

**CIRCULAR DATED 30 MARCH 2017**

**THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) OF GLOBAL PREMIUM HOTELS LIMITED AND THE ADVICE OF PROVENANCE CAPITAL PTE. LTD. TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This Circular is issued by Global Premium Hotels Limited (the “**Company**”). 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, accountant, solicitor, tax adviser or other professional adviser immediately.

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The contents of this Circular have not been reviewed by any regulatory authority in any jurisdiction. 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.



**PREMIUM HOTELS LIMITED**  
**GLOBAL PREMIUM HOTELS LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number 201128650E)

**CIRCULAR TO SHAREHOLDERS**

in relation to the

**VOLUNTARY CONDITIONAL CASH OFFER**

by

**OVERSEA-CHINESE BANKING CORPORATION LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 193200032W)

for and on behalf of

**JK GLOBAL CAPITAL PTE. LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number 201704713C)

for all the issued ordinary shares in the capital of the Company

*Independent Financial Adviser to the Independent Directors*



**PROVENANCECAPITAL**  
**PROVENANCE CAPITAL PTE. LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200309056E)

**SHAREHOLDERS (AS DEFINED HEREIN) SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 13 APRIL 2017 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN). THE OFFEROR DOES NOT INTEND TO REVISE THE OFFER PRICE (AS DEFINED HEREIN).**



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## DEFINITIONS

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

### GENERAL

- “Acceptance Condition”** : Shall have the meaning ascribed to it in Section 2.3 of this Circular
- “Accepting Shareholder”** : Shall have the meaning ascribed to it in Section 2.2 of this Circular
- “Adjusted Offer Price”** : Shall have the meaning ascribed to it in Section 2.2(b) of this Circular
- “Board”** : The board of Directors as at the Latest Practicable Date
- “Books Closure Date”** : Shall have the meaning ascribed to it in Section 2.2(a) of this Circular
- “Business Day”** : A day other than Saturday, Sunday or a public holiday on which commercial banks are open for business in Singapore
- “Circular”** : This circular to Shareholders in relation to the Offer setting out, *inter alia*, the recommendation of the Independent Directors and the advice of Provenance Capital to the Independent Directors in respect of the Offer
- “Closing Date”** : 5.30 p.m. on 13 April 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 lodgement of acceptances for the Offer
- “Code”** : The Singapore Code on Take-overs and Mergers
- “Companies Act”** : The Companies Act (Chapter 50 of Singapore Statutes)
- “Company Securities”** : (a) Shares; (b) other securities which carry voting rights in the Company; and (c) Convertible Securities, Warrants, Options and Derivatives in respect of (a) or (b)
- “Convertible Securities”** : Securities convertible or exchangeable into new shares or existing shares
- “CPF Agent Banks”** : Agent banks included under the CPFIS
- “CPFIS”** : CPF Investment Scheme

<b>“CPFIS Investors”</b>	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
<b>“Derivatives”</b>	:	Includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities
<b>“Deferred Consideration Shares”</b>	:	Shall have the meaning ascribed to it in Section 4.1 of this Circular
<b>“Directors”</b>	:	The directors of the Company (including the Independent Directors) as at the Latest Practicable Date
<b>“Distributions”</b>	:	Shall have the meaning ascribed to it in Section 2.1(b) of this Circular
<b>“Encumbrances”</b>	:	Shall have the meaning ascribed to it in Section 2.1(b) of this Circular
<b>“Existing Constitution”</b>	:	The memorandum and articles of association of the Company as in force as at the Latest Practicable Date
<b>“FAA”</b>	:	Form of Acceptance and Authorisation for Shares in respect of the Offer, applicable to Shareholders whose Shares are deposited with CDP and which forms part of the Offer Document
<b>“FAT”</b>	:	Form of Acceptance and Transfer for Shares in respect of the Offer, applicable to Shareholders whose Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of the Offer Document
<b>“FY”</b>	:	Financial year ended or ending on, as the case may be, 31 December
<b>“IFA Letter”</b>	:	The letter dated 30 March 2017 from Provenance Capital to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular
<b>“Independent Directors”</b>	:	The Directors who are considered independent for the purposes of making the recommendation to Shareholders in respect of the Offer, namely, Mr. Khoo Chee Meng Mark, Mr. Woo Peng Kong, Mr. Kau Jee Chu, and Dr. Kwan Chee Wai
<b>“Irrevocable Undertakings”</b>	:	Shall have the meaning ascribed to it in Section 4.1 of this Circular
<b>“Latest Practicable Date”</b>	:	17 March 2017, being the latest practicable date prior to the printing of this Circular

<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading of securities
<b>“New Constitution”</b>	:	Shall have the meaning ascribed to it in Appendix III to this Circular
<b>“Offer”</b>	:	The voluntary conditional cash offer made by OCBC, for and on behalf of the Offeror, to acquire all the Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
<b>“Offer Announcement”</b>	:	The announcement relating to the Offer released by OCBC, for and on behalf of the Offeror, on the Offer Announcement Date
<b>“Offer Announcement Date”</b>	:	23 February 2017, being the date of the Offer Announcement
<b>“Offer Document”</b>	:	The offer document dated 16 March 2017, including the FAA and FAT, and any other document which may be issued by OCBC, for and on behalf of the Offeror, to amend, revise, supplement or update the document(s) from time to time
<b>“Offeror Securities”</b>	:	(a) shares of the Offeror; (b) securities which carry substantially the same rights as any shares of the Offeror; and (c) Convertible Securities, Warrants, Options and Derivatives in respect of (a) or (b)
<b>“Offer Price”</b>	:	S\$0.365 in cash for each Share
<b>“Offer Threshold”</b>	:	Shall have the meaning ascribed to it in Section 2.3 of this Circular
<b>“Options”</b>	:	Options to subscribe for or purchase new shares or existing shares
<b>“Overseas Shareholder”</b>	:	Shall have the meaning ascribed to it in Section 12 of this Circular

<b>“Properties”</b>	:	(1) 21 Fragrance Hotels, namely: (a) The Fragrance Hotel, 219 Joo Chiat Road; (b) Fragrance Hotel – Emerald, 20 Lorong 6 Geylang; (c) Fragrance Hotel – Sapphire, 3 Lorong 10 Geylang; (d) Fragrance Hotel – Pearl, 21 Lorong 14 Geylang; (e) Fragrance Hotel – Crystal, 50 Lorong 18 Geylang; (f) Fragrance Hotel – Ruby, 10 Lorong 20 Geylang; (g) Fragrance Hotel – Sunflower, 10 Lorong 10 Geylang; (h) Fragrance Hotel – Lavender, 51 Lavender Street; (i) Fragrance Hotel – Imperial, 28 Penhas Road; (j) Fragrance Hotel – Balestier, 255 Balestier Road; (k) Fragrance Hotel – Rose, 263 Balestier Road; (l) Fragrance Hotel – Oasis, 435 Balestier Road; (m) Fragrance Hotel – Classic, 418 Balestier Road; (n) Fragrance Hotel – Selegie, 183 Selegie Road; (o) Fragrance Hotel – Bugis, 33 Middle Road; (p) Fragrance Hotel – Viva, 75 Wishart Road; (q) Fragrance Hotel – Kovan, 760 Upper Serangoon Road; (r) Fragrance Hotel – Waterfront, 418 Pasir Panjang Road; (s) Fragrance Hotel – Ocean View, 432 Pasir Panjang Road; (t) Fragrance Hotel – Royal, 400 Telok Blangah Road; (u) Fragrance Hotel – Riverside, 20 Hongkong Street; (2) Parc Sovereign Hotel, 175 Albert Street; (3) Parc Sovereign Hotel – Tyrwhitt, 165 Tyrwhitt Road; and (4) the proposed hotel at 36 St. Georges Terrace, 10-14 Pier Street, Perth, Australia
<b>“Register”</b>	:	The register of holders of the Shares, as maintained by the Registrar
<b>“Securities Account”</b>	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
<b>“SFA”</b>	:	The Securities and Futures Act (Chapter 289 of Singapore Statutes)
<b>“Shareholders”</b>	:	Holders of Shares (other than CDP) as indicated on the Register and Depositors who have Shares entered against their names in the Depository Register
<b>“Shares”</b>	:	Issued and paid-up ordinary shares in the capital of the Company
<b>“SRS”</b>	:	Supplementary Retirement Scheme
<b>“SRS Agent Banks”</b>	:	Agent banks included under the SRS
<b>“SRS Investors”</b>	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
<b>“Summary of Valuation Reports”</b>	:	The letters from Savills Valuation and Professional Services (S) Pte Ltd, and Savills Valuations Pty Ltd dated 23 January 2017 and 15 March 2017 respectively, summarising the opinion of the Valuers on the market values of the Properties as at 31 December 2016 as set out in Appendix IV to this Circular

<b>“Undertaking Concert Parties”</b>	:	Shall have the meaning ascribed to it in Section 4.1 of this Circular
<b>“Valuation Reports”</b>	:	The property valuation reports by the Valuers referred to in the Summary of Valuation Reports
<b>“Waiver”</b>	:	Shall have the meaning ascribed to it in Section 4.2 of this Circular
<b>“Warrants”</b>	:	Rights to subscribe for or purchase new shares or existing shares
<b>“%” or “per cent.”</b>	:	Percentage or <i>per centum</i>
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore

#### **COMPANIES/ORGANISATIONS**

<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Company”</b>	:	Global Premium Hotels Limited
<b>“CPF”</b>	:	Central Provident Fund
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“OCBC”</b>	:	Oversea-Chinese Banking Corporation Limited
<b>“Offeror”</b>	:	JK Global Capital Pte. Ltd.
<b>“Provenance Capital” or “IFA”</b>	:	Provenance Capital Pte. Ltd., the independent financial adviser to the Independent Directors in respect of the Offer
<b>“Registrar”</b>	:	Tricor Barbinder Share Registration Services
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“SIC”</b>	:	Securities Industry Council of Singapore
<b>“Valuers”</b>	:	Savills Valuation and Professional Services (S) Pte Ltd (for Singapore properties) and Savills Valuations Pty Ltd (for the proposed hotel in Perth, Australia)

Unless otherwise defined, the term **“acting in concert”** shall have the meaning ascribed to it in the Code.

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

The terms **“subsidiary”** and **“related corporation”** shall have the meanings ascribed to them respectively in Section 5 and Section 6 of the Companies Act.



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

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

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing one gender shall include the other gender. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual or the Code or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Listing Manual or the Code or any statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

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.

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

Any reference in this Circular to the total number of issued Shares is a reference to 1,052,000,000 Shares (with no treasury shares) as at the Latest Practicable Date, unless otherwise stated.

Capitalised terms used in extracts of the Offer Document shall have the same meanings as ascribed to them in the Offer Document.

**Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Existing Constitution are set out in this Circular within quotes and in italics, and capitalised terms used within these reproduced statements bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Existing Constitution respectively.**

## 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”, “estimate”, “believe”, “intend”, “project”, “plan”, “potential”, “strategy”, “forecast”, “possible”, “probable” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” or “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 as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor Provenance Capital guarantees any future performance or event or assumes any obligation to update publicly or revise any forward-looking statement, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.*

## SUMMARY TIMETABLE

Date of despatch of Offer Document	:	16 March 2017
Date of despatch of Circular	:	30 March 2017
Closing Date	:	5.30 p.m. on 13 April 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
Settlement of consideration for valid acceptances of the Offer	:	<ul style="list-style-type: none"><li>(i) In respect of acceptances of the Offer which are complete in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in accordance with its terms, within seven (7) Business Days of that date.</li><li>(ii) In respect of acceptances of the Offer which are complete in all respects and are received after the Offer becomes or is declared to be unconditional in accordance with its terms, but before the Offer closes, within seven (7) Business Days of the date of such receipt.</li></ul>

# GLOBAL PREMIUM HOTELS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201128650E)

## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

### Board:

Dr. Koh Wee Meng (Chairman and Non-Executive Director)  
Ms. Ko Lee Meng (Executive Director, Deputy Chairman and Chief Executive Officer)  
Mr. Khoo Chee Meng Mark (Executive Director and Chief Operating Officer)  
Mr. Periakaruppan Aravindan (Non-Executive Director)  
Mr. Woo Peng Kong (Lead Independent Director)  
Mr. Kau Jee Chu (Independent Director)  
Dr. Kwan Chee Wai (Independent Director)

### Registered Office:

456 Alexandra Road  
#25-01  
Fragrance Empire Building  
Singapore 119962

30 March 2017

To: The Shareholders

Dear Sir/Madam,

### **VOLUNTARY CONDITIONAL CASH OFFER BY OCBC FOR AND ON BEHALF OF THE OFFEROR FOR THE SHARES**

#### **1. INTRODUCTION**

##### **1.1 Offer Announcement**

The Company refers to the Offer Announcement made by OCBC, for and on behalf of the Offeror, on the Offer Announcement Date, in relation to the Offer.

A copy of the Offer Announcement is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

##### **1.2 Offer Document**

Shareholders should have by now received a copy of the Offer Document, as announced by OCBC, for and on behalf of the Offeror, which has been despatched on 16 March 2017, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in section 2 of the Offer Document. **Shareholders are urged to read the terms and conditions of the Offer set out in the Offer Document carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

##### **1.3 Independent Financial Adviser**

Provenance Capital has been appointed as the independent financial adviser to the Independent Directors in respect of the Offer.

## 1.4 Purpose of Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer, and to set out the recommendation of the Independent Directors and the advice of Provenance Capital to the Independent Directors in respect of the Offer.

**Shareholders should read the Offer Document, this Circular and the IFA Letter set out in Appendix I to this Circular carefully and consider the recommendation of the Independent Directors and the advice of Provenance Capital to the Independent Directors in respect of the Offer before deciding whether to accept or reject the Offer.**

**If you are in any doubt about the Offer, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

## 2. THE OFFER

### 2.1 Offer Terms

Based on the information set out in the Offer Document, OCBC has, for and on behalf of the Offeror, made the Offer to acquire all the Shares including any and all Shares owned, controlled or agreed to be acquired by any party acting or deemed to be acting in concert with the Offeror, in connection with the Offer, in accordance with Section 139 of the SFA and the Code, and subject to the terms and conditions set out in the Offer Document, on the following basis:

- (a) **For each Share: S\$0.365 in cash.**

**Shareholders should note that the Offeror has given notice that the Offer Price is final and that the Offeror does not intend to revise the Offer Price.**

- (b) The Shares will be acquired: (i) fully paid; (ii) free from all liens, equities, claims, charges, pledges, mortgages, encumbrances, options, powers of sale, declarations of trust, hypothecations, retentions of title, rights of pre-emption, rights of first refusal, moratoriums or any other third party rights or security interests of any nature whatsoever or any agreements, arrangements or obligations to create any of the foregoing ("**Encumbrances**"); and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions and/or return of capital (if any) ("**Distributions**") declared, paid or made by the Company in respect of the Shares on or after the Offer Announcement Date.

### 2.2 Adjustment for Distributions

Without prejudice to the foregoing, the Offer Price has been determined on the basis that the 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 that any Distribution is or has been declared, paid or made by the Company in respect of the Shares on or after the Offer Announcement Date to a Shareholder who validly accepts or has accepted 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 Shares tendered in acceptance of the Offer by the Accepting Shareholder falls, as follows:

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

### **2.3 Acceptance Condition**

The Offer will be subject to the Offeror having received, by the Closing Date, valid acceptances (which have not been withdrawn) in respect of such number of Shares which, together with the Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with the Offeror holding Shares representing not less than 90% (the “**Offer Threshold**”) of all the Shares in issue as at the Closing Date (the “**Acceptance Condition**”).

As at the Latest Practicable Date, based on the information available to the Offeror, the Offeror and parties acting in concert with the Offeror hold in aggregate 792,991,420 Shares representing 75.38% of all the issued Shares.

The Offeror reserves the right to revise the Acceptance Condition, subject to the consent of the SIC, by reducing the Offer Threshold to more than 50% of the total number of Shares. In the event that the Acceptance Condition is revised, the revised Offer will remain open for another 14 days following such revision and Shareholders who have accepted the initial Offer will be allowed to withdraw their acceptance within eight (8) days of the notification of such revision.

Save for the Acceptance Condition, the Offer is unconditional in all other respects.

### **2.4 Warranty**

A Shareholder who tenders his Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Shares as or on behalf of the beneficial owner(s) thereof: (i) fully paid; (ii) free from all Encumbrances; and (iii) together with all rights, benefits and entitlements attached thereto as of the Offer Announcement Date and thereafter attaching thereto, including, but not limited to, all voting rights and the right to receive and retain all Distributions (if any) declared, paid or made by the Company in respect of the Shares on or after the Offer Announcement Date.

## 2.5 Details of the Offer

Appendix 1 to the Offer Document contains, *inter alia*, further 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.

## 2.6 Procedures for Acceptance

Appendix 2 to the Offer Document sets out the procedures for acceptance of the Offer.

