certificates of shares registered in the names of two or more persons may be delivered to the joint holder first named in the Register. Delivery of share certificates.
- LIEN ON SHARES**
22. The Company shall have a first and paramount lien on every share (not being a fully-paid share) and all dividends or interests from time to time declared in respect thereof for all moneys (whether presently payable or not) called or payable at a fixed time, in respect of that share and for all moneys which the Company may be called upon by law to pay in respect of the shares of the Member or the deceased Member. The Directors may however waive any lien which has arisen and may resolve that any share shall for any limited period be exempt wholly or partially from the provisions of this Article 22. Company's lien on shares.
23. For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit, and no sale shall be made until such time as the moneys are presently payable, and until a notice in writing stating the amount due and demanding payment, and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on the holder for the time being of the share or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for seven days after such notice. Right to enforce lien by sale.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 24. The net proceeds of any such sale shall be applied in or towards the satisfaction of the amount due, and the residue (if any) shall be paid to the person whose share has been sold, his executors, administrators, trustees or assignees or as he shall direct. | Application of proceeds of sale. |
| 25. To give effect to any such sale the Directors may authorise some person to transfer or to effect the transfer, as the case may be of the shares sold to the purchaser. | How sale to be effected. |

CALLS ON SHARES

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| 26. The Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares or on any class of shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to his having been given at least fourteen days’ notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. | Powers of Directors to make calls. |
| 27. The joint holders of a share shall be jointly and severally liable to pay all calls and interest (if any) in respect thereof. | Joint and several liability. |
| 28. If before or on the day appointed for payment thereof a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at the rate of eight per cent per annum from the day appointed for payment thereof to the time of actual payment, but the Directors shall have power to waive payment of such interest or any part thereof. | Interest on unpaid calls. |
| 29. Any sum which by the terms of allotment of a share is made payable upon issue or at any fixed date whether on account of the nominal value of the share or by way of premium and any instalment of a call shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like, and all the other relevant provisions of these Articles or the Statutes shall apply as if such sum were a call duly made and notified as hereby provided. | Sums payable under terms of allotment to be deemed calls. |
| 30. The Directors may from time to time make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls. | Difference in calls between various holders. |
| 31. 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 any share held by him, and upon all or any part of the moneys so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in General Meeting shall otherwise direct) eight per cent per annum as may be agreed upon between the Directors and the Member paying the sum in advance. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits. | Payment of call in advance. |

APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION

FORFEITURE OF SHARES

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| 32. If any Member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment of the same or any interest thereon, the Directors may at any time thereafter during such time as the call or instalment or interest remains unpaid serve a notice on such Member requiring him to pay the same, together with any interest (including interest upon interest) and expenses that may have been incurred by the Company by reason of such non-payment. | Notice to be given of intended forfeiture. |
| 33. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) and a place on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment or interest is payable shall be liable to be forfeited. | Form of notice. |
| 34. If the requirements of any notice as aforesaid are not complied with, any share in respect of which the notice has been given, may at any time thereafter, before payment of all such calls or instalments, interests and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder. | If notice not complied with shares may be forfeited. |
| 35. Any share so forfeited or surrendered shall be deemed to be the property of the Company, and the Directors may sell, re-allot, or otherwise dispose of the same in such manner as they think fit. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed. | Sale etc of forfeited and surrendered shares. |
| 36. The Directors may at any time before any share so forfeited or surrendered shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture or surrender thereof upon such conditions as they think fit. | Power to annul forfeiture. |
| 37. For the purpose of giving effect to any sale of forfeited or surrendered shares, the Directors may authorise some person to transfer or to effect the transfer of, as the case may be, the shares sold to the purchaser. | Transfer of forfeited or surrendered shares. |
| 38. Any Member whose shares shall have been forfeited or surrendered shall cease to be a Member in respect of the forfeited or surrendered shares but shall, notwithstanding such forfeiture or surrender, be liable to pay, and shall forthwith pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until payment, at the rate of eight per cent per annum and the Directors may enforce the payment of such moneys or any part thereof if they think fit, but shall not be under any obligation so to do. Any residue after the satisfaction of the unpaid calls, accrued interest and expenses shall be paid to the person whose shares have been forfeited or surrendered, his executors, administrators, trustees or assignees or as he shall direct. | Liability on forfeited share. |

