CIRCULAR DATED 4 SEPTEMBER 2017

THIS CIRCULAR IS ISSUED BY LAFE CORPORATION LIMITED (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF STIRLING COLEMAN (AS DEFINED HEREIN) TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant 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 ("**Shares**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

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

LAFÉ

LAFE CORPORATION LIMITED

(Company Registration No.: 26304)
(Incorporated in Bermuda)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH OFFER

by

PHILLIP SECURITIES PTE LTD
(Company Registration No.: 197501035Z)
(Incorporated in the Republic of Singapore)

for and on behalf of

SINO CAPITAL RESOURCES LIMITED
(Company Registration No.: 1803759)
(Incorporated in the British Virgin Islands)

to acquire all the Shares other than those already held by Sino Capital Resources Limited as at the date of the Offer (as defined herein)

Independent Financial Adviser to the Independent Directors

STIRLING COLEMAN
施霖高诚

STIRLING COLEMAN CAPITAL LIMITED
(Company Registration Number: 200105040N)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS (AS DEFINED HEREIN) SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES OF THE OFFER SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 18 SEPTEMBER 2017 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN). ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY SUCH TIME AND DATE.

CONTENTS

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

"**1H2017**"	:	Half year ended 30 June 2017
"**1H2017 Results**"	:	The unaudited consolidated financial statements of the Group for 1H2017
"**Acceptance Forms**"	:	The FAA and the FAT collectively or any one of them, as the case may be
"**AVA Associates**"	:	AVA Associates Limited
"**Bermuda Companies Act**"	:	The Companies Act 1981 of Bermuda, as amended, supplemented or modified from time to time
"**Business Day**"	:	A day (other than a Saturday, a Sunday or a gazetted public holiday in Singapore) on which commercial banks are open for business in Singapore
"**Bye-Laws**"	:	Bye-Laws of the Company, as may be amended or supplemented from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**Christopher Ho**"	:	Christopher Ho Wing-On, the chairman of the board of directors of the Company
"**Circular**"	:	This circular to Shareholders dated 4 September 2017 in relation to the Offer
"**Closing Date**"	:	5.30 p.m. (Singapore time) on 18 September 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
"**Code**"	:	The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time
"**Company**"	:	Lafe Corporation Limited, a company incorporated in Bermuda with its shares listed on the Main Board of SGX-ST
"**Company Securities**"	:	(a) Shares, (b) securities which carry voting rights in the Company, or (c) convertible securities, warrants, options or Derivatives in respect of Shares or such securities in (b)
"**Completion**"	:	Has the meaning given to it in paragraph 10.2 of **Appendix II** to this Circular
"**Concert Parties**"	:	Parties acting or presumed to be acting in concert with the Offeror in connection with the Offer
"Derivatives"	:	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

"**Despatch Date**"	:	21 August 2017, being the date of despatch of the Offer Document
"**Directors**"	:	The directors of the Company (including the Independent Directors) as at the Latest Practicable Date
"**Disposal**"	:	Disposal by the Company of LEHD pursuant to the Sale Purchase Agreement, more particularly described in paragraph 10.2 of **Appendix II** to this Circular
"**Eleanor Crosthwaite**"	:	Eleanor Anne Chan Crosthwaite
"**FAA**"	:	Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are deposited with CDP
"**FAT**"	:	Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are not deposited with CDP
"**FY**"	:	Financial year ended or ending 31 December
"**Group**"	:	The Company and its subsidiaries
"**HK High Court**"	:	High Court of the Hong Kong Special Administrative Region Court of First Instance
"**IFA**" or "**Stirling Coleman**"	:	Stirling Coleman Capital Limited, the independent financial adviser to the Independent Directors in respect of the Offer
"**IFA Letter**"	:	The letter dated 4 September 2017 from the IFA to the Independent Directors in respect of the Offer as set out in **Appendix I** to this Circular
"**IFRIC Interpretations**"	:	Interpretations of the International Financial Reporting Standards Interpretations Committee
"**IFRS**"	:	International Financial Reporting Standards
"**Independent Auditor**"	:	Baker Tilly TFW LLP
"**Independent Directors**"	:	The Directors who are considered independent for the purpose of making recommendations to the Shareholders in respect of the Offer, namely, Will, Eduard William Rudolf Helmuth, Kenny Suen Wai Cheung, Paul Law Kwok Fai, Ricky Sim Eng Huat, and Kin Yuen
"**Irrevocable Undertakings**"	:	The irrevocable undertakings given by the Undertaking Shareholders in favour of the Offeror, as described in paragraph 3 of this Circular
"**Latest Practicable Date**"	:	25 August 2017, being the latest practicable date prior to the printing of this Circular
"**LEHD**"	:	Lafe (Emerald Hill) Development Pte Ltd
"**Listing Manual**"	:	The listing manual of the SGX-ST, as amended, supplemented or modified from time to time

"**LTHKL**"	:	Lafe Technology (Hong Kong) Limited
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**Markwood**"	:	Markwood Capital Limited
"**Memorandum**"	:	Memorandum of the Company, as may be amended or supplemented from time to time
"**Offer**"	:	The voluntary conditional cash offer by Phillip Securities, for and on behalf of the Offeror, to acquire the Offer 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
"**Offer Announcement**"	:	The announcement in connection with the Offer released by Phillip Securities, for and on behalf of the Offeror on the Offer Announcement Date
"**Offer Announcement Date**"	:	1 August 2017, being the date of the Offer Announcement
"**Offer Document**"	:	The document dated 21 August 2017 issued by Phillip Securities, for and on behalf of the Offeror, in respect of the Offer
"**Offer Shares**"	:	All Shares other than those already held by the Offeror as at the date of the Offer
"**Offeror**"	:	Sino Capital Resources Limited
"**Offeror Shares**"	:	Ordinary shares in the capital of the Offeror
"**Offeror Securities**"	:	(a) Offeror Shares, (b) securities which carry substantially the same rights as any Offeror Shares, and (c) convertible securities, warrants, options and Derivatives in respect of any Offeror Shares or such securities in (b)
"Options"	:	Has the meaning given to it in paragraph 10.3 of **Appendix II** to this Circular
"**Overseas Shareholders**"	:	Shareholders and Depositors whose addresses are outside Singapore as shown in the Register or the Depository Register, as the case may be
"**Phillip Securities**"	:	Phillip Securities Pte Ltd
"**Promissory Notes**"	:	Interest-free promissory notes issued by the Offeror with an aggregate principal amount of S$11,596,449.60 and S$1,800,000.00
"**Property Held for Sale**"	:	The Group's office premises at 57 Cantonment Road Singapore 089755
"**Reduced Loan**"	:	Has the meaning given to it in paragraph 10.2 of **Appendix II** to this Circular
"**Reference Period**"	:	The period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date

"**Register**"	:	The register of holders of the Shares, as maintained by the Share Transfer Agent
"**Rental Guarantee**"	:	Has the meaning given to it in paragraph 10.2 of **Appendix II** to this Circular
"**Rosy Yu**"	:	Yu Lo Si, Rosy
"**Sale and Purchase Agreement**"	:	Has the meaning given to it in paragraph 10.2 of **Appendix II** to this Circular
"**Sale Shares**"	:	Has the meaning given to it in paragraph 10.2 of **Appendix II** to this Circular
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
"**SFA**"	:	Securities and Futures Act, Cap 289 of Singapore, as amended, modified and supplemented from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Transfer Agent**"	:	M&C Services Private Limited, in its capacity as the Singapore share transfer agent of the Company
"**Shareholders**"	:	Holders of the Shares, including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST
"**Shares**"	:	Ordinary shares of a par value of US$2.00 each in the capital of the Company
"**SIC**"	:	Securities Industry Council of Singapore
"**SRS**"	:	The Supplementary Retirement Scheme
"**SRS Investors**"	:	Investors who purchase Shares pursuant to SRS
"**Term Loan**"	:	Has the meaning given to it in paragraph 10.2 of **Appendix II** to this Circular
"**Vigers Group**"	:	Vigers Group Pte. Ltd.
"**Undertaking Shareholders**"	:	Clarendon Investments Capital Ltd and McVitie Capital Limited
"**Valuation Report**"	:	The valuation report from AVA Associates dated 29 August 2017

<u>Currencies and Units of Measurement</u>

"**HK$**"	:	Hong Kong dollars, being the lawful currency of Hong Kong
"**S$**"	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
"**US$**"	:	United States dollars, being the lawful currency of the United States of America
"**per cent.**" or "**%**"	:	Per centum or percentage

(a) The expressions "**acting in concert**" and "**associates**" shall have the meanings ascribed to them respectively in the Code.

(b) The expressions "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the same meanings as ascribed to them respectively in Section 81SF of the SFA.

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

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

(e) References to "**Offer Document**" shall include the Acceptance Forms, unless the context otherwise requires.

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

(g) References to "**you**", "**your**" and "**yours**" in this Circular are, as the context so determines, to the Shareholders and Depositors holding Shares through CDP.

(h) 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 SFA, the Code, the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to that word under the Companies Act, the SFA, the Code, the Listing Manual or that modification, as the case may be, unless the context otherwise requires.

(i) The expressions "**subsidiary**" and "**associated company**" shall have the meanings ascribed to them in Section 5 of the Companies Act and the Code, respectively.

(j) Any reference to a time of day and date in the Offer Document shall be a reference to Singapore time and date, respectively, unless otherwise specified.

(k) **Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Bye-Laws 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 Bye-Laws respectively.**

(l) Unless otherwise stated, references in this Circular to the total number of issued Shares are based on 25,333,333 Shares in issue as at the Latest Practicable Date unless otherwise stated.

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 "**expect**", "**anticipate**", "**believe**", "**intend**", "**project**", "**plan**", "**strategy**", "**forecast**" and similar expressions or future or conditional verbs such as "**will**", "**would**", "**should**", "**could**", "**may**" and "**might**". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA undertakes any obligation to update publicly or revise any forward-looking statements, 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.

INDICATIVE TIMELINE

Date of despatch of Offer Document	:	21 August 2017
Date of despatch of this Circular	:	4 September 2017
Closing Date	:	5.30 p.m. (Singapore time) on 18 September 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
Date of settlement of consideration for valid acceptances of the Offer	:	Subject to the Offer becoming or being declared unconditional in all respects and the receipt by the Offeror from accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete and valid in all respects and in accordance with the requirements set out in the Offer Document and the FAA and/or FAT (as the case may be), and in the case of Depositors, the receipt by the Offeror of confirmations satisfactory to it that the number of Offer Shares in acceptance of the Offer are standing to the credit of the "Free Balance" of their respective Securities Accounts at the relevant time, remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to accepting Shareholders (or, in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by means of a Singapore Dollar crossed cheque drawn on a bank in Singapore and sent by ordinary post to their respective addresses as they appear in the records of CDP, or in the case of scrip holders, the address stated in the respective FATs or, if none is set out, to the respective addresses maintained in the Register, at the risk of the accepting Shareholders (or in such other manner as the accepting Shareholders may have agreed with CDP for the payment of any cash distributions in the case of Depositors) as soon as practicable and in any case: (a) in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in all respects, within seven (7) Business Days of that date; or (b) in respect of acceptances which are complete and valid in all respects and are received after the Offer becomes or is declared to be unconditional in all respects, but before the Offer closes, within seven (7) Business Days of the date of such receipt.

Notes:

1) This indicative timetable has been extracted from the Offer Document. Please also refer to Appendix 1 to the Offer Document for further details.

2) Other than the Despatch Date and the date of the despatch of this Circular, other dates set out in the timetable above are indicative only and the actual dates of such events will be announced in due course by or on behalf of the Offeror on SGXNET.

LAFE CORPORATION LIMITED

(Company Registration Number: 26304)
(Incorporated in Bermuda)

Directors:

Christopher Ho Wing-On (Chairman)
Will, Eduard William Rudolf Helmuth (Deputy Chairman and Independent and Non-Executive Director)
Kenny Suen Wai Cheung (Executive Director, Operations)
Paul Law Kwok Fai (Executive Director, Operations)
Ricky Sim Eng Huat (Independent and Non-Executive Director)
Kin Yuen (Independent and Non-Executive Director)

Registered Office:

Wessex House
45 Reid Street
Hamilton HM 12
Bermuda

Corporate Office:

57 Cantonment Road
Singapore 089755

4 September 2017

To: The Shareholders of Lafe Corporation Limited

Dear Sir / Madam

VOLUNTARY CONDITIONAL CASH OFFER BY PHILLIP SECURITIES, FOR AND ON BEHALF OF THE OFFEROR, FOR ALL THE OFFER SHARES

1. INTRODUCTION

1.1 **Offer Announcement.** On 1 August 2017, Phillip Securities announced, for and on behalf of the Offeror, that the Offeror intended to make a voluntary conditional cash offer for all the issued and paid-up ordinary shares of a par value of US$ 2.00 each in the capital of the Company, other than those which are owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer.

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

1.2 **Offer Document.** Shareholders should by now have received a copy of the Offer Document issued by Phillip Securities, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer. **Shareholders are advised to read the terms and conditions of the Offer contained therein carefully.**

Copies of the Offer Document and the Acceptance Forms are available on the website of the SGX-ST at www.sgx.com.

1.3 **IFA.** The Company has appointed Stirling Coleman, as the independent financial adviser to advise the Independent Directors in respect of the Offer.

1.4 **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 the IFA to the Independent Directors in respect of the Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer before deciding whether or not to accept 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 Principal Terms

The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below:

"*2.1* ***Offer****. Phillip Securities, for and on behalf of the Offeror, hereby makes the Offer to acquire all the Shares other than those already held by the Offeror as at the date of the Offer (the "****Offer Shares****") in accordance with Rule 15 of the Code and on the terms and subject to the conditions set out in this Offer Document, the FAA and the FAT.*

2.2 ***Offer Shares****. The Offer will be extended to all the Shares other than those already held by the Offeror as at the date of the Offer. For the avoidance of doubt, the Offer will be extended, on the same terms and conditions, to all the Shares owned, controlled or agreed to be acquired by the Concert Parties. For the purpose of the Offer, the expression "****Offer Shares****" shall include such Shares.*

2.3 ***Offer Price****. The consideration for each Offer Share is as follows:*

For each Offer Share: S$0.90 in cash

2.4 ***No Encumbrances****. The Offer Shares are to be acquired (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.*

In the event of any such Distributions on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price to a Shareholder who validly accepts or has validly accepted the Offer by the amount of such Distribution.