## 3. INFORMATION ON THE OFFEROR AND THE PARTIES ACTING IN CONCERT WITH IT

### 3.1 The Offeror

The information on the Offeror set out in italics below has been extracted from section 6.1 of the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

**“6.1 *The Offeror.*** *The Offeror is a private company limited by shares incorporated in Singapore on 21 February 2017 for the purpose of making the Offer, and its principal activity is investment holding. As at the Latest Practicable Date:*

**6.1.1** *the Offeror has an issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 ordinary shares; and*

**6.1.2** *KWM is the sole shareholder and director of the Offeror.”*

### 3.2 Further Information

Additional information on the Offeror set out in italics below has been extracted from Appendix 3 of the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

#### **“1. *DIRECTOR***

*The name, address and description of the sole director of the Offeror as at the Latest Practicable Date are as follows:*

<b><i>Name</i></b>	<b><i>Address</i></b>	<b><i>Description</i></b>
<i>Dr. Koh Wee Meng</i>	<i>456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962</i>	<i>Director</i>

#### **2. *PRINCIPAL ACTIVITIES***

*The Offeror is a private company limited by shares incorporated in Singapore on 21 February 2017, and its principal activity is investment holding. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 ordinary shares, and KWM is the sole shareholder of the Offeror.*

**3. FINANCIAL SUMMARY**

*As the Offeror was incorporated on 21 February 2017, no audited or unaudited financial statements of the Offeror have been prepared to date.*

**4. MATERIAL CHANGES IN FINANCIAL POSITION**

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

**5. REGISTERED OFFICE**

*The registered office of the Offeror is 291 Joo Chiat Road, #03-01, JK Centre, Singapore 427543.”*

**3.3 Parties Acting in Concert**

The information on the parties acting in concert with the Offeror set out in italics below has been extracted from Appendix 5 of the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

*[The remainder of this page is left intentionally blank.]*



## “1. HOLDINGS OF GPLH SHARES

As at the Latest Practicable Date, based on information available to the Offeror, the details of the number of GPLH Shares held by the Offeror and parties acting in concert with it are as follows:

	Direct Interests		Deemed Interests		Total Interests	
	No. of GPLH Shares	% <sup>(1)</sup>	No. of GPLH Shares	% <sup>(1)</sup>	No. of GPLH Shares	% <sup>(1)</sup>
KWM	688,120,000 <sup>(2)</sup>	65.41	58,800,000 <sup>(3)</sup>	5.59	746,920,000	71.00
Ms. Lim Wan Looi	58,800,000	5.59	–	–	58,800,000	5.59
Ms. Ko Lee Meng	6,499,920 <sup>(4)</sup>	0.62	2,109,600 <sup>(5)</sup>	0.20	8,609,520	0.82
Mr. Periakaruppan Aravindan	406,880	0.04	–	–	406,880	0.04
Mdm. Tan Su Lan	15,579,540 <sup>(6)</sup>	1.48	–	–	15,579,540	1.48
Mr. Koh Wee Seng	8,600,000 <sup>(7)</sup>	0.82	–	–	8,600,000	0.82
Ms. Lim Kwee Hua	5,355,560 <sup>(8)</sup>	0.51	–	–	5,355,560	0.51
Mr. Koh Kian Soo	2,109,600	0.20	–	–	2,109,600	0.20
Mr. Koh Yong Hui, Kelvin	1,535,520	0.15	–	–	1,535,520	0.15
Ms. Koh Joo Huang Karen	1,080,000	0.10	–	–	1,080,000	0.10
Mr. Ng Sheng Tiong	716,000	0.07	–	–	716,000	0.07
Ms. Koh Lee Hwee	224,000	0.02	–	–	224,000	0.02
Ms. Ng Irene	200,000	0.02	–	–	200,000	0.02
Mr. Derrick Ng	21,600	n.m. <sup>(9)</sup>	–	–	21,600	n.m. <sup>(9)</sup>

### Notes:

- (1) As a percentage of the total number of GPLH Shares in issue as at the Latest Practicable Date. For the purposes of the table above, all percentage figures are rounded to the nearest two decimal places.
- (2) 150,000,000 GPLH Shares are held through a nominee(s).
- (3) KWM's deemed interest arises through 58,800,000 GPLH Shares held by his spouse, Ms. Lim Wan Looi.
- (4) 6,466,960 GPLH Shares are held through a nominee(s).
- (5) Ms. Ko Lee Meng's deemed interest arises through 2,109,600 GPLH Shares held by her spouse, Mr. Koh Kian Soo.
- (6) 15,057,500 GPLH Shares are held through a nominee(s).
- (7) 8,600,000 GPLH Shares are held through a nominee(s).
- (8) 700,000 GPLH Shares are held through a nominee(s).
- (9) Not meaningful.”

## 4. IRREVOCABLE UNDERTAKINGS

### 4.1 Irrevocable Undertakings to Accept the Offer

Section 8.1 of the Offer Document states that, as at 8 March 2017, being the latest practicable date prior to the printing of the Offer Document, each of Dr. Koh Wee Meng and Ms. Lim Wan Looi (the “**Undertaking Concert Parties**”) have provided an irrevocable undertaking (the “**Irrevocable Undertakings**”) to accept the Offer in respect of the Shares held by each of them prior to and up to the Closing Date. As at 8 March 2017, being the latest practicable date prior to the printing of the Offer Document, the Undertaking Concert Parties hold in aggregate 746,920,000 Shares (the “**Deferred Consideration Shares**”), representing approximately 71.00% of the issued Shares. The Irrevocable Undertakings will lapse if the Offer is withdrawn, lapses or does not become unconditional.

### 4.2 Deferred Consideration

In addition, pursuant to the terms of the Irrevocable Undertakings, each of the Undertaking Concert Parties will tender their Shares unconditionally in acceptance of the Offer and also waive their right to receive the cash consideration payable to them for the Deferred Consideration Shares within the stipulated timeline under the Code (the “**Waiver**”). The Undertaking Concert Parties have agreed that payment for the Deferred Consideration Shares shall be deferred to a date falling three (3) months after the Closing Date or such other later date as may be agreed among each Undertaking Concert Party and the Offeror and such payment shall be made on the agreed date free of interest.

### 4.3 Further Details

Further details of the Irrevocable Undertakings and the Waiver set out in italics below has been extracted from paragraph 4 of Appendix 5 to the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

#### “4. IRREVOCABLE UNDERTAKINGS

*Details of the Undertaking Concert Parties and the number of Deferred Consideration Shares to be tendered in acceptance of the Offer by each Undertaking Concert Party pursuant to their respective Irrevocable Undertakings are as follows:*

<b>Name of Undertaking Concert Party</b>	<b>No. of Deferred Consideration Shares</b>	<b>Percentage of Issued GPL Shares<sup>(1)</sup></b>	<b>Amount of Consideration Deferred (S\$)</b>
<i>KWM</i>	<i>688,120,000</i>	<i>65.41</i>	<i>251,163,800</i>
<i>Ms. Lim Wan Looi</i>	<i>58,800,000</i>	<i>5.59</i>	<i>21,462,000</i>
<b>Total</b>	<b>746,920,000</b>	<b>71.00</b>	<b>272,625,800</b>

**Note:**

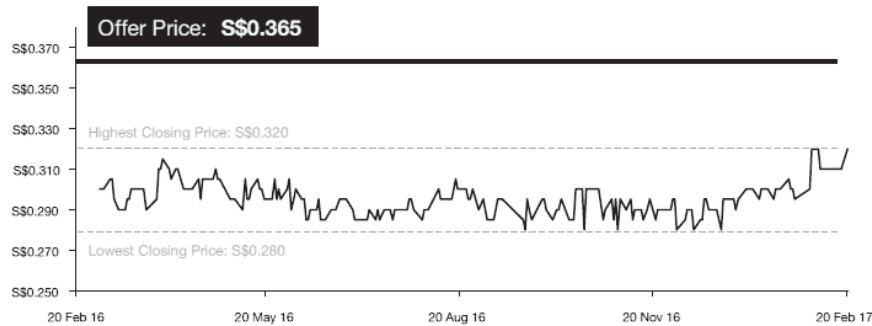
(1) *As a percentage of the total number of GPL Shares in issue as at the Latest Practicable Date. For the purposes of the table above, all percentage figures are rounded to the nearest two decimal places.”*

## 5. RATIONALE FOR THE OFFER

The information on the rationale for the Offer has been extracted from section 9 of the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extract below carefully.**

### “9. RATIONALE FOR THE OFFER

**9.1 Compelling Premium.** *The Offer presents Shareholders with an opportunity to realise their investment in their GPLH Shares without incurring brokerage and other trading costs, at a premium of approximately 14.1 per cent. over the closing price of the GPLH Shares of S\$0.320 on the Last Trading Date, a premium of 18.5 per cent., 21.7 per cent., 23.3 per cent. and 22.9 per cent. over the VWAP of the GPLH Shares for the one-month, three-month, six-month and 12-month periods up to and including the Last Trading Date of S\$0.308, S\$0.300, S\$0.296 and S\$0.297 respectively, and a premium of 40.4 per cent. over the IPO Price of S\$0.260.*



Source: Bloomberg L.P.

*The Offer Price also exceeds the highest closing price of the GPLH Shares in the 12-month period up to and including the Last Trading Date of S\$0.320. In addition, close to 98.0 per cent. of all GPLH Shares traded since the IPO have transacted at below the Offer Price<sup>1</sup>.*



Source: Bloomberg L.P.

<sup>1</sup> Based on the daily closing price and volumes of the GPLH Shares traded from the date of the IPO up to and including the Last Trading Date.

**9.2 Low Trading Liquidity.** *The trading volume of the GPHL Shares has been generally low, with an average daily trading volume<sup>2</sup> of approximately 187,150 GPHL Shares, 124,822 GPHL Shares, 101,537 GPHL Shares and 101,400 GPHL Shares during the one-month, three-month, six-month and 12-month periods up to and including the Last Trading Date. Each of these represents less than 0.02 per cent. of the total number of issued GPHL Shares for each of the aforementioned periods. In addition, GPHL has limited analyst coverage.*

*Hence, the Offer represents a unique cash exit opportunity for Shareholders to liquidate and realise their entire investment at a premium to the prevailing market prices without incurring any brokerage or other trading costs, an option which may not otherwise be readily available due to the low trading liquidity of the GPHL Shares.*

**9.3 Unlikely to Require Access to Equity Capital Markets.** *The Company has not carried out any exercise to raise equity capital on the SGX-ST since 2012. The Offeror is of the view that the Company is unlikely to require access to Singapore equity capital markets to finance its operations in the foreseeable future. Accordingly, the Offeror does not believe it is necessary for the Company to maintain a listing on the SGX-ST.*

**9.4 Compliance Costs of Maintaining Listing.** *In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of its listed status and focus its resources on its business operations.*

**9.5 Greater Management Flexibility.** *The Offeror is making the Offer with a view to delisting the Company from the SGX-ST and exercising its rights of compulsory acquisition. The Offeror believes that privatising the Company will provide the Offeror with more flexibility to manage the business of the Group, optimise the use of its management and resources and facilitate the implementation of any operational changes.”*

## **6. THE OFFEROR’S INTENTIONS IN RELATION TO THE COMPANY**

The information on the intentions of the Offeror in relation to the Company has been extracted from section 10 of the Offer Document and is set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extract below carefully.**

### **“10. OFFEROR’S INTENTIONS IN RELATION TO GPHL**

*The Offeror intends for the Company to continue with its existing activities and has no intention to (i) introduce any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company; or (iii) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business. However, the board of directors of the Offeror retains the flexibility at any time to consider any options in relation to the GPHL Group which may present themselves and which it may regard to be in the interests of the Offeror.”*

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<sup>2</sup> The average daily trading volume was computed based on the total volume of GPHL Shares traded divided by the number of Market Days with respect to the one-month, three-month, six-month and 12-month periods up to and including the Last Trading Date.

## 7. THE OFFEROR'S INTENTIONS REGARDING LISTING STATUS AND COMPULSORY ACQUISITION

The information on the intentions of the Offeror in relation to the listing status and compulsory acquisition has been extracted from sections 11 and 12 of the Offer Document and is set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extract below carefully.**

### **"11. LISTING STATUS**

**11.1 Free Float Requirement.** Pursuant to Rule 723 of the Listing Manual, GPHL must ensure that at least 10 per cent. of the total number of GPHL Shares (excluding treasury shares) is at all times held by the public (the "**Free Float Requirement**"). Pursuant to Rule 1105 of the Listing Manual, upon the announcement by the Offeror that acceptances have been received that bring the holdings owned by the Offeror and parties acting in concert with the Offeror to above 90 per cent. of the total number of GPHL Shares (excluding treasury shares), the SGX-ST may suspend the trading of the GPHL Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of GPHL 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 per cent. of the total number of issued GPHL Shares (excluding treasury shares), thus causing the percentage of the total number of issued GPHL Shares (excluding treasury shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the listed securities of the Company at the Closing Date.

*In addition, under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not complied with, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the GPHL Shares on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the GPHL Shares held by members of the public to be raised to at least 10 per cent., failing which the Company may be removed from the Official List of the SGX-ST.*

**11.2 Intention of the Offeror.** *The Offeror is making the Offer with the intention of privatising the Company. In the event the Company does not meet the Free Float Requirement as at the Closing Date and the SGX-ST suspends trading of the GPHL Shares, **the Offeror does not intend to maintain the present listing status of the Company and, accordingly, does not intend to place out any GPHL Shares held by the Offeror to members of the public to meet the Free Float Requirement. In addition, the Offeror does not intend to support any action by the Company to meet the Free Float Requirement.***

*The Offeror hereby reserves its right, to take steps at an appropriate time, whether during or after the Offer, to seek a voluntary delisting of the Company from the SGX-ST, where permitted by, and in accordance with, the relevant requirements of the Listing Manual and the Code.*

### **12. COMPULSORY ACQUISITION**

**12.1 Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires GPHL Shares from the Despatch Date otherwise than through valid acceptances of the Offer in respect of not less than 90 per cent. of the total number of GPHL Shares in issue as

at the Closing Date (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date), the Offeror will be entitled to exercise the right to compulsorily acquire, at the Offer Price, all the GPLH Shares held by Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”).

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

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

## **8. DIRECTORS’ INTERESTS**

Details of the Directors including, *inter alia*, the Directors’ direct and deemed interests in the Shares and shares in the Offeror as at the Latest Practicable Date are set out in Appendix II to this Circular.

## **9. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER**

### **9.1 Independence of Directors**

All the Independent Directors are considered independent for the purposes of making a recommendation to Shareholders in relation to the Offer.

The SIC has ruled, *inter alia*, on 20 February 2017 that Dr. Koh Wee Meng and Mr. Periakaruppan Aravindan are exempted from the requirement to make a recommendation on the Offer to Shareholders as each of them (being the sole shareholder of the Offeror and a party acting in concert with the Offeror respectively) faces, or may reasonably be perceived to face, an irreconcilable conflict of interest, that would render it inappropriate for each of them to make a recommendation on the Offer to Shareholders.

On account of Ms. Ko Lee Meng being the sister of Dr. Koh Wee Meng, the latter being the sole shareholder of the Offeror, Shareholders may not regard or perceive her as truly independent for the purposes of making a recommendation of the Offer. In this connection, the SIC has ruled on 20 February 2017 that Ms. Ko Lee Meng is exempted from the requirement to make a recommendation on the Offer to Shareholders.

Please refer to Section 3.3 of this Circular for details on the parties acting in concert with the Offeror.

However, the parties mentioned in this Section 9.1 must still assume responsibility for the accuracy of facts stated in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.



## 9.2 Provenance Capital and the IFA Letter

Provenance Capital has been appointed as the independent financial adviser to the Independent Directors in respect of the Offer.

Shareholders should read and consider carefully the advice of Provenance Capital to the Independent Directors in respect of the Offer as set out in the IFA Letter and the recommendation of the Independent Directors in their entirety before deciding whether to accept or reject the Offer. The IFA Letter is reproduced in Appendix I to this Circular.

## 9.3 Advice of Provenance Capital to the Independent Directors on the Offer

Based on Provenance Capital's evaluation and assessment of the financial terms of the Offer, Provenance Capital has made their advice and recommendation in respect of the Offer as set out in Section 8 of the IFA Letter and reproduced in italics below. The advice and recommendation set out below should be considered and read by Shareholders in conjunction with, and in the context of, the full text of the IFA Letter. Shareholders should read the following extract in conjunction with, and in the context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

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

- (a) Market quotation and trading activity of the Shares;*
- (b) Financial performance of the Group;*
- (c) Financial position of the Group;*
- (d) Comparison with recently completed privatisation of companies listed on the SGX-ST;*
- (e) Comparison of valuation ratios of selected take-over offers of listed companies whose businesses are broadly comparable to the Group;*
- (f) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;*
- (g) Dividend track record of the Company; and*
- (h) Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment.*

***Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Offer are not fair but reasonable.***

***Accordingly, we advise the Independent Directors to recommend Shareholders to ACCEPT the Offer.***

***Shareholders who wish to realise their investments in the Company can also choose to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after deducting transaction costs)."***

**Shareholders should read and consider carefully the key considerations relied upon by Provenance Capital in arriving at its advice to the Independent Directors in conjunction with, and in the context of, the full text of the IFA Letter.**

#### **9.4 Recommendation of the Independent Directors**

The Independent Directors, having considered carefully the terms of the Offer and the advice and recommendation given by Provenance Capital to the Independent Directors in the IFA Letter, **concur** with the advice of Provenance Capital in respect of the Offer. Accordingly, the Independent Directors recommend as follows:

- (a) Overall, the financial terms of the Offer are not fair but reasonable. Accordingly, Shareholders should ACCEPT the Offer.**
- (b) Shareholders who wish to realise their investments in the Company can also choose to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after deducting transaction costs).**

Shareholders are advised to read the terms and conditions of the Offer Document carefully. Shareholders are advised to read the IFA Letter set out in Appendix I to this Circular and other relevant information set out in this Circular carefully before deciding whether to accept or reject the Offer. Shareholders should note that Provenance Capital's advice to the Independent Directors in respect of the Offer should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept or reject the Offer.

Shareholders should note that trading of the Shares is subject to, *inter alia*, the performance and prospects of the Company, prevailing economic conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice by Provenance Capital to the Independent Directors in respect of the Offer does not and cannot take into account the future trading activities or patterns or price levels that may be established beyond the Latest Practicable Date.

In preparing the above advice and giving the above recommendation, Provenance Capital and the Independent Directors have not had regard to any general or specific investment objectives, financial situations, tax positions, risk profiles or particular needs and constraints or other particular circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice with regard to his Shares, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other appropriate professional adviser immediately.

#### **10. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders may accept the Offer in respect of all or any part of their holdings of Shares. Shareholders who wish to accept the Offer must do so not later than **5.30 p.m. (Singapore time) on 13 April 2017** or such later date(s) as may be announced from time to time by or on behalf of the Offeror. There are different procedures for acceptance for Depositors whose Securities Accounts are or will be credited with Shares and for Shareholders who hold Shares which are not deposited with CDP. Shareholders who wish to accept the Offer should take note of the "Procedures for Acceptance of the Offer" set out in Appendix 2 to the Offer Document.

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



## 11. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

As stated in section 17 of the Offer Document, CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date. Subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who validly accept the Offer through their appropriate intermediaries will receive the payment for their Shares in their CPF investment accounts and SRS investment accounts.