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

39. (1) A statutory declaration in writing that the declarant is a Director or the Secretary, and that a share has been duly forfeited, 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, where the same be required, delivered to a purchaser or (where the purchaser is a Depositor) to the Depository or the allottee thereof, as the case may be, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share.
- Declaration by Director or Secretary conclusive of fact of forfeiture.
- (2) (a) In the event of such sale, re-allotment or disposal, where the person (the “Relevant Person”) to whom the share is sold, re-allotted or disposed of is not a Depositor, the share shall be registered in the Register in the name of the Relevant Person and, where the Relevant 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.
- (b) The Relevant 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

40. Save as provided by these Articles, there shall be no restriction on the transfer of fully paid shares (except where required by law or by the rules, bye-laws or listing rules of the Exchange). All transfers of shares may be effected by way of book-entry in the Depository Register Provided Always that the legal title in the shares may be transferred by the registered holders thereof by an instrument of transfer in the form approved by the Directors and the Exchange. The instrument of transfer shall be left at the Office accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the registered holder of the shares until the name of the transferee is entered in the Register in respect thereof.
- Shares to be transferable.
41. The instrument of transfer shall be signed both by the transferor and by the transferee, and it shall be witnessed Provided Always that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository.
- Instrument of transfer.
42. Shares of different classes shall not be comprised in the same instrument of transfer.
- Only shares of same class to be in same instrument.
43. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.
- Restriction on transfer.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

44. (1) All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same. Retention of Instrument of transfer and disposal of documents.
- (2) The Company shall be entitled to destroy:–
- (a) all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof;
 - (b) 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
 - (c) all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof.
- (3) It shall be conclusively presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and that:
- (a) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
 - (b) every share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and
 - (c) 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.
- (4) Articles 44(2) and 44(3) 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.
- (5) Nothing contained in this Article 44 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 circumstance which would not attach to the Company in the absence of this Article 44, and references in this Article 44 to the destruction of any document include references to the disposal thereof in any manner.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

45. The Directors may decline to accept any instrument of transfer unless:– Fees relating to transfers.
- (a) all or any part of the stamp duty (if any) payable on each share transfer and such fee not exceeding two Singapore Dollars for each transfer or such other sum as may from time to time be prescribed by the Exchange is paid to the Company; and
 - (b) such fee not exceeding two Singapore Dollars as the Directors may from time to time determine is paid to the Company in respect of the registration of any instrument of transfer, probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares.
46. The Directors may refuse to register the transfer of shares or allow the entry of or against a person’s name in the Depository Register in respect of shares transferred or to be transferred to such person:– Power of Directors to refuse to register.
- (a) which are not fully paid up: or
 - (b) on which the Company has a lien.
47. If the Directors refuse to register any transfer of any share they shall, where required by the Statutes, serve on the transferor and transferee, within one month beginning with the day on which the transfer was lodged with the Company, a notice in writing informing each of them of such refusal and of the facts which are considered to justify the refusal. Notice of refusal to be sent by Company.
48. The Register may be closed at such times and for such periods as the Directors may from time to time determine Provided Always that the Register shall not be closed for more than thirty days in any year Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange stating the period and purpose or purposes for which such closure is to be made. Closure of the Register.

TRANSMISSION OF SHARES

49. (1) In the case of the death of a Member the survivor where the deceased was a joint holder, and the legal personal representative of the deceased who was a sole or only surviving holder, or where such legal representative is entered in the Depository Register in respect of the shares of the deceased Member who was a Depositor, shall be the only person recognised by the Company as having any title to his shares. Transmission of registered shares.
- (2) Nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share solely or jointly held by him.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

50. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register may upon producing such evidence of his title as the Directors may require, have the right either to be registered himself as the holder of the share, upon giving to the Company notice in writing of such intent, or to make such transfer thereof as such deceased or bankrupt person could have made, but the Directors shall in either case have the same right to refuse or suspend registration as they would have had in the case of such transfer by such deceased or bankrupt person before the death or bankruptcy, as the case may be.
51. Save as otherwise provided in these Articles, a person becoming entitled to a share pursuant to Articles 49(1) and 50, shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share, but he shall have no right to receive notice or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a Member until he shall have been registered as a Member in the Register or his name shall have been entered in the Depository Register, as the case may be. Provided Always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or transfer the share, and if the notice is not complied with within ninety days of the date of such notice, the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Rights of registration and transfer upon demise or bankruptcy of Member.

Person registered under transmission clause entitled to dividends.