2.5 ***Minimum Acceptance Condition****. 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 owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and its Concert Parties holding such number of Shares carrying at least 90% of the voting rights attributable to the issued Shares (excluding any Shares held in treasury) as at the close of the Offer ("****Minimum Acceptance Condition****").*

2.6 ***Revision of the Minimum Acceptance Condition****. The Offeror reserves the right to waive the Minimum Acceptance Condition or to revise it to a level below 90% but more than 50% of the total voting rights attributable to the issued Shares, subject to obtaining the consent of the SIC. In the event that the Minimum Acceptance Condition is waived or revised, the revised Offer will remain open for another 14 days following such waiver or revision, and Shareholders who have accepted the initial Offer will be permitted to withdraw their acceptance within eight (8) days of the notification of such revision.*

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

2.7 ***Revision of Terms of the Offer****. The Offeror reserves the right to revise the terms of the Offer in accordance with the Code.*

*2.8 **Warranty**. A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date."*

2.2 **Further Details.** Further details on the Offer, in relation to (a) the duration of the Offer, (b) the settlement of the consideration of the Offer, (c) the requirements relating to the announcement(s) of the level of acceptances of the Offer and (d) the right of withdrawal of acceptances of the Offer are set out in Appendix 1 to the Offer Document.

2.3 **Procedure for acceptance.** Appendix 2 to the Offer Document sets out the procedures for acceptance of the Offer by a Shareholder.

3. IRREVOCABLE UNDERTAKINGS

3.1 **Irrevocable Undertakings**. As stated in Section 5.1 of the Offer Document, the Undertaking Shareholders have each given Irrevocable Undertakings to the Offeror whereby each of the Undertaking Shareholders has undertaken to, *inter alia*:

(a) accept the Offer in respect of all (and not some only) of their respective Shares as set out in Section 5.3 of the Offer Document and all such other Shares which it may acquire between the Offer Announcement Date and the close of the Offer and not withdraw such acceptance once it has been given;

(b) waive their rights under Rule 30 of the Code to receive payment for all of their respective Shares (as set out in Section 5.3 of the Offer Document) to be tendered in acceptance of the Offer in cash within the time period prescribed under Rule 30 of the Code;

(c) exercise all voting rights attached to their respective Shares as set out in Section 5.3 of the Offer Document in such manner as to oppose the taking of any action which may preclude, delay, frustrate, restrict or otherwise prejudice the Offer; and

(d) not transfer or otherwise dispose of any of their respective Shares as set out in Section 5.3 of the Offer Document during the period commencing from the date of the Irrevocable Undertakings and ending on the closing date of the Offer (as may be extended from time to time by or on behalf of the Offeror) or the date on which the Irrevocable Undertakings are terminated or cease to be binding, whichever is earlier.

3.2 **Consideration**. Further to the waiver of their rights to receive cash consideration within the stipulated timeframe under Rule 30 of the Code, each of the Undertaking Shareholders has agreed that payment for its respective Shares (immediately prior to the Offer Announcement) as set out in Section 5.3 of the Offer Document shall be satisfied in full by the issue of the Promissory Notes by the Offeror.

The SIC has confirmed to the Offeror that the Promissory Notes to be issued to the Undertaking Shareholders in settlement of the purchase of their Shares under the Offer do not constitute special deals under Rule 10 of the Code and need not be extended to any other Shareholders.

3.3 **Shareholdings of the Undertaking Shareholders.** The shareholdings of the Undertaking Shareholders in the Company immediately prior to the Offer Announcement are set out in Section 5.3 of the Offer Document which is reproduced below.

"*5.3* ***Shareholdings of the Undertaking Shareholders***

The shareholdings of the Undertaking Shareholders in the Company immediately prior to the Offer Announcement are as follows:

Name of Undertaking Shareholder	***Number of Shares***[(2)]	***Percentage shareholding in the Company***[(1)]
Clarendon Investments Capital Ltd	*12,884,944*	*50.86*
McVitie Capital Limited	*2,000,000*	*7.89*
Total	*14,884,944*	*58.76*

Following the Offer Announcement and up to the Latest Practicable Date, McVitie Capital Limited has acquired 263,300 Shares. For the avoidance of doubt, the settlement for such Shares when tendered in acceptance of the Offer will be satisfied in cash in accordance with the terms and conditions of this Offer and not through the issue of the Promissory Notes[(2)].

Notes:

(1) Based on the total number of issued Shares of 25,333,333 Shares.

(2) As at the Latest Practicable Date, Mr. Christopher Ho is deemed to have interests in these Shares as he is one of the beneficiaries of a discretionary trust which owns the entire issued capital of Clarendon Investments Capital Ltd (which owns directly 12,884,944 Shares), the entire issued capital of McVitie Capital Limited (which owns directly 2,263,300 Shares), and 73.65% of the issued capital of The Grande Holdings Limited (which owns indirectly 6,279 Shares). For the avoidance of doubt, The Grande Holdings Limited is not an Undertaking Shareholder."

Shareholders should refer to paragraph 4.3 of **Appendix II** to this Circular for Christopher Ho's interest in Shares as at the Latest Practicable Date.

3.4 **Further Information**. The Offer Document states that save for the Irrevocable Undertakings, neither the Offeror nor any of its Concert Parties have received any irrevocable undertakings from any other party to accept or reject the Offer.

Please refer to Section 5 of the Offer Document for further information on the Irrevocable Undertakings.

4. INFORMATION ON THE OFFEROR

4.1 **Offeror.** Information on the Offeror as set out in Section 6.1 of the Offer Document is reproduced below.

"***6. INFORMATION ON THE OFFEROR***

6.1 ***The Offeror****. The Offeror is a company incorporated in the British Virgin Islands on 20 December 2013. The Offeror has been dormant since incorporation and has not carried on any business since its incorporation, except for matters in connection with the making of the Offer.*

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of US$2.00 comprising 2 ordinary shares which are held by Mr. Christopher Ho.

As at the Latest Practicable Date, the sole Director of the Offeror is Mr. Christopher Ho."

4.2 **Further information.** Shareholders should refer to Appendix 3 of the Offer Document for further information on the Offeror.

4.3 **Offeror's Shareholding in the Company**. Based on the announcements made on behalf of the Offeror, the Offeror and its Concert Parties own and control 15,274,405 Shares representing 60.29% of the total number of issued Shares as at the Latest Practicable Date. This includes 4,782 Shares held by Eleanor Crosthwaite in her personal capacity. Eleanor Crosthwaite is a director of certain entities within The Ho Family Trust and is deemed to be a party acting in concert with the Offeror under the Code. The total number of Shares owned or controlled by the Offeror and the parties acting in concert with it includes the Shares held by Eleanor Crosthwaite.

5. INFORMATION ON THE COMPANY

Please refer to **Appendix II** to this Circular for information on the Company.

6. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer as set out in Section 8 of the Offer Document has been extracted from the Offer Document and reproduced below.

"***8. RATIONALE FOR THE OFFER***

8.1 ***Intention to Delist and Privatise the Company****. The Offeror is making the Offer with a view to delisting and privatising the Company.*

8.2 ***Greater Management Flexibility****. The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the Company and facilitating the implementation of any strategic initiatives and/or operational changes of the Group to achieve greater efficiency and competitiveness.*

8.3 ***Compliance Costs relating to Listing Status****. If the Company is delisted, the Company will be able to dispense with compliance costs associated with maintenance of a listed status and other regulatory requirements and human resources that have to be committed for such compliance and channel such expenses towards its business operations. In addition, the Company has not carried out any exercise to raise cash funding on the SGX-ST since 2015.*

8.4 ***Opportunity for Shareholders to realise their investment in the Shares at a premium****. The Offer Price represents a premium of approximately 126.7%, 103.6%, 98.7% and 101.8% over the VWAP per Share for the 1-month, 3-month, 6-month and 12-month periods up to and including the Last Trading Day. The Offer Price also represents a premium of 125.0% over the last transacted price per Share on the Last Trading Day.*

The Offer Price under the Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in Shares at a premium over the prevailing trading prices of the Shares without incurring brokerage and other trading costs."

7. OFFEROR'S INTENTION FOR THE COMPANY

The full text of the Offeror's intention for the Company as set out in Section 9 of the Offer Document has been extracted from the Offer Document and reproduced below.

"***9. THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY***

The Offeror intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced. The Offeror retains the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which it may regard to be in the interests of the Company.

Save as disclosed above, the Offeror presently has no intention to (a) introduce any major changes to the existing businesses of the Group, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of existing employees of the Group, in each case, other than in the ordinary course of business."

8. COMPULSORY ACQUISITION AND LISTING STATUS

The full text of the Offeror's intentions with regards to compulsory acquisition and the listing status of the Company as set out in Section 10 of the Offer Document has been extracted from the Offer Document and reproduced below.

"***10. COMPULSORY ACQUISITION AND LISTING STATUS***

10.1 ***Compulsory Acquisition****. Under Section 102 of the Bermuda Companies Act, an offeror who has, within four (4) months after the making of an offer under a scheme or contract:*

(a) obtained acceptances from shareholders holding not less than 90% in value of the shares in a Bermuda company whose transfer is involved (other than shares already held at the date of the offer by the offeror, the offeror's subsidiaries, or nominees of the offeror or its subsidiaries); and

(b) where at the date of the offer shares in the Bermuda company whose transfer is involved are already held by the offeror, the offeror's subsidiaries, or nominees of the offeror or its subsidiaries to a value greater than 10% of the total issued shares of the Bermuda company, such accepting shareholders also represent not less than 75% in number of the holders of shares in the Bermuda company whose transfer is involved (other than shares already held at the date of the offer by the offeror, the offeror's subsidiaries, or nominees of the offeror or its subsidiaries), and further provided that the offeror must have made the offer on the same terms to all holders of the shares whose transfer is involved (other than those already held as aforesaid),

*may, at any time within two (2) months beginning from the date on which such threshold is achieved, give notice under Section 102(1) of the Bermuda Companies Act to any dissenting shareholder that the offeror wishes to acquire his shares (the "****Acquisition Notice****"). When such Acquisition Notice is given, upon the expiry of one (1) month from the date on which the notice was given, the offeror will be entitled and bound to acquire those shares on the same terms as the offer, unless an application is made by the dissenting shareholder(s) to the Supreme Court of Bermuda (the "****Court****") within the aforesaid one (1) month and the Court thinks fit to order otherwise.*

Section 102(2) of the Bermuda Companies Act provides that where, pursuant to such a scheme or contract, shares in a Bermuda company are transferred to an offeror or its nominee, and those shares together with any other shares in the Bermuda company held by, or by a nominee for, the offeror or its subsidiary comprise or include 90% in value of the shares in the Bermuda company, the offeror must within one (1) month from the date of the transfer give notice of that fact to the dissenting shareholder(s) and any such shareholder may within three (3) months from the giving of the notice to him give notice requiring the offeror to acquire its shares. Where a dissenting shareholder gives notice as aforesaid, the offeror will be entitled and bound to acquire the shares on the same terms as the offer, or on such other terms as may be agreed or as the Court (on the application of either the offeror or the dissenting shareholder) thinks fit to order.

If entitled, the Offeror intends to exercise its right under the Bermuda Companies Act to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from SGX-ST.

Shareholders who are in doubt of their position under the Bermuda Companies Act are advised to seek their own independent legal advice.

*10.2 **Listing Status**. Pursuant to Rule 1105 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its Concert Parties to above 90% of the total number of issued Shares (excluding Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until it is satisfied that at least 10% of the total number of issued Shares (excluding Shares held in treasury) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding Shares held in treasury), thus causing the percentage of the total number of Shares (excluding Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.*

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

The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted."

9. EXEMPTION RELATING TO DIRECTORS' RECOMMENDATION

On 28 August 2017, the SIC exempted Christopher Ho from the requirement to make a recommendation to Shareholders on the Offer. Christopher Ho being the sole shareholder and director of the Offeror, would be presumed to be acting in concert with the Offeror under the Code. As such, he would face an irreconcilable conflict of interest which would render him inappropriate to join the remaining Directors in making a recommendation to the Shareholders

Nonetheless, Christopher Ho must still assume responsibility for the accuracy of facts stated and opinions expressed in documents or advertisements issued by, or on behalf of, the Company to the Shareholders in connection with the Offer.

10. ADVICE OF THE IFA

10.1 **IFA.** Stirling Coleman has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Offer.

Shareholders should read and consider carefully the recommendation of the IFA to the Independent Directors in respect of the Offer as set out in the IFA Letter and the recommendation of the Independent Directors set out in paragraph 11 of this Circular before deciding whether to accept or reject the Offer.

10.2 **Evaluation of the Offer by the IFA.** The IFA Letter setting out the advice and recommendations of the IFA to the Independent Directors in respect of the Offer is set out in **Appendix I** to this Circular. The key considerations relied upon by the IFA in arriving at its advice to the Independent Directors are set out in paragraph 10 of the IFA Letter.

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

10.3 **Advice of the IFA in respect of the Offer.** After having regard to the considerations set out in the IFA Letter, and based on the circumstances of the Company and the information as at the Latest Practicable Date, Stirling Coleman has made certain recommendations to the Independent Directors at paragraph 11 of the IFA Letter, an extract of which is set out below. Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter.

"***11. RECOMMENDATION AND CONCLUSION***

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

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

i) the Offer Price is at a discount of 69.8% to the RNAV per Share of the Group as at 30 June 2017;

ii) the P/RNAV of 0.30x as implied by the Offer Price is within the range but at the lower end of the range and below the median of the corresponding ratios of the Comparable Companies; and

iii) the P/RNAV of 0.30x as implied by the Offer Price is within the range but at the lower end of the range and below the median of the corresponding ratios of the Precedent Privatisation Transactions.