## 12. OVERSEAS SHAREHOLDERS

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**”) should refer to section 16 of the Offer Document which is reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

### “16. OVERSEAS SHAREHOLDERS

**16.1 Overseas Shareholders.** *This Offer Document, the Relevant Acceptance Forms and/or any related documents do 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, the Relevant Acceptance Forms and/or any related documents to any overseas jurisdictions, the Offeror and OCBC Bank reserve the right not to send this Offer Document, the Relevant Acceptance Forms and/or any related documents to such overseas jurisdictions. The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP (“**Overseas Shareholders**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, 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, the Relevant Acceptance Forms and/or any related documents have not been, or will not be, sent.*

**16.2 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/or 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, #02-00, 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 Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898 or The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 to request for this Offer Document, the Relevant Acceptance Forms and/or any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date.*

**16.3 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.*

**16.4 Compliance with Applicable Laws.** *It is the responsibility of any Overseas Shareholder who wishes to (i) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents; or (ii) 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 all 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 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 Registrar) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or 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 exercise of the rights described in this Offer Document. In (a) requesting for this Offer Document, the Relevant Acceptance Forms and/or any related documents; and/or (b) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, CDP, the Registrar and OCBC Bank that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.”*

This Circular and any related documents have not been and will not be sent to any Overseas Shareholder who has not provided, and will not provide, the Company with an address within Singapore at which notices or documents may be served upon him. Any affected Overseas Shareholder may nonetheless (subject to compliance with applicable laws) attend in person and obtain copies of this Circular during normal business hours and up to 5.30 p.m. on the Closing Date, from the office of the Registrar at 80 Robinson Road, #02-00, Singapore 068898. Alternatively, an Overseas Shareholder may (subject to compliance with applicable laws) write to the Registrar at the above-stated address to request 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.

In requesting for this Circular and any related documents, each of the Overseas Shareholders represents and warrants to the Company that each of them is in full observance of the laws of the relevant jurisdiction in that connection, and that each of them is in full compliance with all necessary formalities or legal requirements. **Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.**

### **13. DIRECTORS' RESPONSIBILITY STATEMENT**

Save for: (a) Appendices I and IV of this Circular; (b) information extracted *in toto* from the Offer Document; and (c) information relating to the Offeror, the parties acting in concert with the Offeror and the Offer, the Directors (including those who have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated in this Circular are fair and accurate and that no material facts have been omitted from this Circular (the omission of which would render any statement in this Circular misleading in any material respect), and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, from the Offer Document) or obtained from the Offeror, 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.

The recommendation of the Independent Directors to Shareholders set out in Section 9.4 of this Circular is the sole responsibility of the Independent Directors.

In respect of Appendices I and IV of this Circular, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are fair and accurate in all material respects.

Yours faithfully,  
For and on behalf of the Board of  
**GLOBAL PREMIUM HOTELS LIMITED**

Khoo Chee Meng Mark  
Executive Director and Chief Operating Officer

**LETTER FROM PROVENANCE CAPITAL  
TO THE INDEPENDENT DIRECTORS IN RELATION TO THE OFFER**

**PROVENANCE CAPITAL PTE. LTD.**

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

30 March 2017

To: The Independent Directors of Global Premium Hotels Limited  
(deemed to be independent in respect of the Offer)

Mr Khoo Chee Meng Mark	(Executive Director and Chief Operating Officer)
Mr Woo Peng Kong	(Lead Independent Director)
Mr Kau Jee Chu	(Independent Director)
Dr Kwan Chee Wai	(Independent Director)

Dear Sirs,

**VOLUNTARY CONDITIONAL CASH OFFER BY JK GLOBAL CAPITAL PTE. LTD.**

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company (“Shareholders”) dated 30 March 2017 (“Circular”).*

**1. INTRODUCTION**

***Offer Announcement Date***

On 23 February 2017 (“**Offer Announcement Date**”), Oversea-Chinese Banking Corporation Limited (“**OCBC Bank**”) announced, for and on behalf of JK Global Capital Pte. Ltd. (“**Offeror**”), that the Offeror intends to make a voluntary conditional cash offer (“**Offer**”) for all the issued ordinary shares (“**Shares**”) in the capital of Global Premium Hotels Limited (“**GPHL**” or “**Company**”), including all the Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror (“**Offer Shares**”) in accordance with the Singapore Code on Take-overs and Mergers (“**Code**”) (“**Offer Announcement**”).

The Offeror is an investment holding company incorporated in Singapore wholly-owned by Dr Koh Wee Meng, who is the Chairman and Non-Independent Non-Executive Director of GPHL.

As at the Offer Announcement Date, the Offeror and certain parties acting in concert with it (“**Relevant Persons**”) hold in aggregate 755,936,400 Shares, representing 71.86% of the total number of issued Shares of 1,052,000,000 Shares.

The Offer is to be made at the offer price of **S\$0.365 in cash** for each Share (“**Offer Price**”). The Offer Price is **final** and the Offeror does not intend to revise the Offer Price of S\$0.365 per Share.

The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares acquired or agreed to be acquired by the Offeror before or during the Offer, will result in the Offeror and parties acting in concert with it holding not less than 90% of the total number of issued Shares as at the close of the Offer.

### ***Subsequent to the Offer Announcement Date***

Post the Offer Announcement Date and up to the Latest Practicable Date, the Offeror and its concert parties had acquired further Shares in the open market at the price of S\$0.36 per Share, totalling 11,596,300 Shares, representing 1.10% of the total number of issued Shares.

As at the Latest Practicable Date, based on public disclosures made by or on behalf of the Offeror, the shareholding interest of the Offeror and parties acting in concert with it amounted to an aggregate of 792,991,420 Shares, representing 75.38% of the total number of issued Shares.

On 16 March 2017, OCBC Bank announced, for and on behalf of the Offeror, that the formal offer document ("**Offer Document**") setting out, *inter alia*, the terms and conditions of the Offer has been despatched to Shareholders on the same day.

### ***Our role as Independent Financial Adviser to the Offer***

In connection with the Offer, the Company has appointed Provenance Capital Pte. Ltd. ("**Provenance Capital**") as the independent financial adviser ("**IFA**") to the Directors who are considered independent in respect of the Offer ("**Independent Directors**"), for the purpose of making their recommendation to Shareholders in relation to the Offer.

Pursuant to the confirmations sought by the Company, the Securities Industry Council ("**SIC**") had ruled that (a) Dr Koh Wee Meng, who is the Chairman and Non-Independent Non-Executive Director of the Company; (b) Ms Ko Lee Meng, who is the Deputy Chairman, Chief Executive Officer and Executive Director of the Company; and (c) Mr Periakaruppan Aravindan, who is the Non-Independent Non-Executive Director of the Company, are exempted from the requirements to make a recommendation to the Shareholders on the Offer as they face irreconcilable conflicts of interest in doing so, being deemed concert parties to the Offeror.

Dr Koh Wee Meng is the sole shareholder and director of the Offeror, Ms Ko Lee Meng is the sister of Dr Koh Wee Meng and Mr Periakaruppan Aravindan is deemed as a party acting in concert with the Offeror through his relationship with Dr Koh Wee Meng.

The Company has confirmed to us that the remaining Directors, namely, Mr Khoo Chee Meng Mark, Mr Woo Peng Kong, Mr Kau Jee Chu and Dr Kwan Chee Wai are deemed independent in respect of the Offer ("**Independent Directors**").

This letter ("**Letter**") is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and advice on the financial terms of the Offer and our recommendations on the Offer. This Letter forms part of the Circular which provides, *inter alia*, the details of the Offer and the recommendations of the Independent Directors on the Offer.

## **2. TERMS OF REFERENCE**

Provenance Capital has been appointed as the IFA to advise the Independent Directors in respect of their recommendations to the Shareholders in relation to the Offer.

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

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position or earnings potential of GPLH and its subsidiaries ("**Group**"). Such evaluation or comments remain the responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the

extent deemed necessary or appropriate by us) in arriving at our opinion. The opinion set forth herein is based solely on publicly available information as well as information provided by the Directors, and is predicated upon the economic and market conditions prevailing as at 17 March 2017, being the Latest Practicable Date as referred to in the Circular. This Letter therefore does not reflect any projections on the future financial performance of the Group and we do not express any views as to the prices at which the Shares may trade after the close of the Offer.

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

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

The Directors have confirmed, having made all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

We have not made any independent evaluation or appraisal of the assets or liabilities of the Company or the Group (including without limitation, property, plant and equipment). However, for the purpose of the Offer, we have been provided with:

- (a) a valuation summary letter dated 23 January 2017 (“**Hotels Valuation Summary Letter**”) by Savills Valuation and Professional Services (S) Pte Ltd (“**Savills**”), an independent valuer. Savills was appointed by the Company to carry out an independent valuation of the Group’s hotel properties in Singapore as at 31 December 2016 for the purpose of providing the market values of the properties for corporate reporting purposes;
- (b) a confirmation from Savills to the Company dated 3 March 2017 that the market valuation of the hotel properties as set out in the Hotels Valuation Summary Letter is still valid and unchanged for the purpose of the Offer; and
- (c) a valuation summary letter dated 15 March 2017 (“**Development Property Valuation Summary Letter**”) by Savills Valuations Pty Ltd (“**Savills Australia**”), an independent valuer, who was commissioned by the Company to carry out an independent valuation of the Group’s property under development in Perth, Australia (referred to as the “Proposed Perth Hotel” in Section 5 of this Letter) as at 31 December 2016 for the purpose of the Offer.

Copies of the above valuation letters are attached as Appendix IV to the Circular.

We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the independent valuation by Savills and Savills Australia for such asset appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuation contained in the valuation summary letters or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements including the Code.

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

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

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

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

Our opinion is addressed to the Independent Directors for their benefit and deliberation of the Offer. The recommendations made to the Shareholders in relation to the Offer, as the case may be, shall remain the responsibility of the Independent Directors.

**Our recommendation to the Independent Directors in relation to the Offer should be considered in the context of the entirety of this Letter and the Circular.**

### **3. THE OFFER**

The detailed terms of the Offer are set out in Section 2 of the Offer Document dated 16 March 2017. The key terms of the Offer are set out below for your reference.

#### **3.1 Offer Price**

The consideration for each Offer Share is as follows:

**For each Offer Share: S\$0.365 in cash**

**Shareholders should note that the Offeror has given notice that the Offer Price is final and the Offeror does not intend to revise the Offer Price.**

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

### 3.2 Offer Shares

The Offer is extended to all Shares, including any and all Shares owned, controlled or agreed to be acquired by any party acting or deemed to be acting in concert with the Offeror in connection with the Offer.

### 3.3 Rights and Encumbrances

The Offer Shares will be acquired:

- (a) fully paid;
- (b) free from all liens, equities, claims, charges, pledges, mortgages, encumbrances, options, powers of sale, declarations of trust, hypothecations, retentions of title, rights of pre-emption, rights of first refusal, moratoriums or any other third party rights or security interests of any nature whatsoever or any agreements, arrangements or obligations to create any of the foregoing ("**Encumbrances**"); and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and/or return of capital (if any) ("**Distributions**") declared, paid or made by the Company in respect of the Shares on or after the Offer Announcement Date).

In the event that 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 or has accepted the Offer, where the settlement date in respect of the Shares accepted pursuant to the Offer (i) falls before the books closure date for the determination of entitlements to the Distribution, the Offer Price shall remain unadjusted; or (ii) falls after the books closure date, the Offer Price shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share and the Offeror shall pay the Shareholder the reduced Offer Price.

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

### 3.4 Acceptance Condition

The Offer will be subject to the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, together with the Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with the Offeror holding Shares representing not less than 90% ("**Offer Threshold**") of all the Shares in issue as at the close of the Offer ("**Acceptance Condition**").

The Offeror reserves the right to revise the Acceptance Condition, subject to the consent of the SIC, by reducing the Offer Threshold to more than 50% of the total number of Shares. In the event that the Acceptance Condition is revised, the revised Offer will remain open for another 14 days following such revision and Shareholders who have accepted the initial Offer will be allowed to withdraw their acceptance within eight days of the notification of such revision.

Save for the Acceptance Condition, the Offer is unconditional in all other respects.

As at the Latest Practicable Date, the Offer has not reached the Offer Threshold yet. Hence, the Offer has not become or declared unconditional in all respects.

### 3.5 Warranty

A Shareholder who tenders his Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Shares as or on behalf of the



beneficial owner(s) thereof, (i) fully paid; (ii) free from all Encumbrances; and (iii) together with all rights, benefits and entitlements attached thereto as of the Offer Announcement Date and thereafter attaching thereto, including but not limited to all voting rights and the right to receive and retain all Distributions (if any) declared, paid or made by the Company in respect of the Shares on or after the Offer Announcement Date.

### **3.6 Duration of the Offer**

The first closing date of the Offer is at 5.30 p.m. on 13 April 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

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

Further information on the duration of the Offer is set out in paragraph 1 of Appendix 1 to the Offer Document.

### **3.7 Further details of the Offer**

Further details of the Offer, including details on (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; (c) the right of withdrawal of acceptances of the Offer; and (d) procedures for acceptance of the Offer are set out in Appendices 1 and 2 to the Offer Document.

## **4. INFORMATION ON THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT**

### **Offeror and parties acting in concert with it**

The Offeror is a company incorporated in Singapore on 21 February 2017 for the purpose of making the Offer. Its principal activity is investment holding. The Offeror has an issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 ordinary shares.

The sole shareholder and director of the Offeror is Dr Koh Wee Meng, who is the Chairman and Non-Independent Non-Executive Director of the Company.

As at the Offer Announcement Date, the Offeror does not own any Shares.

Post the Offer Announcement Date and up to the Latest Practicable Date, the Offeror and its concert parties had acquired further Shares totalling 11,596,300 Shares, all at the price of S\$0.36 per Share.

As at the Latest Practicable Date, based on publicly available information, the total number of Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it amounted to an aggregate of 792,991,420 Shares, representing approximately 75.38% of the total number of issued Shares.

Further details relating to the Offeror are set out in Appendix 3 to the Offer Document.

### **Irrevocable Undertakings**

Each of Dr Koh Wee Meng and Ms Lim Wan Looi ("**Undertaking Concert Parties**") has given an irrevocable undertaking ("**Irrevocable Undertakings**") to accept the Offer in respect of the Shares held by each of them prior to and up to the close of the Offer. Ms Lim Wan Looi is the wife of Dr Koh Wee Meng.

As disclosed in Section 8 of the Offer Document, the Undertaking Concert Parties hold in aggregate 746,920,000 Shares ("**Deferred Consideration Shares**"), representing approximately 71.00% of the total number of issued Shares. The Irrevocable Undertakings will lapse if the Offer is withdrawn, lapses or does not become unconditional.

Pursuant to the Irrevocable Undertakings, each of the Undertaking Concert Parties will tender their Shares unconditionally in acceptance of the Offer and also waive their right to receive the cash consideration payable to them for the Deferred Consideration Shares within the stipulated timeline under the Code ("**Waiver**"). The Undertaking Concert Parties have agreed that payment for the Deferred Consideration Shares shall be deferred to a date falling three months after the close of the Offer or such other later date as may be agreed among each Undertaking Concert Party and the Offeror and such payment shall be made on the agreed date free of interest.

Further details of the Irrevocable Undertakings and the Waiver are set out in paragraph 4 of Appendix 5 to the Offer Document.

## **5. INFORMATION ON THE COMPANY AND THE GROUP**

The Company is a public limited company incorporated in Singapore and was listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 26 April 2012. The principal business of the Group is the development and operation of hotels in the economy-tier and mid-tier class.

Based on the Company's annual report for the financial year ended 31 December 2016 ("**FY2016**"), the Group operates one of Singapore's largest chains of hotels with 24 hotels, of which 21 hotels are operated under the "Fragrance" brand, 2 hotels under the "Parc Sovereign" brand and 1 hotel under the "Klapstar" brand. These hotels are all located in Singapore. The Group owns all of these hotels save for the Klapstar Boutique Hotel.

In addition, in October 2015, the Group announced the acquisition of a piece of freehold land (approximately 2,600 square metres) located in the prime area in Perth, Australia, with the intention to redevelop the property into a hotel. On 2 February 2017, the Company announced that it had obtained development approval to develop the property into an iconic hotel in Perth, estimated to be completed in 2020 ("**Proposed Perth Hotel**").

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$263.69 million comprising 1,052,000,000 Shares and the Company does not hold any treasury shares. As at the Latest Practicable Date, GPLH does not have any outstanding instruments convertible into, rights to subscribe for, or options in respect of, Shares or securities which carry voting rights in the Company.

Based on the Offer Price of S\$0.365 and the number of issued Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$384.0 million.

Additional information on the Company and the Group is set out in Section 7 and Appendix 4 to the Offer Document.

## **6. 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 Section 9 and Section 10 of the Offer Document.

The key rationale for the Offer is summarised below for your reference:

- (a) to give Shareholders the opportunity to realise their investment in the Shares at a premium above prevailing market prices;

- (b) to give Shareholders the opportunity to liquidate and realise their entire investment at a premium to the prevailing market prices, which may not otherwise be readily available due to the low trading liquidity of the Shares;
- (c) since 2012, the Company has not and is unlikely to require access to the Singapore equity capital markets to finance its operations;
- (d) to save on expenses related to maintaining the listing status on the SGX-ST; and
- (e) the Offeror is making the Offer with a view to delisting the Company from the SGX-ST and exercising its rights of compulsory acquisition. The Offeror believes that privatising the Company will provide it with more flexibility in, *inter alia*, managing the Group.

In addition, the Offeror has stated that it presently has no intention to:

- (a) introduce any major changes to the business of the Company;
- (b) re-deploy the fixed assets of the Company; or
- (c) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business.

However, the board of directors of the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which it may regard to be in the interests of the Offeror.

As mentioned above, the Offeror is making the Offer with the intention of privatising the Company and does not intend to maintain the listing status of the Company.

Hence, in the event the Company does not meet the free float requirement under Rule 723 of the Listing Manual as at the close of the Offer and the SGX-ST suspends trading of the Shares, the Offeror does not intend to place out any Shares held by the Offeror to members of the public to meet the above free float requirement. The Offeror does not intend to support any action by the Company to meet the free float requirement.

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

The Offeror also reserves its right, to take steps at an appropriate time, whether during or after the Offer, to seek a voluntary delisting of the Company from the SGX-ST, where permitted by, and in accordance with, the relevant requirements of the Listing Manual and the Code.

## **7. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER**

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

- (a) Market quotation and trading activity of the Shares;
- (b) Financial performance of the Group;
- (c) Financial position of the Group;
- (d) Comparison with recently completed privatisation of companies listed on the SGX-ST;

- (e) Comparison of valuation ratios of selected take-over offers of listed companies whose businesses are broadly comparable to the Group;
- (f) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;
- (g) Dividend track record of the Company; and
- (h) Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment.