STOCK

52. The Company in General Meeting may by Ordinary Resolution convert any paid-up shares into stock and may from time to time reconvert such stock into paid-up shares of any denomination.
53. When any shares have been converted into stock the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in General Meeting shall direct, but in default of any direction then in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. But the Directors may if they think fit from time to time fix the minimum amount of stock transferable Provided Always that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
54. The several holders of stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interests in such stock and such interests shall, in proportion to the amount thereof, confer on the holders thereof respectively the same rights, privileges and advantages for the purposes of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such rights, privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any such aliquot part of consolidated stock as would not, if existing in shares, have conferred such rights, privileges or advantages.

Conversion of shares to stock.

Stockholders entitled to transfer interest.

Stockholders entitled to profits.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

55. All such provisions of these Articles as are applicable to paid up shares shall apply to stock and in all such provisions the words “shares” shall include “stock”, and “Depositor”, “Member” and “shareholder” shall include “stockholder”. Definitions.

INCREASE OF CAPITAL

56. The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company by the resolution authorising such increase shall direct. Power to increase capital.
57. (1) Unless otherwise determined by the Company in General Meeting, 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 nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. Issue of new shares to Members.
- (2) The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in the manner hereinbefore provided. Notice of issue.
58. (1) Notwithstanding Articles 57(1) and (2) above, the Company may apply to the Stock Exchange of Singapore Limited to waive the convening of an Extraordinary General Meeting to obtain Members’ approval for further issues of shares (other than for bonus or rights issues) where the aggregate issues of shares in any financial year do not exceed ten percent of the issued share capital of the Company. Waiver of Members’ approval.
- (2) Where such waiver of compliance with the requirements of Article 57(1) is obtained from the Stock Exchange of Singapore Limited pursuant to Article 58(1) above then such shares shall be at the disposal of the Directors and they may allot or otherwise dispose of the same to such persons and on such terms as they may think proper.
59. Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association or these Articles, any capital raised by creation of new shares shall be considered as part of the original capital and all new shares shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital. New capital considered part of original capital.

APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION

ALTERATION OF CAPITAL

60. (1) The Company may by Ordinary Resolution:–

Alteration of capital.

- (a) consolidate and divide its capital into shares of larger amount than its existing shares; or
- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or
- (c) by subdivision of its existing shares or any of them divide its capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association. The resolution by which the subdivision is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other special rights or be subject to any restriction as the Company has power to attach to unissued or new shares; or
- (d) subject to the Statutes, convert any class of shares into any other class of shares.

- (2) The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any requirement authorised and consent required by law.

MODIFICATION OF CLASS RIGHTS

61. Subject to the Statutes and save as provided by these Articles, all or any of the special rights or privileges attached to any class of shares in the capital of the Company for the time being issued may, at any time, as well before as during liquidation, be modified, affected, altered or abrogated, either with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting, but so that the quorum thereof shall not be less than two persons personally present and holding or representing by proxy one-third of issued shares of the class, and that any holder of shares of the class, present in person or by proxy, shall on a poll be entitled to one vote for each share of the class held or represented by him, and if at any adjourned meeting of such holders such quorum as aforesaid is not present, any two holders of shares of the class who are personally present shall be a quorum. The Directors shall comply with the provisions of Section 186 of the Act as to forwarding a copy of any such consent or Resolution to the Registrar of Companies.

Modification of class rights.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

BORROWING POWERS

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| 62. The Directors may, from time to time, exercise all the powers of the Company to raise or borrow or secure the payment of any sum or sums of moneys for the purposes of the Company. | Powers to borrow. |
| 63. The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and, in particular, by the issue of debentures or debenture stock of the Company, perpetual or otherwise, charged upon or by mortgage charge or lien of and on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being, or by making, accepting, endorsing or executing any cheque, promissory note or bill of exchange. | Conditions of borrowing. |
| 64. Every debenture or other instrument for securing the payment of money may be made assignable and free from any equity between the Company and the person to whom the same may be issued. Any debenture or debenture-stock, bond or other instrument may be issued at a discount, premium or otherwise and with any special privilege as to redemption, surrender, drawing, allotment of shares, attending and voting at General Meetings of the Company, appointment of Directors and otherwise. | Securities assignable and free from equities. |
| 65. The Directors shall cause a proper register to be kept, in accordance with Section 138 of the Act, of all mortgages and charges specifically affecting the property of the Company and shall comply with the provisions of Section 131 of the Act. | Register of mortgages. |