Although we noted that the premiums of 125.0%, 127.0% and 103.9% as implied by the Offer Price over the last transacted Share price, one-month VWAP and three-month VWAP, respectively is above the range of the corresponding ratios of the Precedent Privatisation Transactions.

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

i) the rationale for the Offer appear to be based on sound commercial grounds;

ii) the Offer Price is at a premium over the last transacted Share price and VWAP;

iii) the declining financial performance of the Group and net losses incurred for 3 consecutive years between FY2014 to FY2016 and net loss for 1H2017;

iv) the trading volume of the Shares had generally been low in the past 12 months prior to the Offer Announcement Date and ending on the Latest Practicable Date and the Offer will provide an exit option for those Shareholders who wish to realise their investments in the Shares but find it difficult to do so as a result of the low trading liquidity;

v) the Group's performance ratio was less favourable compared to the Comparable Companies although its debt position was more favourable compared to the Comparable Companies;

vi) the Company did not pay any dividend for the past 5 financial years, with the last dividend distribution made in FY2011 and the Directors have confirmed that the Company does not have a fixed dividend policy;

vii) there is no publicly available evidence of any alternative offer for the Shares from any third party; and

viii) the watch-list status of the Company.

Accordingly, on the balance of the above factors, we advise the Independent Directors to recommend that Shareholders ACCEPT the Offer to realise their investment in the Company or sell their Shares on the open market if they can obtain a price higher than the Offer Price (after deducting expenses).

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

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each 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 broker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

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

11. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

The Independent Directors, having reviewed and carefully considered the terms of the Offer and the advice given by the IFA to the Independent Directors in the IFA Letter, CONCUR with the advice of the IFA in respect of the Offer.

Accordingly, the Independent Directors recommend that Shareholders ACCEPT the Offer to realise their investment in the Company or sell their Shares in the open market if they can obtain a price higher than the Offer Price (after deducting expenses).

Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully. Shareholders are also advised to read the IFA Letter set out in Appendix I to this Circular carefully and to consider the recommendations of the Independent Directors in their entirety before deciding whether to accept or reject the Offer. Shareholders should note that the advice of the IFA 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 the Offer.

Further, in rendering the above recommendation, the Independent Directors have not had regard to the general or specific investment objectives, financial situations, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

12. OVERSEAS SHAREHOLDERS

12.1 **Overseas Shareholders.** The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant jurisdictions in which they are located. Overseas Shareholders should refer to Section 14 of the Offer Document which is reproduced below.

"***14. OVERSEAS SHAREHOLDERS***

14.1 ***Overseas Jurisdictions.*** *This Offer Document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable law.*

The release, publication or distribution of this Offer Document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document is released, published or distributed should inform themselves about and observe such restrictions.

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

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

14.2 ***Overseas Shareholders****. The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or in the Depository Register (as the case may be) (each, an "**Overseas Shareholder**") may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions.*

For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom the Offer Document and the relevant Acceptance Forms may not be sent.

It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, its related corporations, Phillip Securities, CDP, the Share Transfer Agent and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, Phillip Securities, CDP, the Share Transfer Agent and/or any person acting on their behalf may be required to pay. In accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror and Phillip Securities that he is in full observance of the laws of the relevant jurisdiction in that connection and that he is in full compliance with all necessary formalities or legal requirements.

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

14.3 ***Copies of the Offer Document and the relevant Acceptance Forms****. Where there are potential restrictions on sending this Offer Document and the relevant Acceptance Forms to any overseas jurisdiction, the Offeror and Phillip Securities each reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain a copy of this Offer Document, the relevant Acceptance Forms and any related documents during normal business hours and up to the Closing Date, from the office of the Share Transfer Agent, M&C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902. Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Offeror c/o the Share Transfer Agent at the above-stated address to request for the Offer Document, the relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.*

14.4 ***Notice****. The Offeror and Phillip Securities 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 or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.”*

12.2 **Copies of Circular.** This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the Closing Date, from the offices of the Share Transfer Agent at 112 Robinson Road, #05-01, Singapore 068902, or make a request to the Share Transfer Agent 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.

13. INFORMATION PERTAINING TO SRS INVESTORS

SRS Investors should refer to Section 15 of the Offer Document which has been extracted from the Offer Document and reproduced below.

“***15. SRS INVESTORS***

SRS Investors will receive further information on how to accept the Offer from their respective SRS Agent Banks directly. SRS Investors are advised to consult their respective SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice.

SRS Investors who wish to accept the Offer are to reply to their respective SRS Agent Banks accordingly by the deadline stated in the letter from their respective SRS Agent Banks. Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, SRS Investors who validly accept the Offer will receive the payment in respect of their Offer Shares, in their SRS investment accounts.”

14. ACTION TO BE TAKEN BY SHAREHOLDERS

14.1 **Shareholders who wish to accept the Offer**. Shareholders who wish to accept the Offer in respect of all or any part of their holdings of Shares should refer to Appendix 2 to the Offer Document which sets out the procedures for acceptance of the Offer.

Shareholders who wish to accept the Offer must do so not later than 5.30 p.m. on 18 September 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, abiding by the procedures for the acceptance of the Offer as set out in Appendix 2 to the Offer Document, the FAA and/or the FAT.

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

15. RESPONSIBILITY STATEMENT

Save for (a) the recommendation of the Independent Directors to Shareholders set out in paragraph 11 of this Circular which is the sole responsibility of the Independent Directors, (b) the IFA Letter, (c) the information extracted from the Offer Document, and (d) the information relating to the Offeror, the Directors (including those who may have delegated detailed supervision of this Circular) confirm after making all reasonable enquiries that, to the best of their knowledge, the opinions expressed in this Circular have been arrived at after due and careful consideration and that no material facts have been omitted from this Circular which would make any statement in this Circular misleading, and the Directors jointly and severally accept full responsibility accordingly.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are, after having made all reasonable enquiries and to the best of their knowledge and belief, fair and accurate in all material aspects.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement and the Offer Document), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular in its proper form and context.

16. ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of the Board of Directors

Will, Eduard William Rudolf Helmuth
Deputy Chairman

STIRLING COLEMAN CAPITAL LIMITED
(Company registration no.200105040N)
4 Shenton Way #07-03
SGX Centre 2
Singapore 068807

4 September 2017

To: The Independent Directors of Lafe Corporation Limited
(Deemed to be independent for the purposes of the Offer), namely
Mr. Will, Eduard William Rudolf Helmuth,
Mr. Kenny Suen Wai Cheung,
Mr. Paul Law Kwok Fai,
Mr. Ricky Sim Eng Huat, and
Mr. Kin Yuen

Dear Sirs

VOLUNTARY CONDITIONAL CASH OFFER BY PHILLIP SECURITIES PTE LTD ("PHILLIP SECURITIES") FOR AND ON BEHALF OF SINO CAPITAL RESOURCES LIMITED ("OFFEROR") FOR ALL SHARES OTHER THAN THOSE ALREADY HELD BY THE OFFEROR (THE "OFFER SHARES") IN THE CAPITAL OF LAFE CORPORATION LIMITED (THE "COMPANY")

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 4 September 2017 to the Shareholders (as define herein) of Lafe Corporation Limited (the "**Circular**").*

1. INTRODUCTION

On 1 August 2017 (the **"Offer Announcement Date"**), Phillip Securities announced, for and on behalf of the Offeror, that the Offeror intended to make a voluntary conditional cash offer (the **"Offer"**) for all the issued and paid-up ordinary shares of a par value of US$2.00 each in the capital (the **"Shares"**) of the Company, other than those which are owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer.

Shareholders should have by now received a copy of the Offer Document despatched by Phillip Securities, for and behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer. **Independent Directors should advise Shareholders to read the terms and conditions of the Offer set out in the Offer Document carefully.**

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

2. TERMS OF REFERENCE

Stirling Coleman has been appointed as the IFA to advise the Independent Directors in respect of their recommendations to the Shareholders in relation to the Offer. Our opinion, by way of this Letter will be limited to the financial terms of the Offer, as of the date of this Letter.

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

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares or the assets of the Company. It is not within our terms of reference to compare the relative merits of the Offer vis-à-vis any alternative transactions previously considered by the Board of Directors or transactions that the Board of Directors may consider in the future, and such comparison and consideration shall remain as the responsibility of the Board of Directors. The Directors have confirmed that, as at the latest practicable date being 25 August 2017 ("**Latest Practicable Date**"), apart from the Offer being made by the Offeror, no alternative offer or proposal had been received from any third party.

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

We have also relied upon the responsibility statement that the Circular has been reviewed and approved by the Directors (including those who may have delegated detailed supervision of the Circular) who have taken all reasonable care and have made all reasonable enquiries to ensure that, to the best of their knowledge and after due and careful consideration, the facts stated and the opinions expressed therein (other than those relating to the Offeror and those set out in this Letter) are fair and accurate and that no material facts have been omitted from the Circular which would make any statement in the Circular misleading, and they jointly and severally accept full responsibility accordingly. We have not independently verified such information but have made reasonable enquiries and exercised judgment on the reasonable use of information disclosed in the Circular and Offer Document as we deemed necessary and have found no reason to doubt the accuracy or reliability of such information.

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

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

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

Our recommendation in respect of the Offer, as set out in Section 10 of the Circular, should be considered in the context of the entirety of this Letter, the Circular and the Offer Document.

3. THE OFFER

3.1 Terms of the Offer

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

3.1.1 Offer Price

For each Offer Share: S$0.90 in cash

3.1.2 Offer Shares

The Offer will be extended to all the Shares other than those already held by the Offeror as at the date of the Offer. For the avoidance of doubt, the Offer will be extended, on the same terms and conditions, to all the Shares owned, controlled or agreed to be acquired by the Concert Parties. For the purpose of the Offer, the expression **"Offer Shares"** shall include such Shares.

The Offer Shares are to be acquired:

i) fully paid;

ii) free from any claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (**"Encumbrances"**); and

iii) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions declared, paid or made by the Company in respect of Shares (**"Distributions"**) (if any), the Record Date for which falls on or after the Offer Announcement Date.

3.1.3 Adjustment for Distributions

In the event of any such Distributions on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price to a Shareholder who validly accepts or has validly accepted the Offer by the amount of such Distribution.

3.1.4 Acceptance Condition

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 owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and its Concert Parties holding such number of Shares carrying at least 90% of the voting rights attributable to the issued Shares (excluding any Shares held in treasury) as at the close of the Offer (the **"Minimum Acceptance Condition"**).

The Offeror reserves the right to waive the Minimum Acceptance Condition or to revise it to a level below 90% but more than 50% of the total voting rights attributable to the issued Shares, subject to obtaining the consent of the SIC. In the event that the Minimum Acceptance Condition is waived or revised, the revised Offer will remain open for another 14 days following such waiver or revision, and Shareholders who have accepted the initial Offer will be permitted to withdraw their acceptance within eight (8) days of the notification of such revision.

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

3.2 Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.

3.3 Duration of the Offer

3.3.1 First Closing Date

The Offer is open for acceptance by Shareholders for at least 28 days from 21 August 2017, being the date of despatch of the Offer Document (the **"Despatch Date"**), unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. Accordingly, the Offer will close at 5.30 p.m. on 18 September 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3.3.2 Subsequent Closing Date(s)

If the Offer is extended and:

i) is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or

ii) is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before it may close the Offer.

3.3.3 No Obligation to Extend Offer

The Offeror is not obliged to extend the Offer if the conditions of the Offer as set out in **Section 2.5** (Minimum Acceptance Condition) and **Section 2.6** (Revision of the Minimum Acceptance Condition) of the Offer Document is not fulfilled by the Closing Date.

3.3.4 Offer to Remain Open for 14 Days after Being Declared Unconditional as to Acceptances

Pursuant to Rule 22.6 of the Singapore Code on Take-overs and Mergers, if the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for a period (the **"Rule 22.6 Period"**) of not less than 14 days after the date on which the Offer would otherwise have closed, in order to give Shareholders who have not accepted the Offer the opportunity to do so.

This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, 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:

i) the Offeror may not give a Shut-Off Notice in a competitive situation; and

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

For these purposes, the SIC would normally regard a "competitive situation" to have arisen if a competing offer for the Company has been announced. If a declaration that the Offer is unconditional is confirmed in accordance with paragraph 4.2(a) (Right of Withdrawal of Shareholders) as set out in **Appendix 1** of the Offer Document, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.

3.3.5 Final Day Rule

The Offer (whether revised or not) will not be capable:

i) of becoming or being declared unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the Despatch Date; or

ii) of being kept open after the expiry of such 60-day period unless the Offer has previously become or been declared to be unconditional as to acceptances,

provided that the Offeror may extend the Offer beyond such 60-day period with the SIC's prior consent (the **"Final Day Rule"**). The SIC will normally grant such permission if a competing offer has been announced.

3.3.6 Revision

The Offeror reserves the right to revise the terms of the Offer at such time and in such manner as it may consider appropriate. If the Offer is revised, the Offer will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders who had previously accepted the Offer.

3.4 Further Details of the Offer

Further details of the Offer, including details on the (i) settlement of the consideration for the Offer, (ii) the requirements relating to the announcement of the level of acceptance of the Offer, (iii) the right of withdrawal of acceptances of the Offer, and (iv) the procedures for acceptance of the Offer are set out in **Appendix 1** and **Appendix 2** to the Offer Document and **Section 2** of the Circular.

4 IRREVOCABLE UNDERTAKINGS

Clarendon Investments Capital Ltd and McVitie Capital Limited (the **"Undertaking Shareholders"**), have undertaken to accept the Offer in respect of all Shares held by each of them (the **"Irrevocable Undertakings"**). Pursuant to the terms of the Irrevocable Undertakings, each of the Undertaking Shareholders will also waive the rights to receive payment of all of the consideration payable to them for Shares tendered in acceptance of the Offer.