## 7.1 Market quotation and trading activity of the Shares

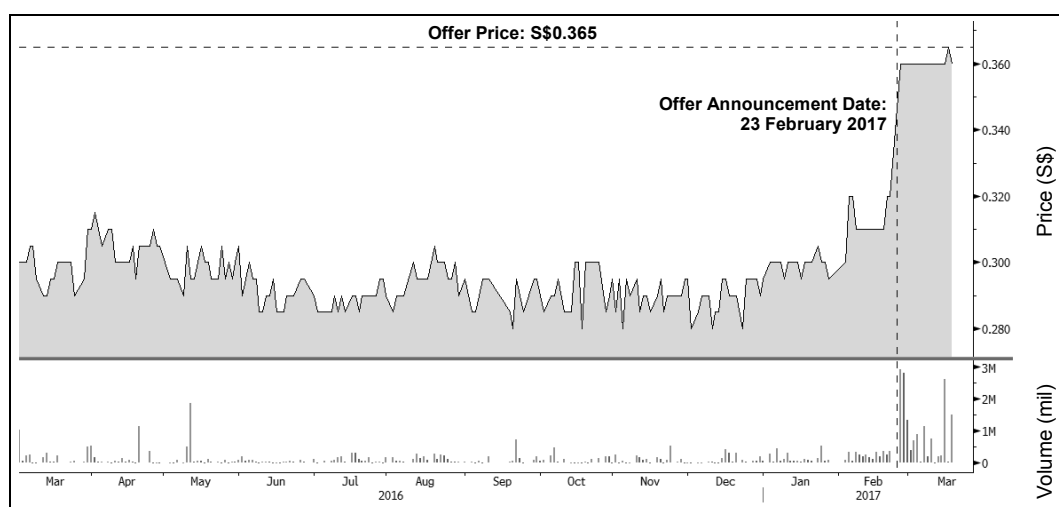
### *Period under Review*

The Shares were halted from trading from mid-day on 21 February 2017 to 23 February 2017. The Offer Announcement was released after trading hours on 23 February 2017. We have therefore compared the Offer Price against the historical market price performance of the Shares and considered the historical trading volume of the Shares from 22 February 2016, being the 1-year period prior to the full day trading halt on 22 February 2017, and up to the Latest Practicable Date ("**Period Under Review**"), as shown in Chart 1 below.

*Chart 1 - Share Price Chart for the Period Under Review*

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

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



*Source: Bloomberg L.P.*

Based on the chart above, we observed that the Shares have traded consistently below the Offer Price during the Period Under Review. Based on the volume-weighted average price ("**VWAP**") of S\$0.298 over the last 1 year prior to the Offer Announcement Date, the Offer Price is at a premium of 22.5% above the VWAP Share price.

Since the Offer Announcement Date and up to the Latest Practicable Date, the Shares have traded at or slightly below the Offer Price, of between S\$0.36 and S\$0.365. Daily trading volume on the Shares during this period had increased significantly compared to the average daily trading volume prior to the release of the Offer Announcement. Based on the dealing disclosure announcements by the Offeror, the increased trading volume was attributable mainly to the aggregate purchases of 11,596,300 Shares at S\$0.36 per Share made by the Offeror and its

concert parties in the open market. The purchases by the Offeror and its concert parties in the open market had accounted for approximately 73.6% of the total volume of 15,759,800 Shares traded during the above period, and represent approximately 1.10% of the total number of issued Shares.

**Longer look-back period**

We note that Dr Koh Wee Meng (then Mr Koh Wee Meng) had, on 13 March 2014, made a voluntary unconditional cash offer (“**2014 Offer**”) for the Shares at S\$0.33 per Share (“**2014 Offer Price**”) for the purpose of increasing his shareholdings in the Company. At the time of the 2014 Offer, Fragrance Group Limited (“**FGL**”) was the ultimate holding company of the Company, holding 550.0 million Shares, representing 52.28% of the total number of issued Shares. FGL had, at the time of the 2014 Offer, also proposed a dividend in specie of its holdings in the Shares to its FGL shareholders (“**GPHL Share Distribution**”) to be effected after the close of the 2014 Offer. Immediately after the close of the 2014 Offer and before the GPHL Share Distribution on 24 April 2014, Dr Koh Wee Meng and parties acting in concert with him (including FGL’s shareholding in the Shares) held in aggregate 75.94% of the total number of issued Shares. The Company remained listed on the SGX-ST as it was the intention of Dr Koh Wee Meng to maintain the listing status of the Company.

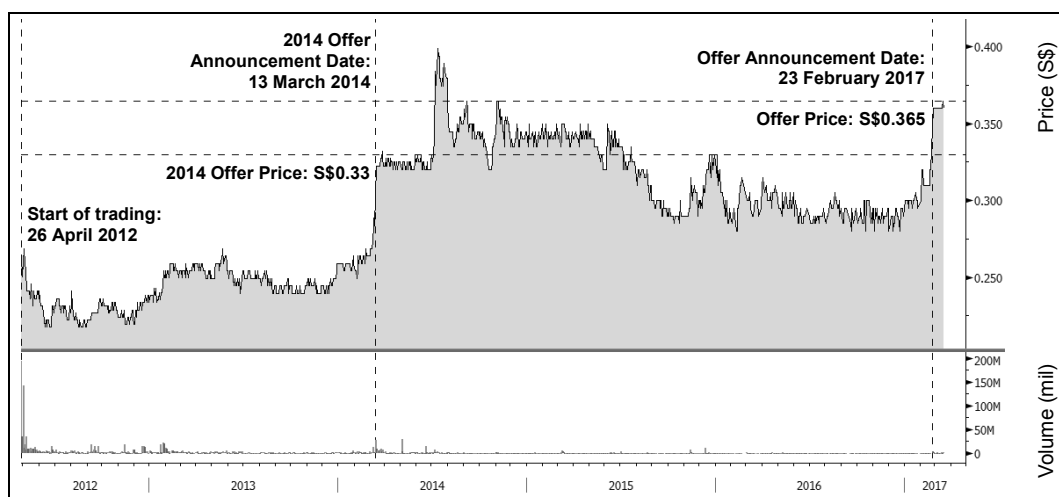
Following the completion of the GPHL Share Distribution in May 2014, FGL ceased to be the holding company of the Company, while Dr Koh Wee Meng and his wife became the controlling Shareholders.

As at the Offer Announcement Date, Dr Koh Wee Meng and his wife (who are also the Undertaking Concert Parties for the purpose of the Offer) have in total 71.0% shareholding interest in the Company.

We note that since the IPO of the Company in April 2012, the Company had not accessed funds from the Singapore equity capital markets.

To get an overview of the Share price performance since the Company’s IPO in April 2012, we have therefore considered a longer look-back period of the share price chart from April 2012 to the Latest Practicable Date as shown in Chart 2 below.

*Chart 2 – since IPO to the Latest Practicable Date*



Source: Bloomberg L.P.

Based on the chart above, except for a short period in July 2014 when Share prices (based on last daily transacted prices) had traded between S\$0.365 and S\$0.399, the Shares had been trading below the Offer Price since the IPO of the Company.

The Shares had spiked up at the time of the 2014 Offer to around the 2014 Offer Price. Share prices, in particular, over the last one year prior to the Announcement Date, had declined and were trading below the 2014 Offer Price and hence below the current Offer Price, which is at a premium of 10.6% above the 2014 Offer Price.

Since the Offer Announcement and up to the Latest Practicable Date, the Shares had traded up to or close to the Offer Price, presumably supported by the Offer Price during the offer period.

### Market Statistics

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

Reference period	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP <sup>(1)</sup> (S\$)	Premium / (Discount) of Offer Price over/(to) VWAP (%)	Number of traded days <sup>(2)</sup>	Average daily trading volume <sup>(3)</sup> ('000)	Average daily trading volume as a percentage of free float <sup>(4)</sup> (%)
<b><u>Prior to the trading halt and Offer Announcement Date</u></b>							
Last 1 year	0.320	0.270	0.298	22.5	204	102	0.04
Last 6 months	0.320	0.270	0.296	23.3	104	104	0.04
Last 3 months	0.320	0.275	0.300	21.7	55	130	0.05
Last 1 month	0.320	0.295	0.309	18.1	18	195	0.07
21 February 2017 (last trading day prior to the trading halt for the Offer Announcement)	0.320	0.360	0.320	14.1	1	359	0.13
<b><u>After the Offer Announcement Date to the Latest Practicable Date</u></b>							
24 February 2017 to the Latest Practicable Date	0.365	0.360	0.360	1.4	16	985	0.37
Latest Practicable Date	0.360	0.360	0.360	1.4	1	1,511	0.56

**Source:** Bloomberg L.P.

#### Notes:

- (1) The VWAP for the respective periods are calculated based on the daily VWAP turnover divided by VWAP volume as extracted from Bloomberg L.P.. VWAP turnover is computed based on the aggregate daily turnover value of the Shares and VWAP volume is computed based on the aggregate daily trading volume of the Shares for the respective periods. Off market transactions are excluded from the calculation;
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;
- (3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of days when the SGX-ST was open for trading (excluding days with full day trading halts on the Shares) during that period; and
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 269.5 million Shares based on the free float of 25.62% as disclosed in the Company's annual report for the financial year ended 31 December 2016.

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

- (a) Over the 1-year period prior to the release of the Offer Announcement, the Shares have traded between a low of S\$0.270 and a high of S\$0.320. The Offer Price represents a premium of S\$0.095 (or 35.2%) and S\$0.045 (or 14.1%) above the lowest transacted price and the highest transacted price of the Shares, respectively. The Shares have traded below the Offer Price during the entire 1-year period prior to the release of the Offer Announcement;
- (b) The Offer Price represents a premium of approximately 22.5%, 23.3%, 21.7% and 18.1% above the VWAP of the Shares for 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement, respectively;
- (c) The Offer Price represents a premium of approximately 14.1% above the last transacted price of the Shares of S\$0.320 on 21 February 2017, prior to the mid-day trading halt and the release of the Offer Announcement; and
- (d) Since the release of the Offer Announcement and up to the Latest Practicable Date, the Shares had traded up to S\$0.365 and mostly at S\$0.360 per Share. The current share price appears to be supported by the Offer Price. As at the Latest Practicable Date, the Shares were last transacted at S\$0.360.

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

- (i) Over the 1-year period prior to the trading halt and the release of the Offer Announcement, the Shares were regularly traded throughout the period. However, the average daily trading volume of the Shares were generally low. The average daily trading volume of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement represent 0.04%, 0.04%, 0.05% and 0.07% of the free float of the Shares respectively; and
- (ii) During the period following the release of the Offer Announcement and up to the Latest Practicable Date, the average daily trading volume on the Shares increased to 0.37% of the free float of the Shares. Of the total volume of 15.8 million Shares traded during this period, 11,596,300 Shares (or approximately 73.6%) were attributable to purchases made by the Offeror and its concert parties.

## 7.2 Financial performance of the Group

We set out below a summary of the audited financial results of the Group for the last three financial years ended 31 December 2014, 2015 and 2016, that is FY2014, FY2015 and FY2016:

S\$'000	FY2014	FY2015	FY2016
Revenue	61,529	61,113	58,289
Cost of sales	(7,582)	(6,529)	(6,645)
Gross profit	53,947	54,584	51,644
Other operating income	1,317	1,828	1,150
Administrative expenses	(24,936)	(26,750)	(27,864)
Foreign exchange losses, net	(848)	(1,185)	(142)
Fair value change on derivative financial instrument	-	-	(84)
Finance costs	(8,640)	(10,234)	(9,659)
<b>Profit before income tax</b>	<b>20,840</b>	<b>18,243</b>	<b>15,045</b>
Income tax credit (expense)	409	(3,444)	(3,105)
<b>Profit after income tax</b>	<b>21,249</b>	<b>14,799</b>	<b>11,940</b>

*Source: The Company's annual reports for FY2015 and FY2016*

Most of the revenue of the Group (more than 98%) are derived from its hotel operation as set out below:

	FY2014	FY2015	FY2016
Hotel room revenue (S\$'000)	60,569	60,000	57,175
- Revenue per available room <sup>(1)</sup> ("RevPAR") (S\$)	90.8	85.3	81.5
- Average occupancy rate ("AOR") (%)	85.0	81.6	77.6

**Source:** The Company's annual reports for FY2015 and FY2016.

**Note:**

(1) RevPAR = total room revenue / total available room nights.

*FY2015 vs FY2014*

Revenue decreased marginally by 0.7% in FY2015 compared to FY2014, but gross profit increased by 1.2% in FY2015 due to lower cost of sales, due mainly to savings of utilities and hotel consumables, which were partially offset by the increase of guest meal charges.

RevPAR and AOR had declined in FY2015 in line with the general decline in the hotel industry.

Net profit after tax decreased by S\$6.5 million or 30.4% from S\$21.2 million in FY2014 to S\$14.8 million in FY2015, due mainly to (a) an increase in administrative expenses arising from higher staff cost and higher depreciation charges; (b) increase in finance costs due to full year impact on interest on loans and generally higher interest rate on loans; and (c) higher income tax in FY2015 compared to FY2014 as there was a write back of an overprovision of income tax in prior years in FY2014, resulting in a tax credit in FY2014.

*FY2016 vs FY2015*

Revenue for FY2016 decreased by S\$2.8 million or 4.6% from S\$61.1 million in FY2015 to S\$58.3 million in FY2016. This was mainly due to lower hotel room revenue. Gross profit also decreased by S\$2.9 million or 5.4% from S\$54.6 million to S\$51.6 million in line with the decrease in revenue.

RevPAR and AOR continued to decline in FY2016 as the Group faced challenges in the hotel industry in Singapore due to an increase in supply of hotel rooms locally and shorter length of hotel stay by tourists.

Net profit after tax decreased by S\$2.9 million or 19.3% from S\$14.8 million in FY2015 to S\$11.9 million in FY2016, due mainly to the lower gross profit achieved in FY2016. Increase in administrative expenses in FY2016 was offset to some extent by lower finance costs, lower foreign exchange losses and lower income tax during FY2016.

Historical Price-earnings Ratio ("PER") implied by the Offer Price

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

We have evaluated the implied PER of the Group as ascribed by the Offer Price based on the Group's latest audited net profit after tax for FY2016.

The Group's audited net profit after tax for FY2016 was S\$11.9 million. The market capitalisation of the Group implied by the Offer Price and based on the number of issued Shares as at the Latest Practicable Date, is approximately S\$384.0 million.

The Offer Price thus values the Group on a historical PER of approximately **32.2 times**.



### 7.3 Financial position of the Group

Based on the Group's latest financial results for FY2016, the audited financial position of the Group as at 31 December 2016 is set out below:

S\$'000	Audited as at 31 December 2016
<u>Current assets</u>	
Cash and cash equivalents	5,643
Trade receivables	787
Other receivables	2,131
Property under development	28,500
<b>Total current assets</b>	<b>37,061</b>
<u>Non-current assets</u>	
Property, plant and equipment	1,207,866
Other receivables	376
<b>Total non-current assets</b>	<b>1,208,242</b>
<b>Total assets</b>	<b>1,245,303</b>
<u>Current liabilities</u>	
Trade payables	1,380
Other payables	8,356
Term loans	17,331
Income tax payable	3,060
Derivative financial instrument	339
<b>Total current liabilities</b>	<b>30,466</b>
<u>Non-current liabilities</u>	
Term loans	453,314
Deferred tax liabilities	32,376
<b>Total non-current liabilities</b>	<b>485,690</b>
<b>Total liabilities</b>	<b>516,156</b>
<b>Capital and reserves</b>	
Share capital	263,692
Reserves	336,928
Retained earnings	128,527
<b>Total equity</b>	<b>729,147</b>
NAV/NTA of the Group (S\$)	729,147,000
Number of issued Shares as at 31 December 2016	1,052,000,000
NAV/NTA per Share (S\$)	0.693

*Source: The Company's annual report for FY2016*

As at 31 December 2016, the net asset value ("**NAV**") of the Group and NAV per Share were approximately S\$729.1 million and S\$0.693 respectively. As the Group does not have any intangible assets, the net tangible assets ("**NTA**") of the Group is the same as the NAV of the Group.

### *Analysis of the assets of the Group*

Total assets of the Group comprise mainly property, plant and equipment (“PPE”) of S\$1.21 billion (97.0% of total assets) and property under development of S\$28.5 million (2.3% of total assets).

PPE pertains mainly to the 23 hotels owned and managed by the Group in Singapore (99.8% of PPE). These properties are mortgaged to financial institutions to secure credit facilities for the Group. These properties are stated at their revalued amounts in accordance with the accounting policy of the Group. In this regard, the Company had appointed Savills to carry out an independent market valuation of these hotel properties as at 31 December 2016. Savills had, on 3 March 2017, confirmed to the Company that the market valuation of these properties remains valid and unchanged for the purpose of the Offer.

Property under development relates mainly to the Proposed Perth Hotel, that is, the freehold land in Perth purchased by the Group in October 2015. On 2 February 2017, the Company announced that it had obtained the development approval to develop the property into a hotel. The property under development is recorded at cost. In connection with the Offer, the Company had also commissioned Savills Australia to carry out an independent desktop market valuation of the Proposed Perth Hotel as at 31 December 2016.

Please see details on valuation of the Proposed Perth Hotel below under the caption “Revalued NAV of the Group”.

### *Analysis of the liabilities and equity of the Group*

Of the total liabilities of the Group of S\$516.2 million as at 31 December 2016, term loans accounted for 91.2% of the total liabilities of the Group. These term loans are secured against (i) the legal mortgage of the hotel properties of the Group; (ii) assignment of rental proceeds, construction contracts, performance bonds (if any), insurance policies and debentures; and (iii) the corporate guarantee by the Company.

Total equity comprises paid-up share capital of S\$263.7 million, reserves of S\$336.9 million and retained earnings of S\$128.5 million.

Based on the above, the gross gearing ratio of the Group is at 0.65 times (total borrowings / total equity). The cash balances of the Group were S\$5.6 million as at 31 December 2016 and therefore would not have a significant impact on the net gearing position of the Group.

### *Revalued NAV of the Group*

As mentioned above, the PPE (in particular the hotel properties) are stated at market valuation based on Savills’ assessment of the market value of each of the 23 hotels as at 31 December 2016. The basis of market value is intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Savills’ assessment of the fair value of the hotel properties was determined by adopting (i) the direct comparison method, where a comparison is made with recent sales of comparable properties with adjustments made for differences in location, tenure, size, design and layout, standard of building services and facilities provided, age / condition, performance indicators and date of sale; and (ii) the income capitalisation method, where the estimated annual net rental income of the property after deducting all necessary outgoings and expenses is capitalised at an appropriate rate of return to arrive at the market value. Each method is used as a check against the other.