(B) RIGHTS IN RESPECT OF VOTING

GENERAL MEETINGS

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| 66. In addition to any other meetings, a General Meeting shall be held once at least in every calendar year, at such time and place as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such General Meetings. | General Meetings. |
| 67. The abovementioned General Meetings shall be called Annual General Meetings. All other General Meetings shall be called Extraordinary General Meetings. | Annual General Meetings. |
| 68. The First Annual General Meeting of the Company shall be held at such time within a period of not more than eighteen months from the date of incorporation of the Company and at such time and place as the Directors may determine. | First Annual General Meeting. |
| 69. The Directors may call an Extraordinary General Meeting of the Company whenever they think fit in accordance with the Statutes. | Directors may call Extraordinary General Meetings. |

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

70. The Directors shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect:–
- Extraordinary General Meetings called on requisition of shareholders.
- (a) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.
 - (b) If the Directors of the Company do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or any of them representing more than one-half of the voting rights of all of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit.
 - (c) In the case of a meeting at which a resolution is to be proposed as a Special Resolution the Directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by the Statutes.
 - (d) Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.
71. Subject to the Statutes relating to the convening of meetings to pass Special Resolutions and agreements for shorter notice, at least fourteen clear days’ notice specifying the place, day and hour of the meeting, and in case of special business, a notice setting out the general nature of such special business, accompanied by a statement regarding the effect of any proposed resolution in respect of such special business, shall be given to all Members other than such as are not entitled under these Articles to receive such notices from the Company and the Exchange. Every such notice shall be published in at least one English Language daily newspaper circulating in Singapore at least fourteen clear days before the meeting. Whenever any meeting is adjourned for fourteen days or more, at least seven days’ notice of the place and hour of such adjourned meeting shall be given in like manner Provided Always that when a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- Notice of meeting.
72. Any Member entitled to be present and vote at a meeting or his proxy may submit any resolution to any General Meeting, provided that at least for the prescribed time before the day appointed for the meeting he shall have served upon the Company a notice in writing by him containing the proposed resolution, and stating his intention to submit the same. The prescribed time abovementioned shall be such that, between the date that the notice is served and the day appointed for the meeting, there shall be not less than three nor more than fourteen intervening days.
- Members may submit resolution to meeting on giving notice to Company.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 73. Upon receipt of any such notice as in the last preceding Article mentioned, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution will be proposed. | Secretary to give notice to Members. |
| 74. The accidental omission to give any notice to or non-receipt of any notice by any Member shall not invalidate the meeting or any resolution passed or proceedings at any such meeting. | Accidental omission to give notice. |

PROCEEDINGS AT GENERAL MEETINGS

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| 75. All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting with the exception of the consideration of the accounts, balance sheets and reports (if any) of the Directors and Auditors, the fixing of the remuneration of Directors, the election of Directors in the place of those retiring, the declaration of dividends and the appointment of and the fixing of the remuneration of the Auditors. | Special business. |
| 76. Save as is herein otherwise provided, two Members present in person or by proxy shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum is present at the commencement of the business. A corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Article 91. | Quorum. |
| 77. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place. At the adjourned meeting, any two or more Members present in person or by proxy shall be a quorum. | If quorum not present. |
| 78. The Chairman (if any) of the Board of Directors shall preside as Chairman at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director or, if no Director be present or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting. | Chairman. |
| 79. The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. | Adjournment. |

APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION

80. At every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by:–
- How matters are to be decided.
- (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) a Member or Members present in person or by proxy, holding or representing, as the case may be:–
 - (i) not less than one-tenth of the total voting rights of all Members entitled to vote at the meeting; or
 - (ii) shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.
81. (1) If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- Chairman's direction as to poll.
- (2) No poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.
82. Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- Declaration of Chairman conclusive.
83. (1) No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting, as the case may be, at which the vote objected to is or may be given, tendered or cast, 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 meeting whose decision shall be final and conclusive.
- Objection to admissibility.
- (2) If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be sufficient importance to vitiate the result of the voting.

APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION

84. In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote. In the event of equality of votes.

VOTES OF MEMBERS

85. (1) Subject to and without prejudice to any special privileges or restriction as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company:–
- (a) every Member who is present in person or by proxy shall have one vote on a show of hands, the Chairman to decide which proxy shall be entitled to vote where a Member is represented by two proxies; and
- (b) every Member who is present in person or by proxy, in case of a poll, shall have one vote for every share which he holds or represents and upon which all calls or other sums due thereon to the Company have been paid.
- (2) For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being called, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company.
86. In the case of joint holders 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 or the Depository Register, as the case may be. Right of joint holders.
87. Unless the Directors otherwise determine, no person other than a Member who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting. Members only entitled to vote upon full payment.
88. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by the committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may, on a poll, vote by proxy. Votes of members of unsound mind.
89. 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. Vote personal or by proxy.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