Additional information on the Irrevocable Undertakings are set out in **Section 5** of the Offer Document and **Section 3** of the Circular.

Based on the announcements made on behalf of the Offeror, the Offeror and its Concert Parties own and control 15,274,405 Shares representing 60.29% of the total number of issued Shares as at the Latest Practicable Date. This includes 4,782 Shares held by Ms. Eleanor Anne Chan Crosthwaite ("**Eleanor Crosthwaite**") in her personal capacity. Eleanor Crosthwaite is a director of certain entities within The Ho Family Trust and is deemed to be a party acting in concert with the Offeror under the Code. The total number of Shares owned or controlled by the Offeror and the parties acting in concert with it includes the Shares held by Eleanor Crosthwaite.

5 INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands on 20 December 2013. The Offeror has been dormant since incorporation and has not carried on any business since its incorporation, except for matters in connection with the making of the Offer.

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of US$2.00 comprising 2 ordinary shares which are held by Mr. Christopher Ho.

As at the Latest Practicable Date, the sole Director of the Offeror is Mr. Christopher Ho.

Additional information on the Offeror is set out in **Appendix 3** to the Offer Document and **Section 4** of the Circular.

6 INFORMATION ON THE COMPANY

The Company was incorporated in Bermuda on 8 April 1999 and was listed on the Main Board of the SGX-ST on 7 April 2000.

The Company acts as an investment holding company. The principal activities of the Group are in property investment, agency, appraisal and consultancy services in Singapore, Hong Kong and the People's Republic of China. The Group also provides property management, building consultancy, property appraisal services in internet, security guard and close protection services.

Additional information on the Company is set out in **Appendix 4** to the Offer Document and **Appendix II** to the Circular.

7 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 set out in **Sections 8 and 9** respectively of the Offer Document and **Sections 6 and 7** of the Circular are reproduced below for your reference.

<u>Rationale for the Offer</u>

"***8. RATIONALE FOR THE OFFER***

8.1 ***Intention to Delist and Privatise the Company****. The Offeror is making the Offer with a view to delisting and privatising the Company.*

8.2 ***Greater Management Flexibility****. The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the Company and facilitating the implementation of any strategic initiatives and/or operational changes of the Group to achieve greater efficiency and competitiveness.*

8.3 ***Compliance Costs relating to Listing Status****. If the Company is delisted, the Company will be able to dispense with compliance costs associated with maintenance of a listed status and other regulatory requirements and human resources that have to be committed for such compliance and channel such expenses towards its business operations. In addition, the Company has not carried out any exercise to raise cash funding on the SGX-ST since 2015.*

8.4 ***Opportunity for Shareholders to realise their investment in the Shares at a premium****. The Offer Price represents a premium of approximately 126.7%, 103.6%, 98.7% and 101.8% over the VWAP per Share for the 1-month, 3-month, 6-month and 12-month periods up to and including the Last Trading Day. The Offer Price also represents a premium of 125.0% over the last transacted price per Share on the Last Trading Day.*

The Offer Price under the Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in Shares at a premium over the prevailing trading prices of the Shares without incurring brokerage and other trading costs."

Offeror's intentions for the Company

"***9. THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY***

The Offeror intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced. The Offeror retains the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which it may regard to be in the interests of the Company.

Save as disclosed above, the Offeror presently has no intention to (a) introduce any major changes to the existing businesses of the Group, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of existing employees of the Group, in each case, other than in the ordinary course of business."

8 COMPULSORY ACQUISITION AND LISTING STATUS

The full text on the Offeror's intentions with regards to Compulsory Acquisition and Listing Status of the Company set out in **Section 10** of the Offer Document and **Section 8** of the Circular are reproduced below for your reference.

"***10. COMPULSORY ACQUISITION AND LISTING STATUS***

10.1 ***Compulsory Acquisition****. Under Section 102 of the Bermuda Companies Act, an offeror who has, within four (4) months after the making of an offer under a scheme or contract:*

(a) obtained acceptances from shareholders holding not less than 90% in value of the shares in a Bermuda company whose transfer is involved (other than shares already held at the date of the offer by the offeror, the offeror's subsidiaries, or nominees of the offeror or its subsidiaries); and

(b) where at the date of the offer shares in the Bermuda company whose transfer is involved are already held by the offeror, the offeror's subsidiaries, or nominees of the offeror or its subsidiaries to a value greater than 10% of the total issued shares of the Bermuda company, such accepting shareholders also represent not less than 75% in number of the holders of shares in the Bermuda company whose transfer is involved (other than shares already held at the date of the offer by the offeror, the offeror's subsidiaries, or nominees of the offeror or its subsidiaries), and further provided that the offeror must have made the offer on the same terms to all holders of the shares whose transfer is involved (other than those already held as aforesaid),

*may, at any time within two (2) months beginning from the date on which such threshold is achieved, give notice under Section 102(1) of the Bermuda Companies Act to any dissenting shareholder that the offeror wishes to acquire his shares (the "**Acquisition Notice**"). When such Acquisition Notice is given, upon the expiry of one (1) month from the date on which the notice was given, the offeror will be entitled and bound to acquire those shares on the same terms as the offer, unless an application is made by the dissenting shareholder(s) to the Supreme Court of Bermuda (the "**Court**") within the aforesaid one (1) month and the Court thinks fit to order otherwise.*

Section 102(2) of the Bermuda Companies Act provides that where, pursuant to such a scheme or contract, shares in a Bermuda company are transferred to an offeror or its nominee, and those shares together with any other shares in the Bermuda company held by, or by a nominee for, the offeror or its subsidiary comprise or include 90% in value of the shares in the Bermuda company, the offeror must within one (1) month from the date of the transfer give notice of that fact to the dissenting shareholder(s) and any such shareholder may within three (3) months from the giving of the notice to him give notice requiring the offeror to acquire its shares. Where a dissenting shareholder gives notice as aforesaid, the offeror will be entitled and bound to acquire the shares on the same terms as the offer, or on such other terms as may be agreed or as the Court (on the application of either the offeror or the dissenting shareholder) thinks fit to order.

If entitled, the Offeror intends to exercise its right under the Bermuda Companies Act to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from SGX-ST.

Shareholders who are in doubt of their position under the Bermuda Companies Act are advised to seek their own independent legal advice."

9 FINANCIAL ASSESSMENT OF THE OFFER

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

(i) Financial performance and position of the Group;

(ii) Historical Share Price performance and trading liquidity;

(iii) The Group's

- Net Asset Value ("**NAV**"), Net Tangible Assets ("**NTA**") and Net Cash Position; and
- Revalued NAV ("**RNAV**") and Revalued NTA ("**RNTA**");

(iv) Relative valuation analysis;

(v) Precedent privatisation transactions analysis;

(vi) Intention of the Offeror regarding listing status;

(vii) Dividend track record of the Company; and

(viii) Other relevant considerations.

9.1 Financial Performance and Position of the Group

We set out below a summary of the financial results of the Group for the last three financial years ended 31 December 2014, 2015 and 2016 ("**FY2014**", "**FY2015**" and "**FY2016**", respectively) and the interim financial results of the Group for the six-month period ended 30 June 2016 ("**1H2016**") and 30 June 2017 ("**1H2017**").

Summary of the Group's Income and Loss Statement

US$'000	Unaudited 1H2017	Unaudited 1H2016	Audited FY2016	Audited FY2015	Audited FY2014
Revenue	5,928	5,750	11,610	12,626	13,707
Gross Profit	1,617	1,680	2,948	3,710	2,662
(Loss)/Profit before tax	359	1,027	(10,903)	(36,804)	(60,720)
Net (Loss)/Profit	343	1,013	(9,782)	(36,832)	(51,674)
Net (Loss)/Profit attributable to Shareholders of the Company	**(331)**	**969**	**(9,832)**	**(43,327)**	**(50,579)**

Summary of the Group's Financial Position

US$'000	Unaudited as at 30-Jun-2017	Audited as at 31-Dec-2016	Audited as at 31-Dec-2015	Audited as at 31-Dec-2014
Current assets	17,252	15,070	28,062	120,323
Non-current assets	48,870	51,925	58,392	16,798
Total assets	**66,122**	**66,995**	**86,454**	**137,121**
Current liabilities	4,036	3,861	11,003	27,795
Non-current liabilities	7,033	7,750	10,244	4,754
Total liabilities	**11,069**	**11,611**	**21,247**	**32,549**
Share capital	50,667	50,667	50,667	46,667
Reserves	4,386	4,717	14,540	57,905
Total Equity	**55,053**	**55,384**	**65,207**	**104,572**

Summary of the Group's Cash Flows

US$'000	Unaudited 1H2017	Unaudited 1H2016	Audited FY2016	Audited FY2015	Audited FY2014
Net cash from/(used in) operating activities	(2,984)	6,429	(7,586)	(6,619)	4,197
Net cash from/(used in) investing activities	(228)	(14)	25,674	2,252	14,359
Net cash from/(used in) financing activities	(92)	(6,252)	(6,326)	1,320	(16,119)
Cash and cash equivalents at end of period/year	**9,912**	**1,474**	**12,809**	**1,313**	**4,369**

Source: FY2014 to FY2016 annual reports and Company's 1H2017 interim financial results announcement

Note:

Figures above are subject to rounding differences.

9.1.1 Analysis of the Financial Performance of the Group

Revenue

We noted that the Group's revenue decreased by US$1.1 million from US$13.7 million for FY2014 to US$12.6 million for FY2015. The decrease was mainly attributable to the decrease in service income in the Vigers operations and the revenue generated from the close protection service.

We noted that the Group's revenue decreased by US$1.0 million from US$12.6 million for FY2015 to US$11.6 million for FY2016. The decrease was mainly attributable to the decrease in rental income.

We noted that the Group's revenue increased marginally by US$0.1 million from US$5.8 million for the first half ended 1H2016 to US$5.9 million for 1H2017. The increase was mainly attributable to the increase in revenue generated from the close protection service and from the Vigers Group's guard security service.

Net profit/(loss) attributable to Shareholders of the Company

We noted that the Group's net loss attributable to Shareholders for FY2015 was US$43.3 million as compared to US$50.6 million for FY2014, a decrease of US$7.3 million mainly attributable to the decrease in other net loss, administrative and finance cost.

We noted that the Group's net loss attributable to Shareholders for FY2016 was US$9.8 million as compared to US$43.3 million for FY2015, a decrease of US$33.5 million mainly attributable to the decrease in other net loss, administrative and finance cost.

We noted that the Group's net profit for 1H2017 was US$0.3 million, as compared to US$1.0 million for 1H2016, a decrease of US$0.7 million mainly attributable to a decrease in other net gain by US$0.6 million, increase of administrative costs by US$0.3 million, offset by a decrease in finance costs of US$0.3 million.

9.1.2 Analysis of the Financial and Cash Position of the Group

We noted that the Group's assets comprised mainly non-trade receivable from a related party (65.2% of total assets as at 30 June 2017), cash and cash equivalents (15.0%), trademark (7.8%) and property held for sale (7.5%). The Group's liabilities comprised mainly short-term and long-term provisions (57.4% of total liabilities as at 30 June 2017), long-term bank loans (16.0%) and trade and other payables (17.6%).

Non-trade receivable from a related party

We noted that the Group's non-trade receivable from a related party increased from nil as at 31 December 2014 to US$66.7 million as at 31 December 2015. The increase was attributable to the fixed term loans extended to Lafe (Emerald Hill) Development Pte. Ltd. (**"LEHD"**), a wholly-owned foreign subsidiary disposed in September 2015. The non-current portion of US$42.0 million bears an interest at 3% per annum and is repayable by 27 September 2020. It is secured by a corporate guarantee given by The Ho Family Trust Limited, a related party, and a second-ranking pledge of the entire shares in LEHD. The current portion of US$24.7 million was non-interest bearing and repayable by 18 June 2016.

We noted that the Group's non-trade receivable from a related party under "Current assets" and "Non-current assets" decreased in total by US$25.6 million from US$66.7 million as at 31 December 2015 to US$41.1 million as at 31 December 2016. The decrease was mainly attributable to the settlement of the current portion of the fixed term loan extended to LEHD during the financial year and the translation adjustment arising from translating the receivable denominated in foreign currency. The non-current portion of US$41.1 million bears interest at 3% per annum and is repayable by 27 September 2020.

We noted that the Group's non-trade receivable from a related party increased by US$2.0 million from US$41.1 million as at 31 December 2016 to US$43.1 million as at 30 June 2017. The increase was attributable to the translation adjustment arising from translating the receivable denominated in foreign currency.

Additional information on the background of the fixed term loans is set out in **Section 10.2** of **Appendix II** to the Circular.

Cash position of the Group

We noted that during FY2015, the Group's net cash used in operating activities was US$6.6 million as compared to net cash generated from operating activities of US$4.2 million in FY2014. The cash movement in FY2015 was mainly attributable to the refundable additional compensation in relation to the Panyu property and the capitalisation of certain debts and the currency translation adjustments arising from translating assets and liabilities denominated in foreign currency. The net cash generated from investing activities in FY2015 of US$2.3 million was mainly attributable to the cash consideration received from the disposal of LEHD.

We noted that during FY2016, the Group's net cash used in operating activities was US$7.6 million as compared to net cash used in operating activities of US$6.6 million in FY2015. The cash movement in FY2016 was mainly attributable to the payments made for rental guarantee. The net cash generated from investing activities in FY2016 of US$25.7 million was mainly attributable to the settlement of the current portion of the non-trade receivable from a related party. The net cash used in financing activities in FY2016 of US$6.3 million was mainly attributable to the repayment of the short-term borrowing from a related party of US$6.15 million and the partial bank loan repayments of US$0.18 million.

We noted that during 1H2017, the Group's net cash used in operating activities was US$3.0 million as compared to net cash from operating activities of US$6.4 million in 1H2016. The cash movement in 1H2017 was mainly attributable to the payments made for rental guarantee. The net cash used in financing activities in 1H2017 of US$0.1 million was attributable to the partial bank loan repayments. The net cash used in investing activities in 1H2017 of US$0.2 million was mainly attributable to the acquisition of property, plant and equipment.