A copy of the Hotels Valuation Summary Letter by Savills in relation to the valuation of the hotel properties is attached as Appendix IV to the Circular.

Arising from the above valuation, the Group had recorded a decrease in fair value of the hotel properties of S\$20.0 million (net of potential tax credit of S\$4.1 million) in FY2016 compared to FY2015. Hence, no further adjustment in respect of these hotel properties is necessary to assess the revalued NAV (“**RNAV**”) of the Group as at 31 December 2016.

With respect to the property under development of the Group which is in relation mainly to the Proposed Perth Hotel, such property under development was recorded at cost as at 31 December 2016. In connection with the Offer, the Company had commissioned Savills Australia to carry out an independent market valuation of the Proposed Perth Hotel as at 31 December 2016.

Savills Australia’s assessment of the market value of the property under development was determined by adopting the direct comparison approach.

A copy of the Development Property Valuation Summary Letter by Savills Australia in relation to the Proposed Perth Hotel is also attached as Appendix IV to the Circular.

The above valuation would result in a revaluation deficit compared to the net book value of the asset as at 31 December 2016 as shown in the table below:

	Net book value as at 31 December 2016	Market value as at 31 December 2016	Revaluation deficit
36 St. Georges Terrace, 10-14 Pier Street (A\$’000)	23,750	20,000	(3,750)
equivalent in S\$’000 <sup>(1)</sup>	24,843	20,920	(3,923)

**Source:** *Company and the Development Property Valuation Summary Letter*

**Note:**

(1) Based on the exchange rate of A\$1.00 to S\$1.046 on 30 December 2016 as extracted from the website of the Monetary Authority of Singapore.

The revaluation deficit arising from the valuation of the Proposed Perth Hotel is S\$3.9 million, which represents approximately S\$0.0037 per Share.

In assessing the above revaluation deficit, we have also considered whether there is any potential tax credit which would arise on the disposal of the Proposed Perth Hotel for the purpose of Rule 26.3 of the Code. The Company had advised that, in a hypothetical scenario where the above property is sold, a potential tax credit may arise according to the applicable corporate income tax rate of 30% in Australia.

Accordingly, the RNAV of the Group as at 31 December 2016 is computed as follows:

	S\$’000
Audited NAV of the Group as at 31 December 2016	729,147
Less: Revaluation deficit	(3,923)
Add: Potential tax credit arising from the revaluation deficit	1,177
RNAV of the Group as at 31 December 2016	<u>726,401</u>
RNAV per Share	S\$0.690

Based on the above, the RNAV per Share of S\$0.690 as at 31 December 2016 is slightly lower than the NAV per Share of S\$0.693 as at 31 December 2016.

Price-to-NAV (“**P/NAV**”) ratio of the Group implied by the Offer Price

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

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

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

The Group does not have any intangible assets. Accordingly, the NAV of the Group is equivalent to its NTA as at 31 December 2016.

As the Group is asset heavy with significant holdings of property assets, the NAV or RNAV valuation approach is appropriate in assessing the valuation of the Group implied by the Offer Price. In connection with the Offer, we have therefore evaluated the Offer against the RNAV per Share of the Group after taking into consideration the independent valuation of the Group's properties as at 31 December 2016.

As set out above, the RNAV of the Group is slightly lower than the NAV of the Group as at 31 December 2016.

Based on the Offer Price of S\$0.365 and the 1,052,000,000 issued Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$384.0 million.

The P/RNAV ratio implied by the Offer Price is **0.53 times** based on the RNAV of the Group as at 31 December 2016. The Offer Price therefore represents a discount of 47.1% to the RNAV per Share.

Besides the valuation of the property related assets of the Group, in our evaluation of the financial terms of the Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 31 December 2016, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NTA as at 31 December 2016.

In respect of the above, we have sought the following confirmation from the Board of Directors and the management, and they have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, other than the above revaluation of the property related assets of the Group and announcements made by the Company since 31 December 2016:

- (a) there are no material differences between the realisable values of the Group's assets and their respective book values as at 31 December 2016 which would have a material impact on the NTA of the Group;
- (b) other than that already provided for or disclosed in the Group's financial statements as at 31 December 2016, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NTA of the Group as at the Latest Practicable Date;
- (c) there are no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;

- (d) there are no intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with 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
- (e) there are no material acquisitions or disposals of assets by the Group between 31 December 2016 and the Latest Practicable Date nor does the Group 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.

For the avoidance of doubt, we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, real properties) of the Company. We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the Savills' and Savills Australia's independent valuations for such asset appraisal and have not made any independent verification of the contents thereof.

We do not assume any responsibility to inquire about the basis of such valuations or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements including Rule 26 of the Code.

#### **7.4 Comparison with recently completed privatisation of companies listed on the SGX-ST**

We note that the intention of the Offeror is to delist the Company from the SGX-ST and, if and when entitled, to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act.

In assessing the reasonableness of the Offer Price in light of the above stated intention of the Offeror, we have compared the financial terms of the Offer with those of selected successful privatisation transactions that were announced and completed since January 2016 and up to the Latest Practicable Date, which were carried out either by way of voluntary delisting exit offers under Rule 1307 of the Listing Manual, offers being made by way of a scheme of arrangement under Section 210 of the Companies Act or general takeover offers under the Code where the offeror has stated its intentions to delist the listed company from the SGX-ST ("**Precedent Privatisation Transactions**").

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

- (i) the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs over the 1-month and 3-month periods prior to the announcement of the Precedent Privatisation Transactions; and
- (ii) the premium or discount represented by each of the respective offer prices to the net asset value of the respective target companies. We note that certain transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their latest announced book values. In this respect, we have compared the offer price with the revalued NAV, revalued NTA or adjusted NAV or NTA of the Precedent Privatisation Transactions, where applicable.

We wish to highlight that the target companies listed in the Precedent Privatisation Transactions as set out in the analysis below may not be directly comparable to the Group in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. The premium or discount that an offeror pays in any particular privatisation transaction varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, the availability of

substantial cash reserves, the liquidity in the trading of the target company's shares, the presence or absence of competing bids for the target company, and the existing and desired level of control in the target company. The list of the Precedent Privatisation Transactions is by no means exhaustive and as such any comparison made only serves as an illustration. Conclusions drawn from the comparisons made may not necessarily reflect the perceived or implied market valuation of the Company.

Name of company	Sector	Date of announcement	Premium/(Discount) of Offer Price over / (to):			P/NAV (times)
			Last transacted price prior to announcement (%)	1 month VWAP prior to announcement (%)	3 month VWAP prior to announcement (%)	
HTL International Holdings Limited	Manufacture, processing and sale of wooden products	07 Jan 2016	46.0	69.2	98.4	1.9 <sup>(1)</sup>
Lantrovision (S) Ltd	Supply, design, install and provide IT consultancy services	27 Jan 2016	47.7	42.8	46.2	1.5 <sup>(2)</sup>
China Yongsheng Limited	Production and supply of concrete and related products	24 Feb 2016	52.4	67.4	62.4	0.7 <sup>(3)</sup>
Xinren Aluminium Holdings Limited	Smelting, sale, production and trading of aluminium and related products	25 Feb 2016	25.1	49.6	50.0	1.5 <sup>(4)</sup>
OSIM International Ltd	Distributes, sells and franchises healthy lifestyle products	07 Mar 2016	27.0	40.9	42.5	2.6 <sup>(5)</sup>
Select Group Limited	Food catering and management services	23 Mar 2016	23.5	37.9	43.4	3.9 <sup>(6)</sup>
GMG Global Ltd	Processing, producing, marketing and exporting of rubber	28 Mar 2016	10.8	25.2	39.9	0.7 <sup>(7)</sup>
Xyec Holdings Co., Ltd.	Provision of integrated engineering and IT consultancy and services	29 Mar 2016	50.0	49.3	49.3	1.3 <sup>(8)</sup>
Pteris Global Limited	Provision of airport facility equipment	21 Apr 2016	33.9	38.0	44.1	1.2 <sup>(9)</sup>
China Merchants Holdings (Pacific) Limited	Toll road operator	09 May 2016	22.9	21.8	25.3	1.1 <sup>(10)</sup>
Eu Yan Sang International Ltd	Health and wellness company in traditional Chinese medicines	16 May 2016	2.6	8.5	16.5	1.7 <sup>(11)</sup>
Otto Marine Limited	Vessel construction, repair, conversion, chartering, leasing of vessels and subsea services	08 Jun 2016	39.1	44.8	43.5	2.3 <sup>(12)</sup>
SMRT Corp Ltd	Provision of land transport services in rail operations, maintenance and engineering as well as bus, taxi and automotive	20 Jul 2016	8.7	10.8	10.7	2.8 <sup>(13)</sup>
Sim Lian Group Limited	Property development, investment and construction	08 Aug 2016	14.9	16.6	19.5	0.8 <sup>(14)</sup>
China Minzhong Food Corporation Limited	Cultivation, production and sale of processed vegetables, fruit and vegetable beverages	06 Sep 2016	25.0	24.8	23.1	0.7 <sup>(15)</sup>
Aztech Group Ltd.	Electronics and LED lighting manufacturing, material supply and marine logistics, and food and beverage retail and supplies	19 Sep 2016	29.2	38.6	21.0	0.4 <sup>(16)</sup>
China New Town Development Company Limited	Urbanisation developer and operator for large township projects	18 Oct 2016	18.6	20.5	27.0	0.9 <sup>(17)</sup>
China Auto Electronics Group Limited	Automotive electrical and electronics distribution system manufacturer	24 Oct 2016	23.1	50.9	65.0	1.3 <sup>(18)</sup>
Innovalues Limited	Manufactures customised precision machined parts and components for automotive industries	26 Oct 2016	13.5 <sup>(20)</sup>	19.0 <sup>(20)</sup>	21.6 <sup>(20)</sup>	3.7 <sup>(19)</sup>

Name of company	Sector	Date of announcement	Premium/(Discount) of Offer Price over / (to):			P/NAV (times)
			Last transacted price prior to announcement (%)	1 month VWAP prior to announcement (%)	3 month VWAP prior to announcement (%)	
Sunmart Holdings Limited	Manufacturing and sale of spray products such as spray pumps, aluminium cans and plastic bottles used in the packaging for FMCG, pharmaceutical and health supplements	30 Nov 2016	n.m. <sup>(22)</sup>	n.m. <sup>(22)</sup>	n.m. <sup>(22)</sup>	0.9 <sup>(21)</sup>
High			52.4	69.2	98.4	3.9
Low			2.6	8.5	10.7	0.4
Mean			27.1	35.6	39.4	1.6
Median			25.0	38.0	42.5	1.3
Company (implied by the Offer Price)		23 Feb 2017	14.1	18.1	21.7	0.53 (based on RNAV per Share)

**Source:** SGX-ST announcements and circulars to shareholders in relation to the Precedent Privatisation 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 announcement date of 28 March 2016;
- (8) Based on the NAV per share of Xyec Holdings Co., Ltd. as at 30 September 2015;
- (9) Based on the final offer and RNTA per share of Pteris Global Limited as at 31 March 2016;
- (10) Based on the revalued NAV per share of China Merchants Holdings (Pacific) Limited as at 31 March 2016;
- (11) Based on the revalued NAV per share of Eu Yan Sang International Ltd as at 31 March 2016;
- (12) Based on the revalued NTA per share of Otto Marine Limited as at 31 March 2016;
- (13) Based on the NTA per share of SMRT Corp Ltd as at 30 June 2016;
- (14) Based on the revalued NAV per share of Sim Lian Group Limited as at 30 June 2016;
- (15) Based on the NTA per share of China Minzhong Food Corporation Limited as at 30 September 2016;
- (16) Based on the RNTA per share of Aztech Group Ltd. as at 30 June 2016;
- (17) Based on the NAV per share of China New Town Development Company Limited as at 30 September 2016;
- (18) Based on the NTA per share of China Auto Electronics Group Limited on a diluted basis (after bond conversion) as at 30 June 2016;
- (19) Based on the NTA per share of Innovalues Limited as at 30 September 2016;

- (20) The market premia were computed based on prices prior to the holding 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;
- (21) Based on the RNAV per share of Sunmart Holdings Limited as at 30 September 2016; and
- (22) n.m. denotes not meaningful.

Based on the above, we note that:

- (a) The premia implied by the Offer Price over the last transacted price, VWAP for 1-month period and 3-month period prior to the Offer Announcement Date are within the range but lower than the mean and median of the corresponding premia of the Precedent Privatisation Transactions; and
- (b) The P/RNAV ratio of 0.53 times implied by the Offer Price is within range but significantly lower than the mean and median of the corresponding P/NAV ratios of the Precedent Privatisation Transactions. However, we note that none of the Precedent Privatisation Transactions are in the hotel and hospitality industry and therefore, the P/NAV ratios of the Precedent Privatisation Transactions may not be directly comparable with the Company.

Shareholders should note that the above comparison with the Precedent Privatisation Transactions is for illustrative purposes only.

## 7.5 Comparison of valuation ratios of selected take-over offers of listed companies whose businesses are broadly comparable to the Group

We have attempted to make a comparison of the relevant financial terms of selected take-over offers of hotels and hospitality companies listed on the SGX-ST that were announced and completed since January 2014 and up to the Latest Practicable Date. There were 3 such transactions (“**Precedent Hospitality Take-overs**”) as shown in the table below, including the 2014 Offer, the take-over offer by Dr Koh Wee Meng on the Company as mentioned in Section 7.1 of this Letter.

We wish to highlight that other than the 2014 Offer, the above Precedent Hospitality Take-overs may differ from the Group in terms of, *inter alia*, market capitalization, size of operations, clientele base, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, valuation methodology, future prospects and other relevant criteria. As such, any comparison made with the Precedent Hospitality Take-overs, other than the 2014 Offer, is necessarily limited and merely serves as an illustrative guide.

Name of company	Date of announcement	Premium/(Discount) of Offer Price over / (to):			PER (times)	P/NTA (times)
		Last transacted price prior to announcement (%)	1 month VWAP prior to announcement (%)	3 month VWAP prior to announcement (%)		
Company (2014 Offer)	13 Mar 14	13.4	16.7	21.4	17.9	0.52 <sup>(1)</sup>
Hotel Properties Limited <sup>(2)</sup>	14 Apr 14	29.4	33.8	35.1	11.4	0.77 <sup>(3)</sup>
AF Global Limited (formerly known as LCD Global Investments Ltd.)	12 Jan 15	10.0	11.5	13.4	n.m. <sup>(4)</sup>	1.22



Name of company	Date of announcement	Premium/(Discount) of Offer Price over / (to):			PER (times)	P/NTA (times)
		Last transacted price prior to announcement (%)	1 month VWAP prior to announcement (%)	3 month VWAP prior to announcement (%)		
High		29.4	33.8	35.1	17.9	1.22
Low		10.0	11.5	13.4	11.4	0.52
Mean		17.6	20.7	23.3	14.7	0.84
Median		13.4	16.7	21.4	14.7	0.77
<b>Company (implied by the Offer Price)</b>	<b>23 Feb 17</b>	<b>14.1</b>	<b>18.1</b>	<b>21.7</b>	<b>32.2</b>	<b>0.53 (based on RNAV per Share)</b>

**Source:** SGX-ST announcements and circulars to shareholders in relation to the respective take-over offers

**Notes:**

- (1) based on the NAV per Share including the revaluation surplus of the hotel properties of the Group as at 31 December 2013;
- (2) based on the second revised offer price of S\$4.05 per share of Hotel Properties Limited as announced on 27 May 2014;
- (3) based on the revalued NAV per share of Hotel Properties Limited based on gross development value as at 31 March 2014; and
- (4) n.m. denotes not meaningful.

Based on the above table, we note that:

- (a) The premia implied by the Offer Price over the last transacted price, VWAP for 1-month period and 3-month period prior to the Offer Announcement Date is within the range, and between the mean and median of the corresponding premia for the Precedent Hospitality Take-overs;
- (b) The historical PER of the Company of 32.2 times implied by the Offer Price is significantly higher than the upper end of the range, and hence significantly higher than the mean and median of the corresponding PER of Precedent Hospitality Take-overs; and
- (c) The P/RNAV ratio of the Company of 0.53 times implied by the Offer Price is at the lower end of the range, and hence lower than the mean and median of corresponding P/NAV ratios of the Precedent Hospitality Take-overs. The P/RNAV ratio of the present Offer is slightly better than the P/RNAV ratio of the 2014 Offer; and
- (d) The present Offer is marginally better than the 2014 Offer, except for the PER which is much higher than the then PER of the 2014 Offer.

## 7.6 Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group

For the purpose of assessing the Offer Price, we have considered listed companies whose businesses are broadly comparable with the Group. As the Group is principally engaged in the development and operation of hotels, we have considered companies that are engaged in the hotel and hospitality industry, and which are also listed and traded on the SGX-ST to be considered as broad proxies to the Group ("**Comparable Peer Companies**"). For a more meaningful comparison, we have excluded companies with market capitalisation of S\$1.0 billion and above.

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

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

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

<b>Company name</b>	<b>Principal business</b>
AF Global Ltd (formerly known as LCD Global Investments Ltd.) ("AF Global")	AF Global operates as an investment holding company. The company, through its subsidiaries, invests, develops, sells and manages properties, including hotels and resorts, residences, commercial centres and entertainment centres.
Amara Holdings Ltd ("Amara")	Amara operates hotels and restaurants, provides food and beverage catering services as well as develops and invests in properties. The company owns and operates Amara Hotel and invests in shares.
Banyan Tree Holdings Ltd ("Banyan Tree")	Banyan Tree owns and manages hotels. The company also operates spas, galleries and golf courses, and invests in property. Banyan Tree offers design and project management services as well.
Bonvests Holdings Ltd ("Bonvests")	Bonvests is an investment holding company whose subsidiaries develop real estate and operate waste collection and disposal, and contract cleaning. The company also develops and operates hotels locally and overseas, as well as operates food and beverage restaurants. Bonvests trades securities and rents properties.
Far East Orchard Ltd ("Far East")	Far East is a diversified real estate developer with a global portfolio in development and investment properties. The company is also a vertically integrated regional hospitality owner and operator with a sizeable overseas network. Its portfolio includes purpose-built medical suites in Singapore and student accommodation properties in the United Kingdom.
Hotel Grand Central Ltd ("Hotel Grand Central")	Hotel Grand Central owns, operates, and manages hotels. The company also collects rent, develops properties, and provides marketing and support services.
Hotel Royal Ltd ("Hotel Royal")	Hotel Royal owns and operates the Hotel Royal in Singapore. The company, through its subsidiaries, also manages and invests in properties in Malaysia and New Zealand.
Stamford Land Corp Ltd ("Stamford Land")	Stamford Land is an investment holding company. The company owns and manages hotels and travel agencies. Stamford Land also develops and invests in properties.