90. (1) A proxy need not be a Member. Proxies.
- (2) A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting Provided Always that where 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 the Cut-Off Time as certified by the Depository to the Company;
- (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 against the name of that Depositor in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company, whether that number be greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and
- (c) in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- (3) In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company’s option to treat the instrument of proxy as invalid.
91. Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of the Company or any class of Members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder. Corporation may appoint representative.
92. An instrument appointing a proxy shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and:– Execution of instrument of proxy on behalf of appointor.
- (1) in the case of an individual shall be signed by the appointor or his attorney;
- (2) in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 93. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. | Lodgement of instrument appointing proxy. |
| 94. The signature on an instrument of proxy need not be witnessed. | No witness needed for instrument of proxy. |
| 95. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided Always that no notice in writing of the death or revocation or transfer shall have been received at the Office one hour at least before the time fixed for holding the meeting. | When vote by proxy valid though authority revoked. |
| 96. An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the meeting. | Instrument deemed to confer authority |
| 97. Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable. | Voting in respect of shares of different monetary denominations. |

(C) RIGHTS IN RESPECT OF DIVIDENDS

DIVIDENDS

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| 135. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid up on the shares held by them respectively. | Appropriation of profits. |
| 136. The Company in General Meeting may by Ordinary Resolution declare a dividend on or in respect of any share to the Members according to their rights and interest in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend. | Declaration of Dividend. |
| 137. No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest. | Dividend payable out of profits. |
| 138. The declaration of the Directors as to the net profits of the Company shall be conclusive. | Declaration conclusive. |

APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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| 139. The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies provided no such dividends shall be declared more than once in six months. | Interim dividend. |
| 140. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists. | Debts may be deducted. |
| 141. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor's name in the Depository Register, as the case may be. | Effect of transfer. |
| 142. Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partially paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures, or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payments shall be made to any 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 upon such trusts for the persons entitled to the dividends as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 63 of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective. | Dividend in specie. |
| 143. The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmissions of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same. | Power to retain dividends. |
| 144. In case several persons are registered in the Register or entered in the Depository Register, as the case may be, as the holders of any share, any resolution of the Directors of the Company in General Meeting declaring a dividend on shares of any class may specify that the dividend shall be payable to such persons at the close of business on a particular date and thereupon the dividend shall be payable in accordance with their respective holdings so registered. Any person registered in the Register or in the Depository Register, as the case may be, as the holder or joint holder of any share or is entitled jointly to a share in consequence of the death or bankruptcy of the holder may give effectual receipts for dividends, bonuses, other moneys payable or properties distributable and payment on account of dividends on or in respect of such shares. | Payment to and receipt by joint holders. |
| 145. Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement. | Notice of dividend. |

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

146. Unless otherwise directed, any dividend may be paid by cheque, dividend warrant or Post Office Order, sent through the post to the registered address appearing in the Register or the Depository Register, as the case may be, of the Member or person entitled, or where two or more persons are registered in the Register or entered in the Depository Register, as the case may be, as joint holders or are entitled to the dividend as a result of the death or bankruptcy of the holder, to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect thereof and every cheque, dividend warrant or Post Office Order so sent shall be made payable to the order of the person to whom it is sent or to any person and address as such Member(s) or person(s) may direct in writing. The Company shall not be responsible for the loss of any cheque, dividend warrant or Post Office Order, which shall be sent by post duly addressed to and at the sole risk of the Member or person for whom it is intended. Payment of the cheque, dividend warrant or Post Office Order by the bank upon which they are respectively drawn shall be a full and valid discharge to the Company. Notwithstanding the provisions of these Articles, payment by the Company to the Depository of any dividend payable to the Depositor shall also be a full and valid discharge of the Company from liability to the Depositor in respect of that payment to the extent of the payment made to the Depository.
147. The Depository will hold all dividend unclaimed for six years after having been declared and paid before release to the Directors, and the Directors may invest or otherwise make use of the unclaimed dividends for the benefit of the Company until claimed.

Payment by
post.

Unclaimed
dividends.

CAPITALISATION OF PROFITS AND RESERVES

148. (1) The Company in General Meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company’s reserve funds or to the credit of the profit and loss account or otherwise available for distribution; and accordingly that such sum be set free for distribution amongst the holders of shares in the Register or in the Depository Register, as the case may be, who would have been entitled thereto if distributed by way of dividends and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up on full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such holders or in their nominees in the proportion aforesaid or partly in the one way and partly in the other and the Directors shall give effect to such resolution Provided Always that a capital redemption reserve fund may, for the purpose of this Article, only be applied in the paying up of unissued shares to be issued to such holders as fully paid bonus shares unless otherwise permitted by the provisions of the Act.