We noted that while the Group had maintained a positive cash position and working capital during the period under review, the net working capital of the Group declined from US$92.5 million as at 31 December 2014 to US$8.2 million as at 30 June 2017. Cash and cash equivalents increased from US$4.4 million as at 31 December 2014 to US$9.9 million as at 30 June 2017. Net assets of the Group declined from US$104.6 million as at 31 December 2014 to US$55.1 million as at 30 June 2017.

9.1.3 Between 30 June 2017 and the Latest Practicable Date

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

(i) there are no other off-balance sheet and contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;

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

(iii) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and

(iv) there are no material acquisitions and disposals of assets by the Group between 1 July 2017 and the Latest Practicable Date, other than in the ordinary course of business, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

9.2 Historical Share Price performance and Trading Liquidity

9.2.1 Historical Share Price performance

The following presents the historical chart of the closing prices of the Shares and the number of Shares traded on a daily basis during the period commencing from 1 August 2015, being the last 24 months period prior to 31 July 2017, being the last trading day before the Offer Announcement Date ("**Last Trading Day**"), and ending on the Latest Practicable Date.

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

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

<u>Period before 1 February 2016</u>

Based on Chart 1, for the period before 1 February 2016, the Company's closing Share Prices were generally above the Offer Price but at a downward trend since its peak Share Price of S$1.50 recorded in September 2015.

<u>Period after 1 February 2016 up to Last Trading Day</u>

Based on Chart 1, between 1 February 2016 and up to the Last Trading Day, the Shares were mostly trading below Offer Price at a range between S$0.305 to S$0.860. We noted that this period corresponded to the decline in the financial performance of the Group, registering losses for consecutive quarters since 1st quarter of 2015 with the exception of 1st quarter of 2016 and 1st quarter of 2017 whereby the Group registered net profits of US$1.9 million and US$0.6 million respectively. The Group's losses were mainly due to the slowdown in property rental income, decrease in service income in the Vigers operations and impairments made to the carrying value of the Group's goodwill and trademark.

9.2.2 Offer Price comparison to historical Share price

We have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares commencing from 1 August 2016, being the 12-month period prior to the Last Trading Day, and ending on the Latest Practicable Date:

Table 1: Share Price Performance and Trading Liquidity Table

	VWAP[1] (S$)	Premium/ (Discount) of the Offer Price to VWAP per Share (%)	Lowest Transacted Price (S$)	Highest Transacted Price (S$)	Average daily trading volume[2] (Shares)	Average daily trading volume as % of Free-float
For the period prior to the Offer Announcement Date[3]						
Last 12 months	0.446	101.88%	0.300	0.600	1,941	0.022%
Last 6 months	0.453	98.70%	0.340	0.600	2,758	0.031%
Last 3 months	0.441	103.86%	0.380	0.600	2,935	0.033%
Last 1 month	0.397	126.95%	0.380	0.430	371	0.004%
Last Trading Day[4]	0.400	125.00%	0.400	0.400	2,000	0.023%
For the period commencing after the Offer Announcement Date up to the Last Practicable Date[5]						
From the market day immediately after Offer Announcement Date up to and including the Latest Practicable Date	0.893	0.76%	0.650	0.910	33,282	0.379%
Latest Practicable Date	0.895	0.56%	0.895	0.895	100	0.001%

Source: Bloomberg as at the Latest Practicable Date

Notes:

1. *The Volume Weighted Average Price ("**VWAP**") was calculated by adding up the dollar value for every transaction and then dividing by the total shares traded for the day which were rounded to the nearest three decimal places.*

2. *The average daily trading volume of the Shares was computed based on the total number of Shares traded during the relevant periods divided by the number of market days which the SGX-ST is open for the trading of securities ("**Market Day**") for the relevant periods.*

3. *Free-float is approximately 8,831,235 Shares of the issued share capital held by the public as estimated by Bloomberg as at the Last Trading Day.*

4. *The Last Trading Day was 31 July 2017, which was the last day the Shares were traded prior to the Offer Announcement Date on 1 August 2017. The closing price on 31 July 2017 is shown instead of VWAP.*

5. *Free-float is approximately 8,778,536 Shares of the issued share capital held by the public as estimated by Bloomberg as at the Latest Practicable Date.*

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

(i) at approximately 126.95%, 103.86%, 98.70% and 101.88% premium to the VWAP for the Shares for the period one-month, three-month, six-month, and 12-month prior to the Offer Announcement Date respectively;

(ii) at a premium of approximately 125.0% from the last transacted price of S$0.40 per Share on the Last Trading Day;

(iii) at a premium of approximately 0.76% from the VWAP for the Shares for the period commencing after the Offer Announcement Date up to the Latest Practicable Date; and

(iv) at a premium of approximately 0.56% from the last transacted price of S$0.895 on the Latest Practicable Date.

9.2.3 Trading Volume and Liquidity

Based on the number of Shares traded on a daily basis during the period commencing from 1 August 2016, being the Market Day 12 months prior to the Last Trading Day, and ending on the Latest Practicable Date, we noted that:

(i) from 1 August 2016 to the Last Trading Day, Shares were traded on 93 Trading Days out of the total 252 Market Days during the period, with the total number of Shares traded being approximately 0.5 million Shares and an average daily trading volume of approximately 1,941 Shares, which represents 0.008% of the issued Share capital as at the Last Trading Day or approximately 0.023% of the Free-float as at the Last Trading Day; and

(ii) for the period commencing from the Market Day immediately after the Offer Announcement Date up till and including the Latest Practicable Date, the Shares were traded on 16 Trading Days out of the total 17 Market Days during the period, with the total number of Shares traded being approximately 0.6 million Shares and an average daily trading volume of approximately 33,282 Shares, which represents 0.131% of the issued Share capital as at the Latest Practicable Date or approximately 0.379% of the Free-float as at the Latest Practicable Date.

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

Company	Market Capitalisation[1] (S$ million)	Average Daily Trading Volume 12 months prior to Offer Announcement Date (million)	Average Daily Trading Volume as % Free Float Shares	Average Daily Trading Volume 6 months prior to Offer Announcement Date (million)	Average Daily Trading Volume as % Free Float Shares	Average Daily Trading Volume 3 months prior to Offer Announcement Date (million)	Average Daily Trading Volume as % Free Float Shares
Sunningdale Tech Ltd	308	0.71	0.59	1.34	1.11	1.28	1.06
Poh Tiong Choon Logistics Ltd	285	0.09	0.13	0.05	0.07	0.03	0.05
Tianjin ZhongXin Pharmaceutical Group Corp Ltd	271	0.28	0.14	0.36	0.18	0.43	0.22
BHG Retail REIT	226	0.48	0.27	0.56	0.31	0.02	0.01
MYP Ltd	211	0.09	0.04	0.06	0.03	0.03	0.01
Singapore Reinsurance Corp Ltd	194	0.06	0.01	0.06	0.01	0.08	0.02
Lung Kee Bermuda Holdings	174	0.00	0.00	0.00	0.00	0.00	0.00
CSE Global Ltd	170	0.39	0.10	0.40	0.10	0.36	0.09
Sing Investments & Finance Ltd	170	0.04	0.04	0.07	0.06	0.02	0.02
Food Empire Holdings Ltd	162	1.05	0.46	1.10	0.49	1.06	0.47
Max			0.59		1.11		1.06
Min			0.00		0.00		0.00
Median			0.11		0.09		0.03
Simple Average			0.18		0.24		0.19
The Group (implied by the Offer Price)	**22.8**	**0.00**	**0.02**	**0.00**	**0.03**	**0.00**	**0.03**

Source: Bloomberg and FTSE ST Fledging Index factsheet (data as at 31 July 2017) from the SGX-ST website. FTSE ST Fledging Index comprises 241 listed companies on the SGX-ST that are too small for the FTSE ST All-Share Index to capture.

Note:

1. *Based on market capitalization from the FTSE ST Fledging Index Factsheet as at 31 July 2017 from the SGX-ST website.*

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

Share prices transacted in the equity capital market can be affected by relative liquidity and free float at any given point in time. In analysing the liquidity of the Shares, we have given consideration to the liquidity of the Shares as compared with the ten largest companies by market capitalisation of the FTSE ST Fledging Index as at 31 July 2017 for the 12-month, 6-month and 3-month period preceding the Offer Announcement Date.

We noted that the average daily trading volume of the Shares of 0.02%, 0.03% and 0.03% of its free float for 12-month, 6-month and 3-month, respectively. The 12-month average daily trading volume of the Shares of its free float were only higher than 2 of the top 10 constituents of FTSE ST Fledging Index prior to the Offer Announcement Date. It was approximately 87.6% lower than the simple average daily trading volume of 0.18% for the top 10 constituents in the FTSE ST Fledging Index as at 31 July 2017 for the 12-month period.

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

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

9.3.1 NAV and NTA analysis

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

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities, minority interest and intangible assets of the company. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (other than intangible assets) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group, with the balance to be distributed to its shareholders. However the NTA based approach does not take into account or consideration the presence of any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. The NTA does not illustrate the values at which assets may actually be realised or disposed of.

Table 3: NAV and NTA Analysis

Based on the Group's unaudited first half financial statement ended 30 June 2017[(1)]	
NAV attributable to Shareholders as at 30 June 2017 (US$'000)	**55,503**
Less: Intangible assets (US$'000)	(5,187)
NTA as at 30 June 2017 (US$'000)	**49,866**
Number of ordinary Shares of the Company (excluding treasury Shares)	25,333,333[(2)]
NAV per Share (US$)	**2.173**
NTA per Share (US$)	**1.968**
US$:S$ as at 30 June 2017	1.376[(3)]
NAV per Share (S$)	**2.991**
NTA per Share (S$)	**2.709**
Offer Price(S$)	0.90
Offer Price to NAV per Share (x)	**0.301**
Discount of Offer Price to NAV per Share (%)	69.9%
Offer Price to NTA per Share (x)	**0.332**
Discount of Offer Price to NTA per Share (%)	66.8%

Notes:

1. *Figures and computations above are subject to rounding.*
2. *Based on Lafe Corporation Limited 1H2017 interim financial results as at 30 June 2017.*
3. *Bloomberg exchange rate as at 30 June 2017*

For illustrative purposes only, the Offer Price to NAV per Share ("**P/NAV**") and the discount of the Offer Price to NAV per Share as at 30 June 2017 were 0.30x and 69.9%, respectively.

The Offer Price to NTA per Share ("**P/NTA**") and the discount of the Offer Price to NTA per Share as at 30 June 2017 were 0.33x and 66.8%, respectively.

9.3.2 Net Cash Position analysis

	Unaudited 1H2017
Cash and Bank balances (US$'000)	**9,912**
Less: Borrowings (US$'000)	1,959
Net Cash Position (US$'000)	**7,953**
Number of ordinary Shares of the Company ('000)(excluding treasury Shares[(2)])	25,333
Net Cash Per Share (US$'000)	0.31
US$:S$	1.3762[(3)]
Net Cash Per Share (S$'000)	**0.43**
Offer Price(S$)	0.90
Offer Price to Net Cash per Share (x)	**2.08**
Premium of Offer Price to Net Cash per Share (%)	108.3%

Notes:

1. *Figures and computations above are subject to rounding.*
2. *Based on Lafe Corporation Limited 1H2017 interim financial results announced on 31 July 2017.*
3. *Bloomberg exchange rate as at 30 June 2017.*

For illustrative purposes only, the Offer Price to Net Cash per Share and the premium of the Offer Price to Net Cash per Share as at 30 June 2017 were 2.08x and 108.3%, respectively.

9.3.3 Revalued NAV and Revalued NTA of the Group

In our evaluation of the financial terms of the Offer, we have also considered whether there are any assets which may be valued at an amount that is materially different from what was recorded in the balance sheet of the Group as at 30 June 2017.

As mentoned under section 9.1.2 above, the Group's assets comprised mainly non-trade receivable from a related party (65.2% of total assets as at 30 June 2017), cash and cash equivalents (15.0%), trademark (7.8%) and property held for sale (7.5%).

The Group had commissioned AVA Associates Limited ("**AVA Associates**"), an independent professional valuer, to perform a review of the value of balance sheet items belonging to Company as at 30 June 2017. The purpose of this engagement was to assist the Company in their assessment of the revalued net asset value of the Company. AVA Associate's work consisted of a review and comment on the value of balance sheet items (the "**Revalued Assets**"), as to the reasonableness of the stated value of the following items: (i) trademarks; (ii) non-trade receivable from a related party; (iii) provisions and (iv) property held for sale (which is the Group's office premises at 57 Cantonment Road Singapore 089755 ("**Property Held for Sale**")). An extract of the valuation report from AVA Associates dated 29 August 2017 (the "**Valuation Report**") is set out in **Appendix VI** to the Circular.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation.

The Group does not expect to incur any tax liability on the sale of the assets comprising (i) trademarks and (ii) non-trade receivable from a related party, which are the subject of the Valuation Report. Shareholders should note that, as at the Latest Practicable Date, the Company has no intention to sell these assets.

As stated on 30 May 2017, the Company announced that the Company had on 29 May 2017 granted an option to purchase to NHT Management Pte Ltd for the sale of the Property Held for Sale at a cash sale price of S$7.03 million (equivalent to US$4.88 million). The transaction is scheduled to complete on 12 September 2017. The Company has advised that in a hypothetical scenario where the Property Held for Sale was to be sold at the amount of valuation stated in the Valuation Report, the Company estimates that it will incur no tax liability for the sale of the Property Held for Sale, as the property has been held and utilised as a business asset and in that case any gain of a capital nature is not assessable to tax under Singapore tax legislation.