*Source: Bloomberg L.P.*

For the purpose of our evaluation and for illustration, we have made comparison between the Group and the Comparable Peer Companies using the following bases:

- (i) The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern; and
- (ii) The P/NAV ratio or NAV approach is used to show the extent the value of each share is backed by all assets. The NAV approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities of the group.

Company name	Last financial year end	Market capitalisation as at Latest Practicable Date (\$'million)	Historical PER <sup>(1)</sup> (times)	Historical P/NTA ratio <sup>(2)</sup> (times)
AF Global	31 Dec 2016	184.7	38.3	0.71
Amara	31 Dec 2016	307.6	8.3	0.83
Banyan Tree	31 Dec 2016	361.5	n.m. <sup>(3)</sup>	0.68
Bonvests	31 Dec 2016	544.8	9.9	0.61
Far East	31 Dec 2016	697.4	10.7	0.64
Hotel Grand Central	31 Dec 2016	948.1	17.0	0.73
Hotel Royal	31 Dec 2016	317.5	41.0	0.59
Stamford Land	31 Mar 2016	457.9	22.2	0.95
High			41.0	0.95
Low			8.3	0.59
Mean			21.1	0.72
Median			17.0	0.69
<b>The Company (implied by the Offer Price)</b>	<b>31 Dec 2016</b>	<b>384.0</b>	<b>32.2</b>	<b>0.53 (based on RNAV per Share)</b>

**Source:** Bloomberg L.P., annual reports and latest publicly available financial information on the Comparable Peer Companies.

**Notes:**

- (1) The historical PERs of the Comparable Peer Companies are computed based on their respective latest published full year earnings or trailing twelve months earnings, where applicable, available as at the Latest Practicable Date;
- (2) The P/NTA ratios of the Comparable Peer Companies are computed based on their respective NTA values as set out in their latest published financial statements available as at the Latest Practicable Date; and
- (3) n.m. denotes not meaningful.

Based on the above, we note that:

- (a) The historical PER of the Company of 32.2 times implied by the Offer Price is within the range and higher than the mean and median of the historical PER of the Comparable Peer Companies; and
- (b) The P/RNAV ratio of the Company of 0.53 times implied by the Offer Price is slightly below the lower end of the range and hence lower than the mean and median of the historical P/NTA ratios of the Comparable Peer Companies.

## 7.7 Dividend track record of the Company

We set out below the information on the dividends per Share declared by the Company in respect of the last five financial years since its IPO:

<b>Dividends declared</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>
Total one-tier dividend (S\$)	0.0141	0.0026	0.005	–	–
Average Share price <sup>(1)</sup> (S\$)	0.2475	0.2571	0.3297	0.3251	0.2946
Dividend yield <sup>(2)</sup> (%)	5.7	1.0	1.5	–	–

**Source:** Bloomberg L.P. and the Company's annual reports.

### Notes:

- (1) Average daily closing price of the Shares for each respective financial year; and  
(2) Computed based on dividends per Share divided by the average Share price.

Based on the above, we note that since the Company's IPO in April 2012, the Company had been paying dividends for FY2012, FY2013 and FY2014, but has not declared dividends for the past two financial years. The dividend pay-out in FY2012 was in line with the Group's commitment during the launch of its IPO to distribute at least 80% of its net profit after tax for FY2012 as dividend for the year. The dividend yield for FY2012 was 5.7%. However, such dividend yield had diminished to 1.0% and 1.5% for FY2013 and FY2014 respectively.

The Directors have confirmed that the Company does not have a fixed dividend policy and that they will recommend future dividends after taking into consideration the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate.

We wish to highlight that the above dividend analysis of the Company serves only as an illustrative guide and is not an indication of the Company's future dividend policy. There is no assurance that the Company will continue to pay dividends in future and/or maintain the level of dividends paid in the past periods.

## 7.8 Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment

### 7.8.1 No increase in Offer Price

The Offeror has given notice that the Offer Price is final and it does not intend to revise the Offer Price.

Shareholders should therefore note that the Offer Price of S\$0.365 per Share is final and will not be revised.

### 7.8.2 Likelihood of competing offers is remote

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

In view that the Offeror and parties acting in concert with it already own or control in aggregate 75.38% of the total number of issued Shares as at the Latest Practicable Date, the likelihood of a competing offer from any third party is remote.

### 7.8.3 Directors' intentions with respect to their Shares

As disclosed in Section 5.9 of Appendix II to the Circular, Dr Koh Wee Meng will accept the Offer in respect of the 688,120,000 Shares (representing 65.41%) held by him in accordance with the terms of the Irrevocable Undertaking.

In addition, Ms Ko Lee Meng and Mr Periakaruppan Aravindan have both informed the Company that they intend to accept the Offer in respect of the 6,499,920 Shares (representing 0.62%) and 406,880 Shares (representing 0.04%) held by each of them respectively.

Save for Dr Koh Wee Meng, Ms Ko Lee Meng and Mr Periakaruppan Aravindan, none of the Directors has any direct interest in the Shares.

### 7.8.4 Intention of the Offeror regarding listing status

The Offeror has stated its intention to privatise and delist the Company from the SGX-ST.

Hence, in the event the Company does not meet the free float requirement under Rule 723 of the Listing Manual as at the close of the Offer and the SGX-ST suspends trading of the Shares, the Offeror does not intend to place out any Shares held by the Offeror to members of the public to meet the above free float requirement. The Offeror does not intend to support any action by the Company to meet the free float requirement.

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

The Offeror also reserves its right, to take steps at an appropriate time, whether during or after the Offer, to seek a voluntary delisting of the Company from the SGX-ST, where permitted by, and in accordance with, the relevant requirements of the Listing Manual and the Code.

### 7.8.5 Compulsory Acquisition

In relation to the matter on compulsory acquisition, the relevant Section 215(1) and Section 215(3) of the Companies Act are applicable as the Company is incorporated in Singapore.

As disclosed in Section 12 of the Offer Document, pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Shares from the date of the despatch of the Offer Document otherwise than through valid acceptances of the Offer, in respect of not less than 90% of the total number of Shares in issue as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of despatch of the Offer Document), the Offeror will be entitled to exercise its right to compulsorily acquire, at the Offer Price, all the Shares held by Shareholders who have not accepted the Offer.

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

It should be noted that pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares at the Offer Price, Shareholders who have not accepted the Offer will have the right to require the Offeror to acquire their Shares at the Offer Price.

Shareholders who have not accepted the Offer and who wish to exercise their rights under Section 215(3) of the Companies Act are advised to seek their own independent legal advice.

### 7.8.6 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.

### 7.8.7 Outlook of the industry in which the Group operates

We wish to highlight the following commentary made by the Company on the Group's business environment as disclosed in its unaudited financial results of the Group for FY2016 released on 10 February 2017:

*"Looking ahead, the hospitality and tourism industry in Singapore will continue to face challenges amid the global economic uncertainty and the new supply of hotel rooms locally. The uncertainty in the global economy has affected tourist spending particularly corporate sector spending. The increase in hotel room inventory is another area of concern. For this year, there will be approximately another 3,900 new rooms vying for a share of the market, which will no doubt further depress the occupancy and room rates."*

In addition, we wish to highlight the following commentary on the Group's business environment as disclosed in the Company's 2016 annual report under the caption "Letter to Shareholders":

*"Looking ahead, the Group expects the hospitality and tourism industry in Singapore to continue to face challenges amid the global economic uncertainty and the new supply of hotel rooms locally. Despite the gloomy economic environment, the Group will continue with its effort to improve operational efficiency, upgrade the facilities and create value through asset enhancement works to some of our hotels and expand our customer network through online business opportunities."*

## 8. OUR RECOMMENDATION TO THE INDEPENDENT DIRECTORS ON THE OFFER

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

- (a) Market quotation and trading activity of the Shares;
- (b) Financial performance of the Group;
- (c) Financial position of the Group;
- (d) Comparison with recently completed privatisation of companies listed on the SGX-ST;
- (e) Comparison of valuation ratios of selected take-over offers of listed companies whose businesses are broadly comparable to the Group;
- (f) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;
- (g) Dividend track record of the Company; and
- (h) Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment.

**Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Offer are not fair but reasonable.**

**Accordingly, we advise the Independent Directors to recommend Shareholders to ACCEPT the Offer.**

**Shareholders who wish to realise their investments in the Company can also choose to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after deducting transaction costs).**

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

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

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

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

Wong Bee Eng  
Chief Executive Officer

## ADDITIONAL GENERAL INFORMATION

### 1. DIRECTORS

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

Name	Address	Designation
Dr. Koh Wee Meng	456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962	Chairman and Non-Executive Director
Ms. Ko Lee Meng	456 Alexandra Road #25-01 Fragrance Empire Building Singapore 119962	Executive Director, Deputy Chairman and Chief Executive Officer
Mr. Khoo Chee Meng Mark	456 Alexandra Road #25-01 Fragrance Empire Building Singapore 119962	Executive Director and Chief Operating Officer
Mr. Periakaruppan Aravindan	456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962	Non-Executive Director
Mr. Woo Peng Kong	456 Alexandra Road #25-01 Fragrance Empire Building Singapore 119962	Lead Independent Director
Mr. Kau Jee Chu	456 Alexandra Road #25-01 Fragrance Empire Building Singapore 119962	Independent Director
Dr. Kwan Chee Wai	456 Alexandra Road #25-01 Fragrance Empire Building Singapore 119962	Independent Director

### 2. REGISTERED OFFICE

The registered office of the Company is at 456 Alexandra Road, #25-01, Fragrance Empire Building, Singapore 119962.



### **3. PRINCIPAL ACTIVITIES**

The Company was incorporated in the Republic of Singapore on 19 September 2011 and was listed on the Mainboard of the SGX-ST on 26 April 2012. The principal business of the Group is the development and operation of hotels in the economy-tier and mid-tier class.

Based on the Company's annual report for FY2016, the Group operates one of Singapore's largest chains of hotels with 24 hotels, of which 21 hotels are operated under the "Fragrance" brand, two (2) hotels under the "Parc Sovereign" brand, and one (1) hotel under the "Klapstar" brand. These hotels are all located in Singapore. The Group owns all of these hotels save for the Klapstar Boutique Hotel.

### **4. SHARE CAPITAL**

#### **4.1 Issued share capital**

The Company has one class of shares, being ordinary shares. As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S\$263,692,000 comprising 1,052,000,000 Shares and the Company does not hold any treasury shares. The issued Shares are listed and quoted on the Mainboard of the SGX-ST.

#### **4.2 Capital, dividends and voting**

The rights of Shareholders in respect of capital, dividends and voting are contained in the Existing Constitution, which is available for inspection at the Company's registered office at 456 Alexandra Road, #25-01, Fragrance Empire Building, Singapore 119962. The relevant articles in the Existing Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been extracted from the Existing Constitution and are set out in Appendix III to this Circular. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Existing Constitution.

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

No Shares have been issued by the Company since the end of the last financial year up to the Latest Practicable Date.

#### **4.4 Options and convertible instruments**

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

### **5. DISCLOSURE OF INTERESTS**

#### **5.1 Interests of the Company in Offeror Securities**

Save for Dr. Koh Wee Meng, being the sole shareholder and sole director of the Offeror, the Company does not have any direct or deemed interest in any Offeror Securities as at the Latest Practicable Date.

## 5.2 Dealings in Offeror Securities by the Company

Save for Dr. Koh Wee Meng, being the sole shareholder and sole director of the Offeror, the Company has not dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

## 5.3 Interests of the Directors in Offeror Securities

Save as disclosed below, none of the Directors has any direct or deemed interest in any Offeror Securities as at the Latest Practicable Date.

- (a) The Offeror has an issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 ordinary shares.
- (b) Dr. Koh Wee Meng is the sole shareholder and sole director of the Offeror.

## 5.4 Dealings in Offeror Securities by the Directors

None of the Directors has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

## 5.5 Interests of the Directors in Company Securities

Save as disclosed below, none of the Directors has any direct or deemed interests in the Company Securities as at the Latest Practicable Date.

Name of Director	No. of Shares					
	Direct interest	% <sup>(1)</sup>	Deemed interest	% <sup>(1)</sup>	Total Interest	% <sup>(1)</sup>
Dr. Koh Wee Meng	688,120,000 <sup>(2)</sup>	65.41	58,800,000 <sup>(3)</sup>	5.59	746,920,000	71.00
Ms. Ko Lee Meng	6,499,920	0.62	2,109,600 <sup>(4)</sup>	0.20	8,609,520	0.82
Mr. Periakaruppan Aravindan	406,880	0.04	–	–	406,800	0.04

### Notes:

- (1) The percentage figure is computed based on a percentage of the total number of 1,052,000,000 issued Shares as at the Latest Practicable Date. For the purposes of the table above, all percentage figures are rounded to the nearest two (2) decimal places.
- (2) 150,000,000 Shares are held through DBS Nominees Pte Ltd.
- (3) Dr. Koh Wee Meng's deemed interest arises through 58,800,000 Shares held by Ms. Lim Wan Looi, his spouse.
- (4) Ms. Ko Lee Meng's deemed interest arises through 2,109,600 Shares held by Mr. Koh Kian Soo, her spouse.

## 5.6 Dealings in Company Securities by the Directors

None of the Directors has dealt for value in the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

## **5.7 Company Securities owned or controlled by the IFA**

As at the Latest Practicable Date, none of Provenance Capital, its related corporations or any of the funds whose investments are managed by Provenance Capital and its related corporations on a discretionary basis owns or controls any Company Securities.

## **5.8 Dealings in Company Securities by the IFA**

As at the Latest Practicable Date, none of Provenance Capital, its related corporations or any of the funds whose investments are managed by Provenance Capital and its related corporations on a discretionary basis has dealt for value in any Company Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

## **5.9 Directors' intentions in relation to the Offer**

The Directors who hold Shares have indicated their intention in respect of accepting or rejecting the Offer in respect of their Shares as follows:

- (a) As at the Latest Practicable Date, Dr. Koh Wee Meng has a direct interest in 688,120,000 Shares, representing approximately 65.41% of the total Shares. Dr. Koh Wee Meng has informed the Company that he intends to accept the Offer in respect of the Shares held by him in accordance with the terms of the Irrevocable Undertaking executed by him.
- (b) As at the Latest Practicable Date, Ms. Ko Lee Meng has a direct interest in 6,499,920 Shares, representing approximately 0.62% of the total Shares. Ms. Ko Lee Meng has informed the Company that she intends to accept the Offer in respect of the Shares held by her.
- (c) As at the Latest Practicable Date, Mr. Periakaruppan Aravindan has a direct interest in 406,880 Shares, representing approximately 0.04% of the total Shares. Mr. Periakaruppan Aravindan has informed the Company that he intends to accept the Offer in respect of the Shares held by him.

Save for Dr. Koh Wee Meng, Ms. Ko Lee Meng and Mr. Periakaruppan Aravindan, none of the Directors has any direct interest in the Shares.

## **6. OTHER DISCLOSURES**

### **6.1 Directors' service contracts**

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such service contracts entered into or amended during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

## 6.2 Arrangements affecting Directors

As at the Latest Practicable Date:

- (a) save for such agreements or arrangements made by the Offeror, 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;
- (b) it is not proposed that any payment or other benefit shall be made or given to any Director or director of any other 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; and
- (c) save for the Offeror, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

## 7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed below, neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with persons who are interested persons<sup>(1)</sup> during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

- (a) Fragrance Hotel Management Pte. Ltd., a subsidiary of the Company, entered into:
  - (i) two (2) lease agreements on 27 August 2014 with Fragrance Holdings Pte. Ltd., a subsidiary of Fragrance Group Limited; (ii) one (1) lease agreement on 13 November 2015 with Fragrance Regal Pte. Ltd., a subsidiary of Fragrance Group Limited; and (iii) one (1) lease agreement on 1 February 2017 with Fragrance Grandeur Pte. Ltd., a subsidiary of Fragrance Group Limited. The details of the four (4) lease agreements are set out below.

The two (2) lease agreements with Fragrance Holdings Pte. Ltd. were in relation to the following:

<b>Location</b>	<b>Area (Approximately)</b>	<b>Tenure</b>	<b>Rental (per month)</b>	<b>Purpose/ Use of Property</b>
168 Changi Road #03-01 Singapore 419730	268.0 square metres	From 1 May 2014 to 31 December 2016	S\$10,500	Office
168 Changi Road #04-01 Singapore 419730	268.0 square metres	From 1 May 2014 to 31 December 2016	S\$10,500	Office

**Note:**

- (1) An "interested person" is defined in the Note on Rule 23.12 of the Code to mean:
  - (a) a Director, chief executive officer or substantial shareholder of the Company;
  - (b) the immediate family of a Director, the chief executive officer or a substantial shareholder (being an individual) of the Company;
  - (c) the trustees, acting in their capacity as such trustees, of any trust of which a Director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;
  - (d) any company in which a Director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% 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.

The above two (2) lease agreements were terminated upon the signing of the lease agreement with Fragrance Regal Pte. Ltd., in relation to an office located at 456 Alexandra Road, #25-01 Fragrance Empire Building, Singapore 119962, which has an area of approximately 495.0 square metres, and has a tenure from 13 November 2015 to 31 December 2018. The amount of rental per month is S\$34,632.

The lease agreement with Fragrance Grandeur Pte. Ltd. is in relation to a hotel with 17 rooms, located at 15 Hoe Chiang Road #01-00, Tower 15, Singapore 089316, which has a tenure from 16 August 2016 to 31 December 2017. The amount of rental per month is S\$45,000.

- (b) On 1 October 2015, the Company entered into a project management agreement with Fragrance Realty Pte. Ltd., a subsidiary of Fragrance Group Limited, in relation to Fragrance Hotel – Crystal, 50 Lorong 18 Geylang. The total project management fee is S\$100,000.
- (c) On 5 January 2016, the Company entered into a project management agreement with Fragrance Group Limited in relation to the hotel development located at 36 St. Georges Terrace, 10-14 Pier Street, Perth, Australia. The total project management fee is A\$400,000 or 0.5% of the actual construction contract sum, whichever is the higher.