Capitalisation of
profits and
reserves.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (2) Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the amounts resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register or in the Depository Register, as the case may be, under such resolution to a fractional part of a share by the issue of fractional certificates or by payment in cash or otherwise as they think fit and also to authorise any persons to enter on behalf of such holders entitled thereto or their nominees into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares to which they may be entitled upon such capitalisation; and any agreement made under such authority shall be effective and binding on all such holders and their nominees.

APPENDIX G – SUMMARY OF THE VALUATION REPORT

AVA Associates Limited

806 Empress Plaza
17-19 Chatham Road South
Tsim Sha Tsui, Hong Kong

2 June 2017

To
Board of Directors
Nobel Design Holdings Limited
16 Tai Seng Street Level 7
Singapore 534138

Dear Sirs,

Pursuant to your instructions, AVA Associates Limited (“AVA”) has performed a **valuation of selected properties located at 410 MacPherson Road Singapore 368125, belonging to LVND Investments Pte Ltd (“LVND Investments”) and LVND Hotels Pte Ltd (“LVND Hotels”), as at 31 March 2017 (“Valuation Date”)**, in relation a mandatory cash offer (the “Cash Offer”) by Overseas-Chinese Banking Corporation Limited, for and on behalf of Grand Slam RF18 Investments Pte Ltd, for all the issued ordinary shares in Nobel Design Holdings Limited (“Nobel Design” or the “Company”), as announced by the Company on 3 May 2017. The purpose of this engagement is to assist Nobel Design in their assessment of the revalued net asset value (“RNAV”) of the Company, and inclusion in a circular to the shareholders of the Company in relation to the Cash Offer. No other use of our valuation report is intended or should be inferred.

Definition of Value

In estimating the value of the assets, our efforts were based on the following premise of value:

Market Value - *“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”.*

Scope of Work

AVA has been engaged to assist the Company in its preparation of a revalued balance sheet, namely to arrive at the RNAV of the Company, allowing the Board of Directors of Nobel Design to assess the Cash Offer. Our work consisted of a valuation of the real estate properties, belonging to LVND Investments and LVND Hotels, as follows:

- 22 units of retail and restaurant lots, with a total floor space of 18,115.79 square ft, at MacPherson Mall, 410 MacPherson Road, Singapore 368125; and
- 1 unit of 3-star international hotel in Singapore, with 298 rooms, known as “ibis Styles Singapore On MacPherson” at 410 MacPherson Road, Singapore 368125.
(together, the “Properties”)

APPENDIX G – SUMMARY OF THE VALUATION REPORT

Our valuation and report is prepared in accordance with the Valuation Standards and Guidelines published by the Singapore Institute of Surveyors and Valuers. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with appropriate individuals concerning the Properties;
- Review of information, including audited and unaudited financial statements of LVND Investments and LVND Hotels, provided by the Company;
- Discussions with management to understand in more detail the current status of the Properties, including its tangible and intangible characteristics;
- Development of valuation model to estimate the Market Value, where applicable, including gathering market and industry information in support of various assumptions;
- Analysis of conditions in, and the economic outlook of the property markets in Singapore; and
- Valuation of the identified assets.

Sources of Information

As part of our due diligence, we relied upon documents supplied and prepared by the management of the Company, including, but not limited to, the following:

- Certified floor plans for the 22 units of Retail Shops & Restaurants, with a total floor space of 18,115.79 square ft, at MacPherson Mall;
- Floor plans for the 3-star international hotel in Singapore, with 298 rooms, known as “ibis Styles Singapore On MacPherson”;
- Unaudited financial statements as at 31 March 2017 of LVND Investments;
- Audited financial statements as at 31 December 2015, and unaudited financial statements as at 31 March 2017, of LVND Hotels;
- Hotel Management Agreement between LVND Hotels and AAPC Singapore Pte Ltd;
- Tenancy Agreement between LVND Investments and NTUC Fairprice Cooperative Limited; and
- Other relevant documentations on the Properties.

We planned and performed our review and valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our work, we held discussions with the management concerning the history and current conditions of the Properties, financial and general outlook of the business. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the Company are true and accurate. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the review and valuation procedures we employed provide a reasonable basis for our opinion.