For illustrative purposes only, we have presented the net book value and the fair valuation amount of the Revalued Assets as at 30 June 2017 in the following table:

Table 4:

US$'000	**Unaudited(1) 30-Jun-17**	**Revalued(1) 30-Jun-17**
ASSETS		
Non-Current Assets:		
Property, plant and equipment	343	343
Trademark	5,187	4,700
Goodwill	–	–
Available-for-sale financial assets	8	8
Non-trade receivable from a related party	43,093	43,093
Other non-current assets	239	239
Current Assets:		
Investment property	–	–
Trade and other receivables	2,029	2,029
Other current assets	344	344
Non-trade receivable from a related party	–	–
Cash and cash equivalents	9,912	9,912
Property held for sale	4,967	4,967
Total Assets	**66,122**	**65,635**
LIABILITIES		
Non-Current Liabilities:		
Bank loans	1,769	1,769
Provisions	4,494	4,234
Deferred tax liabilities	770	770
Current Liabilities:		
Trade and other payables	1,951	1,951
Bank loans	190	190
Provisions	1,858	1,858
Non-trade payables to related parties	10	10
Tax payable	27	27
Total Liabilites	**11,069**	**10,809**
NAV/RNAV (US$'000)	**55,053**	**54,826**
NTA/RNTA (US$'000)	**49,866**	**50,126**
US$:S$ as at 30 June 2017	1.376(2)	
Number of issued shares of the Company (as at the Latest Practicable Date)		25,333,333
RNAV per Share (S$)		2.978
RNTA per Share (S$)		2.723
Offer Price (S$)		0.90
Offer Price to RNAV per Share (x)		**0.302**
Discount of Offer Price to RNAV per Share (%)		69.78
Offer Price to RNTA per Share (x)		**0.331**
Discount of Offer Price to RNTA per Share (%)		67.95

Notes:

1. *Figures and computations above are subjected to rounding.*

2. *Bloomberg exchange rate as at 30 June 2017*

For illustrative purposes only, the Offer Price to RNAV per Share ("**P/RNAV**") and the discount of the Offer Price to RNAV per Share as at 30 June 2017 were 0.302x and 69.8% respectively.

The Offer Price to RNTA per Share ("**P/RNTA**") and the discount of the Offer Price to RNTA per Share as at 30 June 2017 were 0.331x and 68.0% respectively.

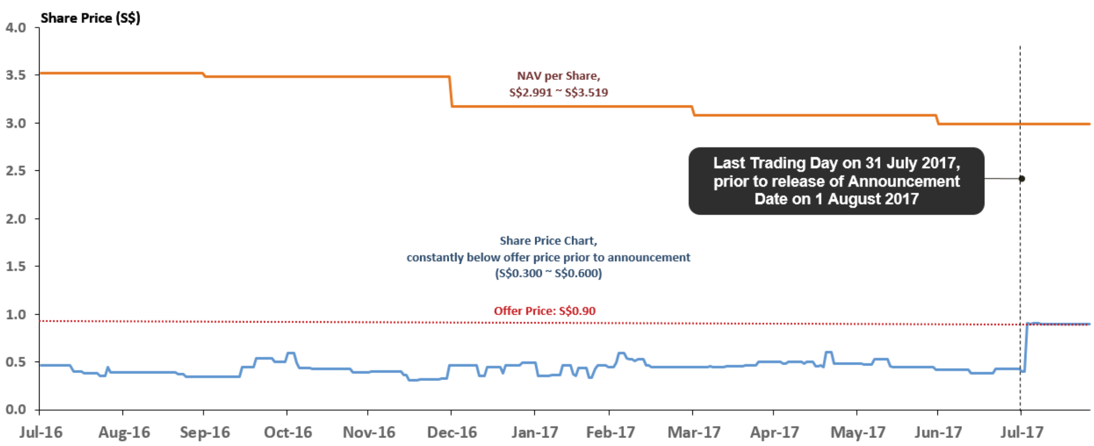
Except for the Revalued Assets identified above, the Directors and the Management of the Company had confirmed that, to their best knowledge and belief, as at the Latest Practicable Date, on aggregate basis, there are no material differences between the estimated fair value of the other assets for which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

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

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

We have compared the historical Share prices of the Company and the Offer Price against the trailing NAV per Share of the Group over the 12- month period prior to the Last Trading Day, as shown below:

Chart 2: Historical Share Prices of the Company against its trailing NAV per Share



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

Based on Chart 2 above, we noted the closing Share Prices of the Company had been trading below its NAV per Share in the past 12 months prior to and including the Last Trading Day, at a discount between 80.5% and 91.3%.

Shareholders should note that the computation above is solely for illustration purposes as the NAV may not be fully realisable at its book value or revalued value, especially within a short time frame, and the market value of these assets may vary depending on, amongst others, the prevailing market and economic conditions and whether a buyer can be found for such assets. Also, we wish to highlight that the NAV of the Group may deteriorate further if the Group continues to incur losses after 30 June 2017.

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

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

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

9.4 Relative Valuation Analysis

In assessing the reasonableness of the Offer Price, we have also considered the financial performance, financial position and valuation statistics of selected comparable companies listed on the SGX-ST ("**Comparable Companies**") that may, in our view, be broadly comparable to the Property Development segment. We have selected Comparable Companies in the Property Development segment with market capitalisation of below S$175.0 million.

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

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

9.4.1 Comparable Companies

Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S$ million)	Principal activities
CWG International Ltd. (SGX:ACW)	99.3	CWG International Ltd. engages in the development of real estate properties. The company's portfolio comprises residential and commercial properties in the Yangtze River Delta Region, including Shanghai, Suzhou, Nanjing, and Wuhan in the People's Republic of China; Brisbane and Sydney in Australia; and Los Angeles and Dallas in the United States. It is also involved in other areas of the real estate value chain, such as real estate investment, township planning, project management, and building maintenance services. The company was formerly known as Chiwayland International Limited and changed its name to CWG International Ltd. in November 2016. CWG International Ltd. was founded in 2002 and is based in Singapore with offices in Shanghai, Sydney, and Los Angeles.
Emerging Towns & Cities Singapore Ltd. (Catalist:1C0)	73.1	Emerging Towns & Cities Singapore Ltd. develops and sells residential and commercial properties in the People's Republic of China. It also invests in and rents properties. The company was formerly known as Cedar Strategic Holdings Ltd. and changed its name to Emerging Towns & Cities Singapore Ltd. in February 2017. Emerging Towns & Cities Singapore Ltd. was incorporated in 1980 and is based in Singapore.
Goodland Group Limited (SGX:5PC)	90.2	Goodland Group Limited, an investment holding company, engages in the real estate development activities in Singapore and Malaysia. It operates through Property Development, Construction, and Property Investment segments. The company develops and sells properties; constructs residential and commercial properties; and invests in properties. It also operates as a general building contractor; and offers housekeeping, cleaning, and maintenance services, as well as engages in the upgrading works. The company was incorporated in 1993 and is headquartered in Singapore.
Heeton Holdings Limited (SGX:5DP)	157.7	Heeton Holdings Limited, an investment holding company, engages in the property development and property investment, and hospitality activities in Singapore and the United Kingdom. The company develops and sells private residential properties; and leases residential, retail, and commercial properties. It also operates hotels; and provides property management, and administrative and management services. The company was founded in 1976 and is based in Singapore.
Imperium Crown Limited (Catalist:5HT)	86.0	Imperium Crown Limited, an investment holding company, engages in the property investment and development activities in Japan and Singapore. The company's property portfolio includes residential, retail, and office properties. It is also involved in real estate agency activities. The company was formerly known as Communication Design International Limited and changed its name to Imperium Crown Limited in June 2015. Imperium Crown Limited was founded in 1995 and is based in Singapore.

Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S$ million)	Principal activities
LHN Limited (Catalist:41O)	64.2	LHN Limited, an investment holding company, provides real estate management services in Singapore, Indonesia, Thailand, and Myanmar. It operates through Industrial, Commercial, Residential, Logistics, Facilities Support, and Investment Holding segments. The company leases and manages industrial spaces, such as warehouses, storages, and factory spaces; commercial spaces consisting of offices, serviced offices, sports and recreation centers, lifestyle hubs, enrichment and tuition centers, retail spaces, and food and beverage establishments; and residential spaces, including private condominiums and public housing. It also offers flexi desk, virtual office, meeting and conference, and SOHO services, as well as serviced office spaces; and facilities management services, including facilities, carpark, and security management services to commercial, industrial, and residential properties. In addition, the company provides transportation and container depot services through a fleet of prime movers, trailers, oil tankers, ISO tankers, and trucks that handle various container trucking, oil and oil-related, and petro-chemical products. Further, it is involved in the sale of furniture; and the provision of public relations consultancy and Web portal services, as well as renovation and general contracting services. The company was founded in 1991 and is headquartered in Singapore. LHN Limited operates as a subsidiary of Hean Nerng Group Pte. Ltd.
Pollux Properties Ltd. (Catalist:5AE)	38.9	Pollux Properties Ltd., an investment holding company, operates as a property developer in Singapore. The company operates through Property Development and Property Investment segments. The Property Development segment acquires and develops residential and commercial properties for sale. The Property Investment segment rents properties, as well as operates serviced apartments. The company was formerly known as Shining Corporation Ltd. and changed its name to Pollux Properties Ltd. in June 2010. Pollux Properties Ltd. was incorporated in 1999 and is based in Singapore. Pollux Properties Ltd. is a subsidiary of Pollux Holdings Pte. Ltd.
Sing Holdings Limited (SGX:5IC)	156.4	Sing Holdings Limited, an investment holding company, engages in the property development activities in Singapore. The company develops and leases residential and commercial properties. Its property portfolio includes landed houses, apartments, condominiums, office and industrial buildings, factories, and warehouses. Sing Holdings Limited was founded in 1964 and is based in Singapore.

Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S$ million)	Principal activities
TEE Land Limited (SGX:S9B)	84.9	TEE Land Limited, an investment holding company, operates as a real estate developer and investor in Singapore, Malaysia, Thailand, Australia, and New Zealand. The company engages in identifying, acquiring, designing, developing, launching, and offering various properties to consumers and businesses. It undertakes residential, commercial, and industrial property development projects; invests in properties, such as hotels in Australia; and provides short-term accommodation in New Zealand. The company was incorporated in 2012 and is based in Singapore. TEE Land Limited operates as a subsidiary of TEE International Limited.
Top Global Limited (SGX:BHO)	67.5	Top Global Limited, an investment holding company, engages in property development and investment in real estate related businesses in Singapore and internationally. The company operates through Property Development, Hospitality Management, Facility Management, and Investment and Others segments. It is also involved golf and country club, hotel, and water theme park operations; and provision of property and facility management, and educational services. Top Global Limited was incorporated in 1980 and is headquartered in Singapore.

Source: Bloomberg as at Latest Practicable Date

The following tabulates the key financial ratios for comparison of financial performance for the past 12-month period ended 30 June 2017 ("**T12**") and financial position as at 30 June 2017 for the Comparable Companies and the Group:

Table 5: Financial Performance and debt position of the Group and the Comparable Companies

Comparable Companies	T12 ROE(1) (%)	T12 Net profit/loss margin(2) (%)	T12 Asset turnover(3) (x)	Total liabilities/ shareholders' equity (x)	Total borrowings/ shareholders' equity (x)	Net Debt/ Cash Position(4)
CWG International Ltd.	8.6	2.7	0.3	9.3	5.5	Net Debt
Emerging Towns & Cities Singapore Ltd.	12.8	7.8	0.4	2.8	0.9	Net Debt
Goodland Group Limited	(0.7)	(2.2)	0.2	0.8	0.6	Net Debt
Heeton Holdings Limited	4.7	21.9	0.1	1.1	0.9	Net Debt
Imperium Crown Limited	(20.2)	(218.1)	0.0	0.9	0.8	Net Debt
LHN Limited	14.8	9.7	0.9	0.8	0.3	Net Debt
Pollux Properties Ltd.	4.8	8.6	0.3	1.2	0.8	Net Debt
Sing Holdings Limited	3.0	14.3	0.1	0.9	0.9	Net Debt
TEE Land Limited	(0.6)	(1.1)	0.2	1.4	1.1	Net Debt
Top Global Limited	(3.2)	(12.4)	0.2	0.3	0.2	Net Debt
High	14.8	21.9	0.9	9.3	5.5	
Low	(20.2)	(218.1)	0.0	0.3	0.2	
Median	3.8	5.3	0.2	1.0	0.9	
Simple Average	2.4	(16.9)	0.3	2.0	1.2	
The Group	**(18.2)**	**(88.7)**	**0.2**	**0.2**	**0.0**	**Net Cash**

Source: Bloomberg as at the Latest Practicable Date, annual reports and the unaudited interim financial statements of the Comparable Companies.

Notes:

1. *The T12 Return on Equity ("**ROE**") was calculated based on the ratio of the T12 net profit after tax attributable to the shareholders to the shareholders' equity exclude minority interest as at the end of the latest published financial quarter of the respective companies.*

2. *T12 net profit/loss margin was calculated based on the ratio of T12 net profits/losses after tax attributable to shareholders to the T12 revenue of the respective companies.*

3. *T12 asset turnover was calculated based on the ratio of the T12 revenue to the total assets as at as at the end of the latest published financial quarter of the respective companies.*

4. *The Net Debt is the sum of all short-term and long-term debt less the total cash and cash equivalents as at the end of the latest published financial quarter. Net cash, in the context of this Letter, represents as a positive cash position after deducting total debt from cash and its short-term equivalents.*

Based on Table 5, we noted the following:

(i) the Group's T12 ROE and T12M net profit/loss margin were negative and within the range but below the median (less favourable) of the Comparable Companies;

(ii) the Group's T12 Asset turnover of 0.2x was within the range and equal to the median of the Comparable Companies;

(iii) the Group's total liabilities to shareholders' equity ratio and total borrowings to shareholders' equity ratio of 0.2x and 0.0x below the range (more favourable) of the Comparable Companies; and

(iv) the Group was in a net cash position.