## **8. MATERIAL LITIGATION**

As at the Latest Practicable Date, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole. The Directors are not aware of any litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or of any facts likely to give rise to any such litigation, claims or proceedings, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

## **9. MATERIAL CHANGES**

- (a) Save as disclosed in this Circular (including the Valuation Reports), the audited consolidated financial statements of the Group for FY2016 and any other information of the Company and its subsidiaries which is publicly available, and save for any potential effects of currency exchange rate movements on the financial statements, there has been no material change in the financial position of the Group since 31 December 2016, being the date to which the last published audited accounts of the Group were made up.
- (b) Save as disclosed in this Circular, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

## 10. MARKET QUOTATIONS

The information on the closing prices and aggregate trading volume of the Shares on the SGX-ST set out in italics below has been extracted from paragraph 3 of Appendix 6 to the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

### “3. MARKET QUOTATIONS

**3.1 Closing Prices.** *The following table sets out the closing prices of the GPHL Shares on the SGX-ST on (i) the last trading day of each of the six months preceding the Announcement Date; (ii) the Last Trading Date; and (iii) the Latest Practicable Date, and the corresponding premia based on the Offer Price of S\$0.365:*

<b>Date</b>	<b>Closing Price<sup>(1)</sup> (S\$)</b>	<b>Premium based on the Offer Price of S\$0.365<sup>(2)</sup> (%)</b>
<i>31 August 2016</i>	<i>0.295</i>	<i>23.7</i>
<i>30 September 2016</i>	<i>0.290</i>	<i>25.9</i>
<i>31 October 2016</i>	<i>0.295</i>	<i>23.7</i>
<i>30 November 2016</i>	<i>0.295</i>	<i>23.7</i>
<i>30 December 2016</i>	<i>0.295</i>	<i>23.7</i>
<i>26 January 2017</i>	<i>0.295</i>	<i>23.7</i>
<i>20 February 2017 (the Last Trading Date)</i>	<i>0.320</i>	<i>14.1</i>
<i>8 March 2017 (the Latest Practicable Date)</i>	<i>0.360</i>	<i>1.4</i>

**Notes:**

(1) *Source: Bloomberg L.P.*

(2) *Percentages rounded to the nearest one decimal place.*

**3.2 Highest and Lowest Prices.** *The highest and lowest closing prices of the GPHL Shares on the SGX-ST (as reported by Bloomberg L.P.) for the period commencing six months prior to the Announcement Date and ending on the Latest Practicable Date, and the corresponding premia based on the Offer Price of S\$0.365 are as follows:*

- (i) **Highest closing price.** *S\$0.360 per GPHL Share, transacted on 24 February 2017, 27 February 2017, 28 February 2017, 1 March 2017, 2 March 2017, 3 March 2017, 6 March 2017, 7 March 2017 and 8 March 2017. The Offer Price of S\$0.365 represents a premium of 1.4 per cent. over the highest closing price.*
- (ii) **Lowest closing price.** *S\$0.280 per GPHL Share, transacted on 20 September 2016, 18 October 2016, 3 November 2016, 1 December 2016, 9 December 2016 and 22 December 2016. The Offer Price of S\$0.365 represents a premium of 30.4 per cent. over the lowest closing price.”*

## 11. FINANCIAL INFORMATION

### 11.1 Consolidated statements of profit or loss and other comprehensive income

The audited consolidated statements of profit or loss and other comprehensive income of the Group for FY2014, FY2015 and FY2016 are summarised in the table below. The summary is extracted from, and should be read in conjunction with, the consolidated financial statements of the Group for the relevant financial periods and the related notes thereto (copies of which are available for inspection as mentioned in Paragraph 14 of Appendix II to this Circular):

	<b>Audited FY2016 S\$'000</b>	<b>Audited FY2015 S\$'000</b>	<b>Audited FY2014 S\$'000</b>
<b>Revenue</b>	58,289	61,113	61,529
Cost of sales	(6,645)	(6,529)	(7,582)
<b>Gross profit</b>	51,644	54,584	53,947
Other operating income	1,150	1,828	1,317
Administrative expenses	(27,864)	(26,750)	(24,936)
Foreign exchange losses, net	(142)	(1,185)	(848)
Fair value change on derivative financial instrument	(84)	–	–
Finance costs	(9,659)	(10,234)	(8,640)
<b>Profit before income tax</b>	15,045	18,243	20,840
Income tax (expense)/credit	(3,105)	(3,444)	409
<b>Profit for the year attributable to owners of the Company</b>	11,940	14,799	21,249
<b>Other comprehensive income, net of tax:</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of land and hotel buildings	(19,973)	(5,933)	24,011
Transfer of depreciation on revaluation of leasehold land and buildings to revaluation reserve	4,306	4,323	4,032
Income tax effects	4,089	1,372	(703)
	(11,578)	(238)	27,340
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	576	–	–
Change in fair value of derivative financial instrument	(321)	190	–
Other comprehensive (loss) income for the year, net of tax	(11,323)	(48)	27,340
<b>Total comprehensive income for the year – attributable to owners of the Company</b>	617	14,751	48,589
Basic and diluted earnings per Share (cents)	1.13	1.41	2.02
Net dividends per Share (cents)	–	–	0.5

## 11.2 Statements of financial position

The audited consolidated statements of financial position of the Group as at 31 December 2016 is summarised in the table below. The summary is extracted from, and should be read in conjunction with, the consolidated financial statements of the Group for the relevant financial periods and the related notes thereto (copies of which are available for inspection as mentioned in Paragraph 14 of Appendix II to this Circular):

	<b>Audited as at 31 December 2016 S\$'000</b>
<b><u>ASSETS</u></b>	
<b>Current assets</b>	
Cash and cash equivalents	5,643
Trade receivables	787
Other receivables	2,131
Property under development	28,500
Total current assets	<u>37,061</u>
<b>Non-current assets</b>	
Property, plant and equipment	1,207,866
Other receivables	376
Total non-current assets	<u>1,208,242</u>
<b>Total assets</b>	<u><u>1,245,303</u></u>
<b><u>LIABILITIES AND EQUITY</u></b>	
<b>Current liabilities</b>	
Trade payables	1,380
Other payables	8,356
Term loans	17,331
Income tax payable	3,060
Derivative financial instrument	339
Total current liabilities	<u>30,466</u>
<b>Non-current liabilities</b>	
Term loans	453,314
Deferred tax liabilities	32,376
Total non-current liabilities	<u>485,690</u>
<b>Capital and reserves</b>	
Share capital	263,692
Reserves	336,928
Retained earnings	128,527
Total equity	<u>729,147</u>
<b>Total liabilities and equity</b>	<u><u>1,245,303</u></u>



### 11.3 Accounting policies

Save as disclosed in the notes to the audited consolidated financial statements of the Group for FY2016 as contained in the annual report of the Company for FY2016 (which is available for inspection as mentioned in Paragraph 14 of Appendix II to this Circular):

- (a) there were no significant accounting policies or any matter from the notes of the financial statements of the Group, which are of any major relevance for the interpretation of the financial statements of the Group; and
- (b) as at the Latest Practicable Date, there is no change in the accounting policy of the Group, which will cause the figures disclosed in this Circular not to be comparable to a material extent.

## 12. VALUATION OF THE PROPERTIES

In connection with the Offer, the Company procured the following:

- (a) a valuation summary letter dated 23 January 2017 by Savills Valuation and Professional Services (S) Pte Ltd, an independent valuer. Savills Valuation and Professional Services (S) Pte Ltd was appointed by the Company to carry out an independent valuation of the Group's hotel properties in Singapore as at 31 December 2016 for the purpose of providing the market values of the properties for corporate reporting purposes;
- (b) a confirmation from Savills Valuation and Professional Services (S) Pte Ltd to the Company dated 3 March 2017 that the market valuation of the hotel properties as set out in the valuation summary letter dated 23 January 2017 is still valid and unchanged for the purpose of the Offer; and
- (c) a valuation summary letter dated 15 March 2017 by Savills Valuations Pty Ltd, an independent valuer, who was commissioned by the Company to carry out an independent valuation of the Group's property under development in Perth, Australia as at 31 December 2016 for the purpose of the Offer.

The Summary of Valuation Reports is set out in Appendix IV 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 valuation. Based on information provided to the Company by the Valuers, the Company has assessed and determined that there will not be any such potential tax liability in relation to the sale of the Properties as the hotel properties are the core assets of the Group and are held for the purpose of its principal business as owners and operators of the hotels and for long term investment purposes.

### **13. GENERAL**

- (a) All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.
- (b) Provenance Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of: (i) its name; (ii) the IFA Letter set out in Appendix I to this Circular; and (iii) all references thereto in the form and context in which they appear in this Circular.
- (c) Each of the Valuers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of: (i) its name; (ii) the Summary of Valuation Reports; and (iii) all references thereto in the form and context in which they appear in this Circular.

### **14. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 456 Alexandra Road, #25-01, Fragrance Empire Building, Singapore 119962 during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Existing Constitution;
- (b) the annual reports of the Company for FY2015 and FY2016 (which contains, *inter alia*, the audited financial statements of the Company for FY2014, FY2015 and FY2016);
- (c) the IFA Letter as set out in Appendix I to this Circular;
- (d) the Summary of Valuation Reports and the respective Valuation Reports; and
- (e) the letters of consent containing the written consents referred to in Paragraph 13 of this Appendix II to this Circular.

## RELEVANT ARTICLES IN THE EXISTING CONSTITUTION

The provisions in the Existing Constitution relating to the rights of Shareholders in respect of capital, dividends and voting, which have been reproduced below, are in force as at the Latest Practicable Date. However, the Company intends to adopt a new constitution (the “**New Constitution**”), and information pertaining to the proposed adoption of the New Constitution at the forthcoming annual general meeting of the Company to be convened on 18 April 2017 is contained in the circular to Shareholders which was issued on 24 March 2017.

**If you are in any doubt about the differences between the relevant provisions of the Existing Constitution reproduced below, and any provisions of the proposed New Constitution, and/or its impact (if any) on the Offer, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

### SHARES CAPITAL AND VARIATION OF RIGHTS

#### 5. Issue of shares

- (1) Subject to the Statutes, the listing rules of the Stock Exchange and the provisions of these presents, no shares shall be issued by the Directors without the prior approval of the Company by ordinary resolution in general meeting. The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time.
- (2) Subject to as aforesaid and to any special rights attached to any shares for the time being issued, all new shares to be issued by the Company shall be at the disposal of the Directors and they may allot or grant options over or otherwise deal with or dispose of the same to such persons, at such times, and generally on such terms as they think proper.
- (3) Without prejudice to any special rights or privileges attached to any then existing shares in the capital of the Company, any shares may be issued upon such terms and conditions, and with such rights and privileges attached thereto, as the Company by special resolution may direct or, if no such direction be given, as the Directors shall determine, and in particular such shares may be issued with preferential, qualified or deferred right to dividends and in the distribution of assets of the Company, and with a special or restricted right of voting, and any preference share may be issued on the terms that it is, or at the option of the Company, liable to be redeemed.

#### 6. Variation of rights

Subject to Article 8, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. Provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

7. Creation or issue of further shares with special rights

The rights conferred upon the holder of the shares of any class issued with preferred or other rights shall, so far as they are not expressed in these Articles, be expressed with necessary amendments to these Articles. Furthermore, unless otherwise expressly provided by the terms of issue of the shares of that class, those aforesaid rights shall be deemed to be varied by the creation or issue of further shares ranking equally with, or in priority to such shares.

8. Rights of preference shareholders

Subject to Article 7 and such limitation thereof as may be prescribed by the Stock Exchange, further preference shares ranking equally with, or in priority to preference shares already issued may be issued by the Company. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets, and attending general meetings of the Company. The repayment of preference capital other than redeemable preference capital, or alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtainable at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the meeting shall be as valid and effectual as a special resolution carried at the meeting. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital, or winding up, or sanctioning a sale of the undertaking of the Company, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares is in arrears for more than six months.

9. Purchase of shares

Subject to and in accordance with the provisions of the Act, the Company may purchase or otherwise acquire shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. Unless as permitted under Article 10 hereof, all shares repurchased by the Company shall be deemed to be cancelled on purchase or acquisition by the Company. In the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

10. Treasury shares

The Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act. The treasury shares shall have no voting rights and shall not be entitled to any dividend or other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) that may be made by the Company.

11. Power to charge interest on capital

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that issued capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in the Act may charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant.

12. Power to pay commission and brokerage

The Company may exercise the powers of paying commissions conferred by the Act on any issue of shares provided that such rate or amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of 10 per cent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 10 per cent of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

13. No trust recognised/exclusion of equities

Except as required by law, 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 compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or unit of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.

### **JOINT HOLDERS OF SHARES**

17. Rights and liabilities of joint holders

Where two or more persons are registered as the holders of any shares they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:

- (a) the Company shall not be bound to register more than three persons as the joint holders of a share, except in the case of executors or trustees of a deceased shareholder;
- (b) the joint holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share;
- (c) on the death of any one of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they may deem fit;
- (d) any one of such joint holders may give effectual receipts for any dividend payable to such joint holders; and
- (e) only the person whose name stands first in the Register as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.

## **CALLS ON SHARES**

26. Rights of member suspended until calls are duly paid

No member shall be entitled to receive any dividend or to be present or vote at any meeting or upon a poll, or to exercise any privilege as a member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

## **TRANSMISSION OF SHARES**

40. Rights of unregistered executors and trustees

Where the registered holder of any share dies or becomes bankrupt his personal representative or the assignee of his estate, as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Directors in that behalf, be entitled to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting, or otherwise), as the registered holder would have been entitled to if he had not died or become bankrupt except that he shall not (unless authorised by the Directors) be entitled in respect thereof to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member of Register of Members or his name shall have been entered in the Depository Register in respect of the share; and where two or more persons are jointly entitled to any share in consequence of the death of the registered holder they shall, for the purposes of these Articles be deemed to be joint holders of the share.

## **FORFEITURE OF SHARES**

41. Notice requiring payments of calls

If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or installment remains unpaid serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

43. Forfeiture on non-compliance with notice

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, 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.

## **CONVERSION OF SHARES INTO STOCK**

49. Power to convert into stock

The Company may by ordinary resolution passed at a general meeting convert any paid-up shares into stock and reconvert any stock into paid-up shares of any denomination.

50. Transfer of stock

The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles as the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; but the Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum.

51. Rights of stockholders

The holders of stock shall according to the number of the stock units held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such aliquot part of stock which would not if existing in shares have conferred that privilege or advantage.

52. Interpretation

Such of the Articles of the Company as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

### **ALTERATION OF CAPITAL**

53. Power to increase share capital, consolidate, subdivide shares, convert and cancel class of shares

The Company may from time to time by ordinary resolution do one or more of the following:—

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

54. Offer of new shares

Subject to any direction to the contrary that may be given by the Company in the general meeting or except as permitted under the listing rules of the Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time

within which the offer, if not accepted, will be deemed to be declined. After the expiration of the aforesaid time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in a manner as they think most beneficial to the Company. The Directors may likewise dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in accordance with this Article.

55. Exception to pre-emption

Notwithstanding Article 54 above, the Company may by ordinary resolution in a general meeting, give to the Directors a general mandate, either conditionally or unconditionally to issue:–

- (a) shares in the capital of the Company (whether by way of bonus, rights or otherwise);  
or
- (b) convertible securities;
- (c) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or capitalisation issues; or
- (d) shares arising from the conversion of convertible securities,

at any time and upon such terms and conditions and for such purpose as the Directors may in their absolute discretion deem fit provided that:–

- (a) the aggregate number of shares and convertible securities that may be issued shall not be more than 50% of the issued share capital of the Company as at the date the general mandate is passed or such other limit as may be prescribed by the Stock Exchange;
- (b) the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders shall be not more than 20% of the issued share capital of the Company as at the date the general mandate is passed or such other limit as may be prescribed by the Stock Exchange;
- (c) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (a) and (b) above, the percentage of issued share capital shall be calculated based on the issued share capital of the Company as at the date the general mandate is passed after adjusting for new shares arising from the conversion of any convertible securities or exercise of any employee options in issue as at the date the general mandate is passed and any subsequent consolidation or subdivision of the Company's shares; and
- (d) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force only until the next annual general meeting or the date by which the next annual general meeting is required by law to be held, whichever is earlier.

56. Power to reduce share capital

The Company may by special resolution reduce its share capital in any manner and subject to, any incident authorised, and consent required by law.



## **GENERAL MEETINGS**

57. Annual General Meeting

An annual general meeting of the Company shall be held once in each calendar year and not more than 15 months after the holding of the last annual general meeting. All general meetings other than the annual general meetings shall be called extraordinary general meetings.

58. Calling extraordinary general meetings

Any Director may whenever he thinks fit convene an extraordinary general meeting, and extraordinary general meetings shall be convened on such requisition or in default may be convened by such requisitionists as provided by the Act.

59. Time and place of meeting

The time and place of any meeting shall be determined by the convenors of the meeting.

## **NOTICE OF GENERAL MEETINGS**

60. (1) Notice of meetings

Subject to the provisions of the Act as to special resolutions, special notice and agreements for shorter notice and Article 60 (2) below, a meeting of the Company shall be called by 14 days' notice in writing at the least by advertisement in a daily press and in writing to the Stock Exchange. A notice of meeting of the Company may be in an abridged version provided that such abridged version is the form approved by the Stock Exchange and must in every case specify the place, date and hours of the meeting;

(2) Notice where special resolution is proposed

Where a notice contains one or more special resolutions, they shall be given to shareholders at least 21 days before the meeting(s);

(3) Period and form of notice

The notice shall be exclusive of the date of the notice and the date of the meeting and shall specify the place, the day and the hour of meeting and in case of special business the general nature of the business;

(4) Nature of special business to be specified

Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business;

(5) Notice of right to appoint proxies

In every notice calling a meeting of the Company or a meeting of any class of members there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote instead of the member and that a proxy need not also be a member.

61. Special business

All business shall be special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance-sheets and the reports of the Directors and auditors, the election of Directors in the place of those retiring and the appointment and fixing of the remuneration of the auditors.

62. (1) Persons who should be given notice

Notice of every general meeting shall be given in any manner authorised by these Articles to:

- (a) every member holding shares conferring the right to attend and vote at the meeting;
- (b) the Directors (including alternate Directors) of the Company; and
- (c) the auditors of the Company.