APPENDIX G – SUMMARY OF THE VALUATION REPORT

Valuation Theory

Our approach in valuing the identified assets relies on using the appropriate techniques to arrive at our conclusion of value. We considered the three generally recognized approaches to value: the income, market and cost approaches.

An overview of the three approaches considered is as follows:

- The *Income Approach* focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.
- The *Market Approach* measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. In estimating the value of a business under the market approach there are two methodologies: the publicly-traded guideline company methodology and the recent transaction methodology. The publicly traded guideline company methodology develops an indication of value for the subject company by calculating market pricing multiples for selected publicly-traded guideline companies and applying these multiples to the appropriate financial measures of the subject company. The recent transaction methodology develops an indication of value for the subject company by calculating market pricing multiples based on actual acquisitions of similar businesses and applying these multiples to the appropriate financial measures of the subject company. After deriving a value, adjustments are then made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.
- The *Cost Approach* measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

APPENDIX G – SUMMARY OF THE VALUATION REPORT

Valuation Methodology

Our valuation is our opinion of the current open market value, which we would define as intended to mean "the best price" at which an interest in a property might reasonably be expected to be sold at the date of valuation, assuming: -

- a willing seller, willing buyer;
- no account is to be taken of an additional bid by a purchaser with a "special interest";
- that prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the negotiation and agreement of price and terms for the completion of the sale; and
- that the price reflects the state of the market and other circumstances at the date of valuation.

For the purpose of determining our opinion on the Retail Shops & Restaurants, the Direct Comparison Approach to value is adopted. In this approach, sales and listings of similar properties in the vicinity and elsewhere are used as guides to value after relevant valuation adjustments are made for differences in location, tenure, market conditions, floor level, shop frontage & facing, unit sizes, etc.

For the purpose of determining our opinion of the hotel, the Direct Comparison Approach to value and Profit Approach are adopted. In the Direct Comparison approach, sales and listings of similar properties in the vicinity and elsewhere are used as guides to value after relevant valuation adjustments are made for differences in location, land area, floor area, building condition, tenure, market conditions, number of hotel rooms, occupancy rate, star rating of hotel, etc.

In the Profit Approach, the net profit from operating the hotel is capitalised at an appropriate rate after taking into consideration of the operating expenses, management fees, property tax, vacancy to arrive on our opinion.

The Properties

<i>Address:</i>	401 Macpherson Road Singapore 368125 Known as "Ibis Styles Singapore On Macpherson" / "Macpherson Mall"
<i>Type:</i>	A 9-Storey Hotel & 22 units of Retail Shops & Restaurants located in a Hotel & Shopping Mall Development
<i>Legal Description:</i>	MK24-3466K
<i>Land Area:</i>	5,055.6 sq m (54,418 sqft)
<i>Tenure:</i>	Freehold
<i>Total Strata Area:</i>	10,300.0 sq m (110,868 sq ft)
<i>Age of Development:</i>	Circa 2016

APPENDIX G – SUMMARY OF THE VALUATION REPORT

Description of the Properties

<i>Property Description:</i>	Altogether, “Ibis Styles Singapore On Macpherson” / “Macpherson Mall” is a newly completed hotel cum shopping development. “Ibis Styles Singapore On Macpherson” is managed by Accor Hotels under the brand name of “Ibis Styles”. The hotel is rated 3 stars and has a total of 298 rooms with outdoor pool, guest bar & restaurant and a fitness centre. There are basically 3 types of room sizes, 16 sqm, 18sqm & 20 sqm. “Macpherson Mall” is a 3-Storey with basement shopping mall comprising of a total of 83 retail shops & restaurants with basement & surface carparking. The subject of valuation is 22 units of Retail Shops & Restaurants, each measuring from 23 sqm to 275 sqm.
<i>Land Description:</i>	The subject land is at access road level, along the junction of Macpherson Road & Upper Aljunied Road.
<i>Construction:</i>	Reinforced concrete structure with brick in-fill walls, reinforced concrete floors, flat roof and metal roofing sheets with insulation and I-beam purlins.
<i>Accommodations:</i>	As shown on Floor Plans
<i>Finishes:</i>	Floors - Ceramic tiles / marble / homogenous tiles / timber flooring generally Walls - Ceramic tiles / marble / homogenous tiles / timber & glass panels / wallpapers / partition walls with emulsion paint generally Ceilings - Emulsion paint / ceiling boards with lights generally
<i>Fixtures and Fittings:</i>	Central air-conditioning with controls, ventilation fans, exhaust hood, shower screens, vanity tops, timber/ glass / aluminium framed doors & windows, cabinets & shelves, reception counters, bar counters, kitchen fixtures & fittings, & etc.