Table 6: Valuation Statistics of the Group and the Comparable Companies

Comparable Companies	Financial period	Market Capitalisation (S$ million)	T12 PER[(1)] (x)	T12 EV/ EBITDA[(2)] (x)	P/NAV[(3)] (x)
CWG International Ltd.	30-Jun-17	99.3	3.7	11.6	0.6
Emerging Towns & Cities Singapore Ltd.	30-Jun-17	73.1	6.1	3.1	1.3
Goodland Group Limited	30-Jun-17	90.2	n.m.	264.9[(5)]	0.5
Heeton Holdings Limited	30-Jun-17	157.7	9.7	62.6	0.5
Imperium Crown Limited	31-Dec-16	86.0	n.m.	n.m.	1.6
LHN Limited	30-Jun-17	64.2	6.3	7.0	0.9
Pollux Properties Ltd.	31-Mar-17	38.9	15.1	325.8[(5)]	0.7
Sing Holdings Limited	30-Jun-17	156.4	19.7	41.7	0.6
TEE Land Limited	31-May-17	84.9	n.m.	21.5	0.5
Top Global Limited	30-Jun-17	67.5	n.m.	n.m.	0.2
High			19.7	62.6	1.6
Low			3.7	3.1	0.2
Median			8.0	16.5	0.6
Simple Average			10.1	24.6	0.7
The Group (implied by the Offer Price)	**30-Jun-17**	**22.8[(4)]**	**n.m.**	**n.m.**	**0.3**

Source: Bloomberg as at Latest Practicable Date, annual reports and the unaudited interim financial statements of the Comparable Companies.

Notes:

1. *T12 Price-Earnings Ratio ("**PER**") was calculated based on the ratio of market capitalisation as at Latest Practicable Date to T12 net profits after tax attributable to shareholders of the respective companies.*

2. *The Enterprise Value ("**EV**") was calculated based on the sum of the companies' market capitalisation as Latest Practicable Date, preferred equity, minority interests, short and long term debts less cash and cash equivalents. The T12 Earnings before Interest, Tax, Depreciation and Amortisation ("**EBITDA**") is computed based on the trailing 12 months period ending on the latest financial quarter for which financial results have been published.*

3. *The Price to NAV ("**P/NAV**") was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to the NAV attributable to shareholders of the respective companies.*

4. *Based on offer price of S$0.90.*

5. *Excluded from the EV/EBITDA analysis as it is an outlier.*

6. *n.m. denotes not meaningful.*

Based on Table 6, we noted the following:

(i) the Group's T12 PER and T12 EV/EBITDA were negative as the Group incurred a net loss attributable to Shareholders of US$9.8 million and a negative EBITDA of US$11.2 million for FY2016; and

(ii) the Group's Offer Price to RNAV multiple of 0.3x based on the Group's unaudited RNAV as at 30 June 2017 was within the range but at the lower end of the range and below (less favourable) the median of the corresponding ratios of the Comparable Companies.

9.5 Precedent Privatisation Transactions Analysis

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

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

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

Table 7: Valuation Statistics of Precedent Privatisation Transactions

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

Company	Type	Ann Date	Offer Price (S$)	Premium/ (discount) over the Last transacted price prior to ann date (%)	1-month VWAP prior to ann date (%)	3-month VWAP prior to ann date (%)	Offer Price to NTA/ NAV (x)
China Diary Group Ltd.	VD	12-Apr-16	0.20	87.7	96.4	82.5	1.1[(9)]
Pteris Global Limited	VGO	21-Apr-16	0.74	33.9	38.0	44.1	1.2[(10)]
China Merchants Holdings (Pacific) Limited	VGO	9-May-16	1.02	22.9	21.8	25.3	1.1[(11)]
Eu Yan Sang International Ltd	VGO	16-May-16	0.60	2.6	8.5	16.5	1.7[(12)]
Otto Marine Limited	VD	2-Jun-16	0.32	39.1	44.8	43.5	2.3[(13)]
SMRT Corporation Ltd	SOA	15-Jul-16	1.68	8.7	10.8	10.7	2.8[(14)]
Sim Lian Group Limited	VGO	8-Aug-16	1.08	14.9	16.6	19.5	0.8[(15)]
China Minzhong Food Corporation Limited	VGO	6-Sep-16	1.20	25.0	24.8	23.1	0.7[(16)]
Aztech Group Ltd.	VD	19-Sep-16	0.42	29.2	38.6	21.0	0.4[(17)]
China New Town Development Company Limited	VD	18-Oct-16	0.07	18.6	20.5	27.0	0.9[(18)]
China Auto Electronics Group Limited	MGO	24-Oct-16	0.16	23.1	50.9	65.0	1.3[(19)]
Innovalues Limited	SOA	26-Oct-16	1.01	13.5[(21)]	19.0[(21)]	21.6[(21)]	3.7[(20)]
ARA Asset Management Limited	SOA	8-Nov-16	1.78	26.2	29.6	30.3	3.1[(22)]
Advanced Integrated Manufacturing Corp. Ltd.	VD	24-Nov-16	0.21	22.8	20.7	20.7	0.7[(23)]
Sunmart Holdings	VD	30-Nov-16	0.07	n.m[(33)]	n.m[(33)]	n.m[(33)]	0.9[(24)]
Auric Pacific Group Limited	VGO	7-Feb-17	1.65	13.4	17.7	23.8	1.5[(25)]
Kingboard Copper Foil Holdings Limited	VGO	3-Mar-17	0.40	19.9	28.3	32.9	0.6[(26)]
Spindex Industries Limited	MGO	3-Mar-17	0.85	21.4	20.9	23.4	1.0[(27)]

Company	Type	Ann Date	Offer Price (S$)	Premium/(discount) over the Last transacted price prior to ann date (%)	Premium/(discount) over the 1-month VWAP prior to ann date (%)	Premium/(discount) over the 3-month VWAP prior to ann date (%)	Offer Price to NTA/NAV (x)
Top Global Limited	VGO	28-Mar-17	0.33	50.0	65.0	65.0	0.3[28]
Tee International Limited	SOA	1-Apr-17	0.22	12.6	13.8	12.0	1.3[29]
Nobel Design Holdings Ltd	MGO	2-May-17	0.51	8.5	9.4	15.9	0.7[30]
Changtian Plastic & Chemical Limited	VGO	29-May-17	1.30	45.3	46.6	48.2	0.4[31]
China Flexible Packaging Holdings Limited	VGO	19-Jun-17	1.25	23.2	24.3	28.2	0.4[32]
High			3.25	87.7	96.4	98.4	3.9
Low			0.03	2.6	8.5	10.7	0.3
Median			0.60	23.4	29.0	31.6	1.1
Simple Average			0.80	27.6	33.8	35.7	1.4
The Group	**VGO**	**1-Aug-17**	**0.90**	**125.0**	**127.0**	**103.9**	**0.3**

Source: Circulars of the respective selected transactions

Notes:

1. *Based on the NTA per share of HTL International Holdings Limited as at 31 December 2015;*

2. *Based on the NTA per share of Lantrovision (S) Ltd as at 31 December 2015;*

3. *Based on the revalued NAV per share of China Yongsheng Limited as at 31 December 2015;*

4. *Based on the revalued NAV per share of Xinren Aluminium Holdings Limited as at 31 December 2015;*

5. *Based on the final offer price of S$1.39 per share announced on 5 April 2016 and the audited NAV per share of OSIM International Ltd as at 31 December 2015;*

6. *Based on the NTA per share of Select Group Limited as at 31 December 2015;*

7. *Based on the midpoint of the P/NAV range of GMG Global Limited of 0.72-0.77 as at 31 December 2015 implied by the respective Halcyon Agri Corporation Limited (offeror) VWAP for the 1, 3 and 6 month periods prior to the pre-conditional Offer Announcement Date as of 28 March 2016;*

8. *Based on the NAV per share of Xyec Holdings Co., Ltd. as at 30 September 2015;*

9. *Based on RNAV per share of China Dairy Group Ltd. as at 31 December 2015;*

10. *Based on the final offer and RNTA per share of Pteris Global Limited as at 31 March 2016;*

11. *Based on the revalued NAV per share of China Merchants Holdings (Pacific) Limited as at 31 March 2016;*

12. *Based on the revalued NAV per share of Eu Yan Sang International Ltd as at 31 March 2016;*

13. *Based on the revalued NTA per share of Otto Marine Limited as at 31 March 2016;*

14. *Based on the NTA per share of SMRT Corp Ltd as at 30 June 2016;*

15. Based on the revalued NAV per share of Sim Lian Group Limited as at 30 June 2016;

16. Based on the NTA per share of China Minzhong Food Corporation Limited as at 30 September 2016;

17. Based on the RNTA per share of Aztech Group Ltd. as at 30 June 2016;

18. Based on the NAV per share of China New Town Development Company Limited as at 30 September 2016;

19. Based on the NTA per share of China Auto Electronics Group Limited on a diluted basis (after bond conversion) as at 30 June 2016;

20. Based on the NTA per share of Innovalues Limited as at 30 September 2016;

21. The market premia were computed based on prices prior to the holding Offer Announcement Date (7 April 2016) when the company first announced that it has appointed a financial adviser to conduct a review of the strategic options available to the company with a view to enhancing and unlocking shareholder value;

22. Based on the NAV per share of ARA Asset Management Limited as at 31 December 2016;

23. Based on the RNTA per share of Advanced Integrated Manufacturing Corp. Ltd. As at 30 September 2016;

24. Based on the NAV per share of Sunmart Holdings Limited as at 30 September 2016;

25. Based on the RNTA per share of Auric Pacific Group Limited as at 31 December 2016;

26. Based on the RNTA per share of Kingboard Copper Foil Holdings Limited as at 31 December 2016;

27. Based on the RNTA per share of Spindex Industries Limited as at 31 December 2016;

28. Based on the RNAV per share of Top Global Limited as at 31 December 2016;

29. Based on the RNAV per share of Tee International Limited as at 28 February 2017 based on the sum-of-parts valuation of the Group except for the real estate division which is primarily based on marked-to market value of the Group's holdings of Tee Land;

30. Based on the RNTA per share of Nobel Design Holdings Ltd as at 31 March 2017;

31. Based on the RNTA per share of Changtian Plastic & Chemical Limited as at 31 March 2017;

32. Based on the RNTA per share of China Flexible Packaging Holdings Limited as at 31 March 2017; and

33. n.m. denotes not meaningful.

Based on Table 7, we noted that:

(i) the premiums of 125.0%, 127.0% and 103.9% for the Group as implied by the Offer Price over the last transacted price, one-month and three-month VWAP for the Shares prior to the Offer Announcement Date, respectively, are above the comparable range (favourable) of the corresponding ratios of the Precedent Privatisation Transactions.

(ii) The Group's Offer Price to RNAV multiple of 0.3x based on the Group's unaudited RNAV as at 30 June 2017 was within range but at the lower end of the range and below the median (less favorable) of the corresponding ratios of the Precedent Privatisation Transactions.

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

9.6 Intention of the Offeror regarding Listing Status

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

i) in the event that if the percentage of the total number of issued Shares (excluding Shares held in treasury) held in public hands falls below 10% (the **"Free Float Requirement"**), the Offeror intends to exercise its right under the Bermuda Companies Act to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from SGX-ST; and

ii) in the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.

9.7 Dividend Track Record of the Company

We noted that the Company did not pay any dividend for the past 5 financial years, with the last dividend distribution made for the financial year ended 31 December 2011 of US$0.50 cents per ordinary share.

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 Compay's cash and financial position, financial performance of the Group, working capital requirements, projected capital expenditure and other investment plans.

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.

9.8 Other Relevant Considerations

9.8.1 No Competing Offer Received

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

9.8.2 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.

9.8.3 Company placed on watch-list

As announced on 3 June 2016, following the notice of 3 consecutive years' losses released by the Company, SGX-ST notified the Company that it will be placed on the watch-list with effect from 3 June 2016.

The Company will have to fulfil the requirements under Rule 1314 of the SGX-ST Listing Manual for its removal from the watch-list within 36 months from 3 June 2016, **failing which SGX-ST would delist the Company or suspend trading of the Company's shares with a view to delisting the Company.**

10 SUMMARY OF ANALYSIS

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

(a) Rationale for the Offer

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

In particular, we noted that the Offeror is making the Offer with a view to delisting and privatising the Company. We also noted that the Offer provides an opportunity for Shareholders to realise their investment in the Shares at a premium.

(b) Financial performance and position of the Group

Declining financial performance of the Group and net losses incurred for 1H2017

The Group had registered 3 consecutive years of net losses attributable to shareholders between FY2014 to FY2016 and the Group's net losses during 1H2017 was US$331,000.

Decreasing Net Asset and Working Capital

We noted that while the Group had maintained a positive cash position and working capital during the period under review, the net working capital of the Group declined from US$92.5 million as at 31 December 2014 to US$8.2 million as at 30 June 2017. Net assets of the Group declined from US$104.6 million as at 31 December 2014 to US$55.1 million as at 30 June 2017.

(c) Historical Share price performance and trading liquidity

Period before 1 February 2016

For the period before 1 February 2016, the Company's closing Share Prices were generally above the Offer Price but at a downward trend since its peak Share Price of S$1.50 recorded in September 2015.

Period after 1 February 2016 up to Last Trading Day

Between 1 February 2016 and up to the Last Trading Day, the Shares were mostly trading below Offer Price at a range between S$0.305 to S$0.860. We noted that this period corresponded to the decline in the financial performance of the Group, registering losses for consecutive quarters since 1st quarter of 2015 with the exception of 1st quarter of 2016 and 1st quarter of 2017 whereby the Group registered net profits of US$1.9 million and US$0.6 million respectively. The Group's losses were mainly due to the slowdown in property rental income, decrease in service income in the Vigers operations and impairments made to the carrying value of the Group's goodwill and trademark.

Low trading volume for the Shares

We noted that the trading volume of the Shares on SGX-ST had generally been low and the Shares of the Company only traded 93 out of the total 252 Market Days during the period from 1 August 2016 to the Last Trading Day. Average daily trading volume during this period is approximately 1,941 Shares, which represents 0.008% of the issued Share capital as at the Last Trading Day or approximately 0.02% of the Free-float as at the Last Trading Day.