(2) Notice given to debenture holders when necessary

No other person shall be entitled to receive notices of general meetings except that if the meeting be called for the alteration of the Company's objects, the provisions of the Act regarding notices to debenture holders shall be complied with.

(3) Accidental omission to give and non-receipt of notice

The accidental omission to give notice of a meeting to or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at the meeting.

### **PROCEEDINGS AT GENERAL MEETING**

63. Quorum

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two members shall form a quorum.

For the purposes of this Article "member" includes a person attending as a proxy or as representing a corporation or a limited liability partnership which is a member, and joint holders of any share shall be treated as one member.

64. Adjournment if quorum not present

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 as the original meeting, or to such other day and at such other time and place as the Directors may determine.

65. Chairman

The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act, the Deputy Chairman shall preside as Chairman of the meeting. If there is no such Deputy Chairman present at the meeting and willing to act as Chairman the members present shall appoint a Director as Chairman of the meeting or if no Director is present or if all Directors present are unwilling to act, the members present shall elect one of their members to be Chairman of the meeting.

66. Adjournment

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. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

67. Method of voting

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands a poll is demanded:

- (a) by the Chairman, being a person entitled to vote;
- (b) by at least two members present in person or by proxy and entitled to vote;
- (c) by any member or members present in person or by proxy, or any number or combination of such members or proxies, holding and representing as the case may be, not less than 10% of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by any member present in person or by proxy, or any number or combination of such members or proxies, holding or representing as the case may be, 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 10% of the total number sum paid up on all the shares conferring that right.

Unless a poll is so demanded, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn. In case of any dispute as to the admission or rejection of a vote the Chairman shall determine the same and such determination made in good faith shall be final and conclusive.

68. Taking a poll

If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded. No poll shall be demanded on the election of a Chairman of a meeting and a poll demanded on a question of adjournment shall be taken at the meeting and without adjournment.

69. Other business to proceed

The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

70. Error in counting of votes

If at any general meeting 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, and be of sufficient magnitude to vitiate the result of the voting.

71. Resolution by circular

Any resolution signed in writing whether by original or facsimile by all members for the time being of the Company entitled to attend and vote at general meetings of the Company shall be as valid as if it had been passed at a general meeting of the Company duly convened and held. Any such resolution may consist of several documents in like form each signed by or on behalf of one or more member. In the case of a corporate body or limited liability partnership which is a member, such resolution may be signed on its behalf by its corporate representatives or limited liability partnership or proxy or attorney duly authorised in writing to sign the resolution on its behalf.

### **VOTE OF MEMBERS**

72. Right to vote

Every member (other than a holder of treasury shares) shall be entitled to be present and to vote at any general meeting either personally or by proxy in respect of any shares upon which all calls due to the Company have been paid.

73. Voting rights of members

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney. On a show of hands every member present in person or by proxy shall have one vote. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a poll every member present in person or by proxy shall have one vote for each share he holds.

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any general meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant general meeting as supplied by the Depository to the Company.

74. Chairman's casting vote

In the 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 shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled as a member.

75. Voting rights of joint holders

In the case of joint holders, any one of such persons may vote, but if more than one of such persons shall be present at a meeting, the person whose name stands first on the Register of Members (as the case may be) the Depository Register shall alone be entitled to vote.

76. Corporations and limited liability partnerships acting by representatives

Any corporation or limited liability partnership which is a member of the Company may by resolution of its Directors or other governing body authorise any person to act as its representative at any general meeting of the Company or of any class of members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation or limited liability partnership as a corporation or limited liability partnership would exercise if it were personally present at the meeting.

77. Objections

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

78. Appointment of proxies

(1) A member may appoint not more than two proxies to attend at the same meeting, provided that:—

(a) If the member is a Depositor, the Company shall be entitled and bound:—

- (i) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depositor Register as at 48 hours before the time of the relevant general meeting as supplied by the Depository to the Company; and
- (ii) 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 48 hours before the time of relevant general meeting as supplied by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

- (b) the Company shall be entitled and bound, in determining rights to vote other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and notes (if any) set out in the instrument of proxy;
  - (c) if the Chairman is appointed proxy, he may designate such other person to act as proxy in his stead.
- (2) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.
  - (3) A proxy or representative need not be a member.
  - (4) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.
  - (5) The instrument appointing a proxy or representative for any member shall be in writing and shall (in the case of an individual appointer) be signed by the appointer or his attorney or, (if the appointer is a corporation) be under its seal or signed by its attorney.
  - (6) The signature on an instrument of proxy need not be witnessed.
79. Deposit of instrument appointing a proxy

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof shall be deposited at the registered office of the Company, or at such other place in Singapore as is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

80. Intervening death or insanity of principal not to revoke proxy

A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument or of the authority under which the instrument was executed, or the transfer of the share in respect of which the instrument is given, if no intimation in writing of such death, unsoundness of mind, revocation, or transfer as aforesaid has been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used.

## **DIVIDENDS AND RESERVES**

133. Dividends

The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

134. Interim dividend

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

135. Payment of dividends

- (1) The dividends, interest and bonuses and any other benefits and advantages in the nature of income receivable in respect of the Company's investments, and any commissions, trusteeship, agency, transfer and other fees and current receipts of the Company shall, subject to the payment thereout of the expenses of management, interest upon borrowed money and other expenses which in the opinion of the Directors are of a revenue nature, constitute the profits of the Company available for dividend.
- (2) Appreciations of capital assets, investments and realised profits resulting in a sale of capital assets or investments (except so far as representing interest or dividend accrued and unpaid) shall either be carried to the credit of capital reserve or shall be applied in providing for depreciation or contingencies or for writing down the value of the assets. It is expressly declared that in ascertaining the profits of the Company available for dividend it shall not be necessary to make good any losses or depreciation in value of any of the Company's investments or any other assets of the Company except circulating capital.

136. Power to carry profit to reserve

The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any part of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.

137. Apportionment of dividends

Subject to the rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

- (a) all dividends in respect of shares shall be declared and paid according to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
- (b) all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date that share shall rank for dividend accordingly.

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

138. Deduction of debts due to Company

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

139. Payment of dividend in specie

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

140. Dividends payable in cash

Any dividend, interest, or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct or by electronic transmission to such account of the holder or joint holders as that holder or joint holders may have in writing notified to the Company. Every such payment shall be sent at the risk of the person entitled to the money represented thereby. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other money payable in respect of the shares held by them as joint holders. Notwithstanding the provisions of these Articles, the payment by the Company to the Depository of any dividend payable to a Depositor shall (in accordance with the provisions of the Act), to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.

141. Effect of transfer and right to dividend

A transfer of a share shall not pass the right to any dividend declared in respect thereof before the transfer has been registered.

### **CAPITALISATION OF PROFITS**

142. Power to capitalise profits

(1) Subject to Article 5, the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including any undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

- (a) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or
- (b) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.



- (2) In addition and without prejudice to the powers provided for by Article 142(1), the Directors shall have power to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full unissued shares on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in general meeting and on such terms as the Directors shall think fit.

143. Implementation of resolution to capitalise profits

Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the undivided profits 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 by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

## **WINDING UP**

147. Distribution of surplus assets

If the Company shall be wound up, subject to due provision being made satisfying the claims of any holders of shares having attached thereto any special rights in regard to the repayment of capital, the surplus assets shall be applied in repayment of the capital paid up or credited as paid up on the shares at the commencement of the winding up. If the surplus assets shall be insufficient to repay the whole of the capital paid up or credited as paid up on the shares, such assets shall be distributed (as nearly as practicable) in proportion to the capital paid up or credited as paid up on the shares at the commencement of the winding up.

148. Distribution of assets in specie

If the Company shall be wound up, the liquidators may, with the sanction of a special resolution, divide among the members in specie any part of the assets of the Company and any such division may be otherwise than in accordance with the existing rights of the members, but if any division is resolved otherwise than in accordance with such rights, the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to Section 306 of the Act. A special resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any shares or other consideration receivable by the liquidators amongst the members otherwise than in accordance with their existing rights; and any such determination shall be binding upon all the members subject to the right of dissent and consequential rights conferred by the said Section.

149. Service of notice by liquidator

In the event of a winding up of the Company every member of the Company who is not for the time being in Singapore shall be bound, within 14 days after the passing of an effective resolution to wind up the Company voluntarily, or within the like period after the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some householder in Singapore upon whom all summonses, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such member to appoint some such person, and service upon any such appointee shall be deemed to be a good personal service on such member for all purposes, and where the liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such member by advertisement in any leading daily newspaper in the English language in circulation in Singapore or by a registered letter sent through the post and addressed to such member at his address as appearing in the Register, and such notice shall be deemed to be served on the day following that on which the letter is posted.

## SUMMARY OF VALUATION REPORTS

Our Ref: 2016/1490/CORP



23 January 2017

Savills Valuation And  
Professional Services (S) Pte Ltd  
Reg No: 200402411G

Global Premium Hotels Limited  
456 Alexandra Road #25-01  
Fragrance Empire Building  
Singapore 119962

30 Cecil Street  
#20-03 Prudential Tower  
Singapore 049712

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Dear Sirs,

## YEAR-END VALUATION OF FRAGRANCE HOTELS SINGAPORE AT:-

1	THE FRAGRANCE HOTEL 219 JOO CHIAT ROAD	13	FRAGRANCE HOTEL - CLASSIC 418 BALESTIER ROAD
2	FRAGRANCE HOTEL - EMERALD 20 LORONG 6 GEYLANG	14	FRAGRANCE HOTEL - SELEGIE 183 SELEGIE ROAD
3	FRAGRANCE HOTEL - SAPPHIRE 3 LORONG 10 GEYLANG	15	FRAGRANCE HOTEL - BUGIS 33 MIDDLE ROAD
4	FRAGRANCE HOTEL - PEARL 21 LORONG 14 GEYLANG	16	FRAGRANCE HOTEL - VIVA 75 WISHART ROAD
5	FRAGRANCE HOTEL - CRYSTAL 50 LORONG 18 GEYLANG	17	FRAGRANCE HOTEL - KOVAN 760 UPPER SERANGOON ROAD
6	FRAGRANCE HOTEL - RUBY 10 LORONG 20 GEYLANG	18	FRAGRANCE HOTEL - WATERFRONT 418 PASIR PANJANG ROAD
7	FRAGRANCE HOTEL - SUNFLOWER 10 LORONG 10 GEYLANG	19	FRAGRANCE HOTEL - OCEAN VIEW 432 PASIR PANJANG ROAD
8	FRAGRANCE HOTEL - LAVENDER 51 LAVENDER STREET	20	FRAGRANCE HOTEL - ROYAL 400 TELOK BLANGAH ROAD
9	FRAGRANCE HOTEL - IMPERIAL 28 PENHAS ROAD	21	FRAGRANCE HOTEL - RIVERSIDE 20 HONGKONG STREET
10	FRAGRANCE HOTEL - BALESTIER 255 BALESTIER ROAD	22	PARC SOVEREIGN HOTEL 175 ALBERT STREET
11	FRAGRANCE HOTEL - ROSE 263 BALESTIER ROAD	23	PARC SOVEREIGN HOTEL - TYRWHITT 165 TYRWHITT ROAD
12	FRAGRANCE HOTEL - OASIS 435 BALESTIER ROAD		

Thank you for instructing us to carry out a valuation in respect of the abovementioned properties for corporate reporting purposes. Our instructions are to provide our opinion of the market values of the properties as at 31 December 2016.

We confirm that we have inspected the subject properties, and have prepared valuation reports in accordance with the requirements of the instructions.

This letter and the valuation reports have been prepared for Global Premium Hotels Limited and their auditors.

The valuation has been carried out in accordance with The Singapore Institute of Surveyors And Valuers' (SISV) Valuation Standards and Guidelines.

Our valuation is on the basis of Market Value which is intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In adopting this definition of Market Value, we are of the opinion that it is consistent with the international definition of Market Value as advocated by the Royal Institution of Chartered Surveyors (RICS) and International Valuation Standards Council (IVSC).

Our valuation has been made on the assumption that the properties are sold in the open market without the benefit of a deferred term contract or any similar arrangement which could serve to affect the value of the properties.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties, nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the properties are free from any major or material encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

A summary of our opinion on the Market Values of the properties as at 31 December 2016, are set out below:-

PROPERTY	MARKET VALUE
FRAGRANCE HOTEL - EMERALD, 20 LORONG 6 GEYLANG	\$49,140,000
FRAGRANCE HOTEL - SAPPHIRE 3 LORONG 10 GEYLANG	\$20,750,000
FRAGRANCE HOTEL - PEARL, 21 LORONG 14 GEYLANG	\$58,050,000
FRAGRANCE HOTEL - CRYSTAL, 50 LORONG 18 GEYLANG	\$57,500,000
FRAGRANCE HOTEL - RUBY, 10 LORONG 20 GEYLANG	\$73,080,000
THE FRAGRANCE HOTEL 219 JOO CHIAT ROAD	\$44,100,000
FRAGRANCE HOTEL - BALESTIER, 255 BALESTIER ROAD	\$27,600,000
FRAGRANCE HOTEL - CLASSIC, 418 BALESTIER ROAD	\$30,240,000
FRAGRANCE HOTEL - ROSE, 263 BALESTIER ROAD	\$38,760,000
FRAGRANCE HOTEL - SUNFLOWER, 10 LORONG 10 GEYLANG	\$11,205,000
FRAGRANCE HOTEL - SELEGIE, 183 SELEGIE ROAD	\$75,050,000
FRAGRANCE HOTEL - KOVAN 760 UPPER SERANGOON ROAD	\$29,670,000
FRAGRANCE HOTEL - VIVA, 75 WISHART ROAD	\$25,410,000

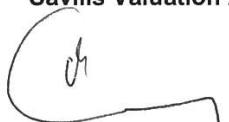
PROPERTY	MARKET VALUE
FRAGRANCE HOTEL - LAVENDER, 51 LAVENDER STREET	\$25,025,000
FRAGRANCE HOTEL - IMPERIAL, 28 PENHAS ROAD	\$44,400,000
FRAGRANCE HOTEL - OASIS, 435 BALESTIER ROAD	\$19,440,000
FRAGRANCE HOTEL - WATERFRONT, 418 PASIR PANJANG ROAD	\$41,040,000
FRAGRANCE HOTEL - OCEAN VIEW, 432 PASIR PANJANG ROAD	\$36,660,000
FRAGRANCE HOTEL - ROYAL, 400 TELOK BLANGAH ROAD	\$22,600,000
FRAGRANCE HOTEL - BUGIS 33 MIDDLE ROAD	\$60,900,000
FRAGRANCE HOTEL - RIVERSIDE, 20 HONGKONG STREET	\$72,720,000
PARC SOVEREIGN HOTEL, 175 ALBERT STREET	\$129,000,000
PARC SOVEREIGN HOTEL – TYRWHITT, 165 TYRWHITT ROAD	\$213,300,000

Savills Valuation And Professional Services (S) Pte Ltd has relied upon the property data supplied by Global Premium Hotels Limited which we assume to be true and accurate. Savills Valuation And Professional Services (S) Pte Ltd takes no responsibility for inaccurate data supplied by the client and subsequent conclusions related to such data

The reported analysis, opinion and conclusion are limited only by the reported assumptions and limiting conditions as set out in the valuation reports for the properties dated 31 December 2016 and is our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the Properties and are not a related corporation of nor do we have a relationship with Global Premium Hotels Limited, the advisers or other party/parties whom Global Premium Hotels Limited is contracting with. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that our valuers undertaking this valuation are authorised to practise as valuers and have the necessary expertise and experience in valuing similar types of properties.

Yours faithfully  
 For and on behalf of  
**Savills Valuation And Professional Services (S) Pte Ltd**





**Cynthia Ng**  
 Managing Director



# Executive Summary

## 36 St Georges Terrace & 10-14 Pier Street, Perth, WA

<b>Instructing Party</b>	<b>Global Premium Hotels Limited</b>			
<b>Purpose of Valuation</b>	This valuation is undertaken in respect of the 'voluntary conditional cash offer' for Global Premium Hotels Limited.			
<b>Interest Valued</b>	Fee Simple subject to vacant possession			
<b>Property Description</b>	The subject property comprises three contiguous lots positioned on the corner of St Georges Terrace and Pier Street at the eastern end of the core commercial Central Business District of Perth. Improvements comprise the former St Andrew's Church fronting St Georges Terrace (heritage listed) with the McNess Memorial Centre positioned immediately to the rear and comprising a three storey brick structure that previously accommodated meeting rooms and offices for the Church. A four storey dated concrete frame commercial office building is positioned to the north of the Church complex and which fronts Pier Street.			
<b>Tenancy Details</b>	We are aware of a leasing agreement currently subject to monthly terms and dissolvable at one month's notice. We have disregarded this lease agreement for the purpose of this valuation however have summarised the lease in Section 8 for reference.			
<b>Site Area</b>	2,600 m <sup>2</sup>			
<b>Title</b>	<b>Lot</b>	<b>Plan</b>	<b>Volume</b>	<b>Folio</b>
	19	D36557	469	96A
	50	P7042	2229	16
	18	D32942	4	346A
<b>Zoning</b>	Zoned 'City Centre' pursuant to City of Perth Planning Scheme No.2 and contained within Precinct No.7 – Civic.			
<b>Valuation Approach</b>	Direct Comparison Approach			
<b>Date of Inspection</b>	7 March 2017			
<b>Date of Valuation</b>	31 December 2016			
<b>Date of Issue</b>	15 March 2017			
<b>\$Rate /m<sup>2</sup> of Site Area</b>	\$7,692/m <sup>2</sup>			
<b>Adopted Market Value</b>	<b>\$ 20,000,000(*)</b>			
<b>Prepared by</b>	 Mark Foster-Key AAPI MRICS Licensed Valuer No. 44047 For the State of Western Australia Savills Valuations Pty Ltd		 Joshua Parker AAPI Licensed Valuer No. 44883 For the State of Western Australia Savills Valuations Pty Ltd	

(\*) This valuation amount is exclusive of a Goods and Services Tax.

To any party relying on this report we advise that this summary must be read in conjunction with the attached report of which this summary forms part. This valuation summary should not be relied upon in isolation for finance or any other purposes.

Liability limited by a scheme approved under Professional Standards Legislation. Savills will not be liable for loss of business, revenue, contracts, savings or consequential losses.