APPENDIX G – SUMMARY OF THE VALUATION REPORT

Hotel Facilities & Amenities: Retail shopping & restaurants, carparking, outdoor pool, fitness centre, housekeeping services, mini fridge, inroom safe, LED TV, complimentary coffee & tea, bathroom amenities, electric kettle, laundry, 24-hours frontdesk, free wireless internet, meeting / function rooms, shuttle bus services.

Services / Facilities: All main Public Utilities and Telecommunication services are connected.

Remarks: As at the date of inspection, the subject properties were in a good state of internal and external repairs and maintenance.

This valuation has been conducted by Teo Beng Hock, licensed appraiser AD041-2009516J.

Conclusion of Value

Based on the information provided, and subject to the attached Statement of General Assumptions and Limiting Conditions, we are of the considered opinion that the Market Value, as at the Valuation Date, of the subject property with vacant possession and free from all encumbrances is reasonably represented as follows:

Property	Value
Hotel and 22 units of Retail Shops & Restaurants	S\$157,000,000

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management of over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

Respectfully submitted,

AVA Associates Limited

APPENDIX G – SUMMARY OF THE VALUATION REPORT

Statement of General Assumption and Limiting Conditions

This analysis is subject to the following general assumptions and limiting conditions:

1. This valuation is prepared in accordance with the Valuation Standards and Guidelines published by the Singapore Institute of Surveyors and Valuers.
2. Our responsibility in connection with this valuation report is limited to our client or person to whom this report is addressed and to that client only. We disclaim all responsibility and accept no liability to any other person(s) or party should this report be used by any such person(s) or party or for any.
3. Any action, claim or proceedings arising out of the engagement of services shall be brought against the Firm with whom the Client has engaged and not against any employee, director or sub-contractor of the Firm involved directly or indirectly in the delivery of the Services.
4. Any liability arising from the Valuer's negligence (if any) in connection with this engagement shall be limited to the amount of fees received for this engagement.
5. The report is considered invalid if there is non-payment of the valuation fees. We shall not be responsible and accept no liability of the report if payment is not received within 30 days from the date of report.
6. Each valuation is current as at the Valuation Date only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. We also do not assume any responsibility or accept liability where this valuation is relied upon after the expiration of three months from the Valuation Date.
7. The values assessed in this report for the subject property and any allocation of values between parts of the property applies strictly on the terms of and for the purpose of the valuation stated in the report and may not be used for any other purpose.
8. Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we accept no responsibility if this information should later prove not to be so.
9. We may adopt assumptions in the valuation being carried out as some matters cannot be calculated accurately or fall outside the scope of our expertise. The risk that any of the assumptions adopted in our valuation may be incorrect should be taken into account. While all reasonable care is taken, we does not warrant or represent that the assumptions on which this valuation is based are accurate or correct.
10. Neither the whole nor any part of this report nor any reference to it may be included in any document, circular or statement nor published in any way without our prior written approval of the form and context in which it may appear.
11. While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation of other hidden defects. We have also not made any tests to the building services (e.g. air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc.) and these services are presumed to be in good working order.

APPENDIX G – SUMMARY OF THE VALUATION REPORT

12. Our valuation assumes that the title(s) is(are) in good order and marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s).
13. We have not conducted a land survey to verify the land boundaries and site areas and whether all developments and improvements are within such boundaries. We have assumed, unless otherwise stated, that all developments and improvements are within the boundaries of such land parcel as described in this report and the land parcel is fully owned by the property owner.
14. Any plans or map included in this report are meant for identification purposes and to assist the reader in visualizing the subject property. We have not made any survey of the property and assume no responsibility in connection with such matters.
15. Unless otherwise instructed, we do not carry out requisition with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements, drainage proposal, etc.
16. Our valuation presumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.
17. Our valuation is prepared on the basis that the premises and any works (e.g. alterations and additions) thereto comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a statutory completion by the Building Authority.
18. Our valuation assumes that all development charges and maintenance/service/conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid.
19. Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property(ies).
20. In the event that we are instructed to provide a valuation based on kerb-side inspection and/or without the extent of information normally available, our valuation will be dependent on the adequacy and accuracy of the information supplied and/or the assumptions made. Should the information prove to be incorrect or inadequate, the accuracy of the valuation may be affected and we shall not be held responsible for the inaccuracy of the valuation.
21. We shall not be required to give testimony or to appear in court for any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.