Liquidity of the Shares against SGX-ST listed small capitalisation companies

We noted that the average daily trading volume of the Shares of 0.02%, 0.03% and 0.03% of its free float for 12-month, 6-month and 3-month, respectively. The 12-month average daily trading volume of the Shares of its free float were only higher than 2 of the top 10 constituents of FTSE ST Fledging Index prior to the Offer Announcement Date. It was approximately 87.6% lower than the simple average daily trading volume of 0.18% for the top 10 constituents in the FTSE ST Fledging Index as at 31 July 2017 for the 12-month period.

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

(d) The Group's NAV, NTA, Net Cash Position, RNAV and RNTA

Offer Price to NAV, NTA, RNAV and RNTA

The Group's P/NAV and P/NTA were approximately 0.30x and 0.33x, respectively. The Group's P/RNAV and P/RNTA was approximately 0.30x and 0.33x.

Historical Share Price had consistently been trading at discount to NAV per Share

We noted the closing Share Prices of the Company had been trading below its NAV per Share in the past 12 months prior to and including the Last Trading Day, at a discount between 80.5% and 91.3%.

Offer Price to Net Cash Position

The Group has a Net Cash per Share of S$0.43 as at 30 June 2017. The Offer Price to Net Cash per Share and the premium of the Offer Price to Net Cash per Share as at 30 June 2017 were 2.08x and 108.3%, respectively.

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

The Group's Offer Price to RNAV multiple of 0.3x based on the Group's unaudited RNAV as at 30 June 2017 was within the range but at the lower end of the range and below (less favourable) the median of the corresponding ratios of the Comparable Companies.

The Group's Offer Price to RNAV multiple of 0.3x based on the Group's unaudited RNAV as at 30 June 2017 was within range but at the lower end of the range and below the median (less favourable) of the corresponding ratios of the Precedent Privatisation Transactions.

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

Shareholders should note that the NAV may not be fully realisable at its book value or revalued value, especially within a short time frame, and the market value of these assets may vary depending on, amongst others, the prevailing market and economic conditions and whether a buyer can be found for such assets. Also, we wish to highlight that the NAV of the Group may deteriorate further if the Group continues to incur losses after 30 June 2017.

(e) Relative valuation analysis

The Group's T12 PER and T12 EV/EBITDA were negative as the Group incurred a net loss attributable to Shareholders of US$9.8 million and a negative EBITDA of US$11.2 million for FY2016.

The Group's T12 ROE and T12M net profit/loss margin were negative and within the range but below the median (less favourable) of the Comparable Companies.

The Group's total liabilities to shareholders' equity ratio and total borrowings to shareholders' equity ratio of 0.2x and 0.0x were below the range (more favourable) of the Comparable Companies and the Group was in a net cash position.

(f) Comparison against Precedent Privatisation Transactions

<u>The premium of the Offer Price over Historical Share Prices is more favourable and above the range of Precedent Privatisation Transactions</u>

We noted that the premiums of 125.0%, 127.0% and 103.9% for the Group as implied by the Offer Price over the last transacted price, one-month and three-month VWAP for the Shares prior to the Offer Announcement Date, respectively, are above the comparable range (favourable) of the corresponding ratios of the Precedent Privatisation Transactions.

(g) Intention of the Offeror regarding Listing Status

We noted that the Offeror had stated that in the event the Company does not meet the Free Float Requirement, the Offeror intends to exercise its right under the Bermuda Companies Act to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from SGX-ST.

In addition, in the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted. The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company.

(h) Dividend Track Record of the Company

We noted that the Company did not pay any dividend for the past 5 financial years, with the last dividend distribution made for the financial year ended 31 December 2011. 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 Compay's cash and financial position, financial performance of the Group, working capital requirements, projected capital expenditure and other investment plans.

(i) Other Relevant Considerations

<u>No competing offer received</u>

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

<u>Transaction costs in connection with the disposal of the Shares</u>

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.

<u>Watch-list status of the Company</u>

The Company will have to fulfil the requirements under Rule 1314 of the SGX-ST Listing Manual for its removal from the watch-list within 36 months from 3 June 2016, **failing which SGX-ST would delist the Company or suspend trading of the Company's shares with a view to delisting the Company.**

11 RECOMMENDATION AND CONCLUSION

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

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

i) the Offer Price is at a discount of 69.8% to the RNAV per Share of the Group as at 30 June 2017;

ii) the P/RNAV of 0.30x as implied by the Offer Price is within the range but at the lower end of the range and below the median of the corresponding ratios of the Comparable Companies; and

iii) the P/RNAV of 0.30x as implied by the Offer Price is within the range but at the lower end of the range and below the median of the corresponding ratios of the Precedent Privatisation Transactions.

Although we noted that the premiums of 125.0%, 127.0% and 103.9% as implied by the Offer Price over the last transacted Share price, one-month VWAP and three-month VWAP, respectively is above the range of the corresponding ratios of the Precedent Privatisation Transactions.

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

i) the rationale for the Offer appear to be based on sound commercial grounds;

ii) the Offer Price is at a premium over the last transacted Share price and VWAP;

iii) the declining financial performance of the Group and net losses incurred for 3 consecutive years between FY2014 to FY2016 and net loss for 1H2017;

iv) the trading volume of the Shares had generally been low in the past 12 months prior to the Offer Announcement Date and ending on the Latest Practicable Date and the Offer will provide an exit option for those Shareholders who wish to realise their investments in the Shares but find it difficult to do so as a result of the low trading liquidity;

v) the Group's performance ratio was less favourable compared to the Comparable Companies although its debt position was more favourable compared to the Comparable Companies;

vi) the Company did not pay any dividend for the past 5 financial years, with the last dividend distribution made in FY2011 and the Directors have confirmed that the Company does not have a fixed dividend policy;

vii) there is no publicly available evidence of any alternative offer for the Shares from any third party; and

viii) the watch-list status of the Company.

Accordingly, on the balance of the above factors, we advise the Independent Directors to recommend that Shareholders ACCEPT the Offer to realise their investment in the Company or sell their Shares on the open market if they can obtain a price higher than the Offer Price (after deducting expenses).

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

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each 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 broker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

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

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

ANG LIAN KIAT
MANAGING DIRECTOR

YAP YEONG KEEN
MANAGING DIRECTOR

1. DIRECTORS

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

Name	Address	Designation
Christopher Ho Wing-On	c/o 57 Cantonment Road Singapore 089755	Chairman
Will, Eduard William Rudolf Helmuth	c/o 57 Cantonment Road Singapore 089755	Deputy Chairman and Independent and Non-Executive Director
Kenny Suen Wai Cheung	c/o 57 Cantonment Road Singapore 089755	Executive Director, Operations
Paul Law Kwok Fai	c/o 57 Cantonment Road Singapore 089755	Executive Director, Operations
Ricky Sim Eng Huat	c/o 57 Cantonment Road Singapore 089755	Independent and Non-Executive Director
Kin Yuen	c/o 57 Cantonment Road Singapore 089755	Independent and Non-Executive Director

2. BACKGROUND INFORMATION

The Company was incorporated on 8 April 1999 as an exempted company with limited liability in Bermuda under the Bermuda Companies Act with its registered office at Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda and principal place of business at 57 Cantonment Road, Singapore 089755. The Shares are listed on the Main Board of the SGX-ST. The Company is an investment holding company and the Group's operations comprise property investment, property development, property agency and consultancy services.

On 30 May 2017, the Company announced that the Company had on 29 May 2017 granted an option to purchase to NHT Management Pte Ltd for the sale of the Group's office premises at 57 Cantonment Road Singapore 089755 at a cash sale price of S$7.03 million (equivalent to US$4.88 million). The transaction is scheduled to be completed on 12 September 2017.

The Company announced on 3 June 2016 that following the notice of three (3) consecutive years' losses released by the Company, SGX-ST notified the Company that it will be placed on the watch-list with effect from 3 June 2016. The Company will have to fulfil the requirements under Rule 1314 of the Listing Manual for its removal from the watch-list within thirty-six (36) months from 3 June 2016, failing which SGX-ST would delist the Company or suspend trading of the Shares with a view to delisting the Company. The Company has been providing quarterly updates to Shareholders in this regard.

3. SHARE CAPITAL

3.1 **Issued and paid-up Shares.** As at the Latest Practicable Date, the Company has an authorised share capital of US$100,000,000 and an issued and paid-up share capital of US$50,666,666.00 comprising 25,333,333 Shares. The issued Shares are listed and quoted on the SGX-ST.

On 26 May 2015 the Company announced that it has completed a share consolidation exercise where every fifty (50) Shares of the Company was consolidated to one (1), fractional entitlement to be disregarded. Upon completion of the share consolidation exercise, the par value of the Shares increased from US$0.04 to US$2.00.

3.2 **No transfer restriction.** There is no restriction in the Bye-Laws on the right to transfer any Shares, which has the effect of requiring Shareholders, before transferring them, to first offer them for purchase to other Shareholders or to any other person.

3.3 **Shares issued since 31 December 2016.** As at the Latest Practicable Date, there has been no issue of new Shares by the Company since 30 December 2016, being the end of the last financial year of the Company.

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

3.5 **Rights in Respect of Capital, Dividends and Voting.** The rights of Shareholders in respect of capital, dividends and voting are contained in the Bye-Laws which is available for inspection at the Company's registered office at Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda as well as the office of the Company's Share Transfer Agent at 112 Robinson Road, #05-01, Singapore 068902. The relevant provisions in the Bye-Laws relating to the rights of Shareholders in respect of capital, dividends and voting have been extracted from the Bye-Laws and reproduced in **Appendix III** to this Circular.

4. DISCLOSURE OF INTERESTS

4.1 **Interests and Dealings of Company in Offeror Securities.** As at the Latest Practicable Date, neither the Company nor its subsidiaries:

(a) has any direct or deemed interests in any Offeror Securities; and

(b) has dealt for value in any Offeror Securities during the Reference Period.

4.2 **Interests and Dealings of Directors in Offeror Securities.** As at the Latest Practicable Date, none of the Directors:

(a) save as disclosed below, has any direct or deemed interests in any Offeror Securities; and

(b) has dealt in any Offeror Securities during the Reference Period.

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of US$2.00 comprising two (2) ordinary shares, which are held by Christopher Ho. He is also the sole director of the Offeror.

4.3 **Interests of Directors in Shares and Convertible Securities of the Company.** As at the Latest Practicable Date, none of the Directors, save as disclosed below, has any direct or deemed interests in Company Securities.

Interests of Directors in Shares:

Directors	**Direct Interest in Shares**		**Deemed Interest in Shares**	
	No. of Shares	**%(1)**	**No. of Shares**	**%(1)**
Christopher Ho Wing-On	–	–	15,269,623(2)	60.27

Notes:

(1) Calculated based on a total of 25,333,333 Shares in issue as at the Latest Practicable Date.

(2) Christopher Ho is deemed to have interests in these Shares: (a) as he is one of the beneficiaries of a discretionary trust which owns the entire issued capital of Clarendon Investments Capital Ltd (which owns directly 12,884,944 Shares), the entire issued capital of McVitie Capital Limited (which owns directly 2,304,500 Shares) and 73.65% of the issued capital of The Grande Holdings Limited (which owns indirectly 6,279 Shares), and (b) as, being the sole shareholder of the Offeror, he is deemed to have an interest in 73,900 Shares held by the Offeror as at the Latest Practicable Date.

4.4 **Dealings of Directors in Company Securities.** During the Reference Period, save as disclosed below, none of the Directors has dealt in any Company Securities.

Christopher Ho is deemed to have interests in Shares held by the Offeror and McVitie Capital Limited. The details of the dealings in Shares by the Offeror and McVitie Capital Limited during the Reference Period are set out below:

Name	Date of Transaction	No. of Shares Acquired	No. of Shares Sold	Transaction Price per Share (S$)
McVitie Capital Limited	2 August 2017	52,700	–	0.88890
McVitie Capital Limited	3 August 2017	133,400	–	0.89405
McVitie Capital Limited	4 August 2017	42,600	–	0.89500
McVitie Capital Limited	8 August 2017	5,400	–	0.89500
McVitie Capital Limited	10 August 2017	15,300	–	0.89500
McVitie Capital Limited	11 August 2017	6,700	–	0.89500
McVitie Capital Limited	14 August 2017	7,200	–	0.89500
McVitie Capital Limited	16 August 2017	3,300	–	0.89500
McVitie Capital Limited	17 August 2017	37,100	–	0.89500
McVitie Capital Limited	18 August 2017	800	–	0.89500
Offeror	21 August 2017	3,900	–	0.89500
Offeror	22 August 2017	32,500	–	0.89500
Offeror	23 August 2017	18,200	–	0.89500
Offeror	24 August 2017	19,200	–	0.89500
Offeror	25 August 2017	100	–	0.89500

4.5 **Interests and Dealings of the IFA in Company Securities.** As at the Latest Practicable Date, none of the IFA or funds whose investments are managed by the IFA on a discretionary basis:

(a) has any direct or deemed interests in any Company Securities; and

(b) has dealt in any Company Securities during the Reference Period.

4.6 **Intentions of the Directors in relation to the Offer.** Christopher Ho has a deemed interest in 15,189,444 Shares held by the Undertaking Shareholders. Pursuant to the Irrevocable Undertakings, the Undertaking Shareholders have undertaken to the Offeror, to *inter alia*, accept the Offer in respect of their Shares. Please refer to Section 5 of the Offer Document for further information on the Irrevocable Undertakings.

5. OTHER DISCLOSURES

5.1 **Directors' Service Contracts.** As at the Latest Practicable Date, there are no service contracts between any Director or proposed Director with the Company or any of its subsidiaries with more than twelve (12) months to run and which cannot be terminated by the employing company within the next twelve (12) months without paying any compensation. In addition, there are no service contracts entered into or amended between any Director or proposed Director, with the Company during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.2 **No Payment or Benefit to Directors.** As at the Latest Practicable Date, it is not proposed, in connection with the Offer, that any payment or other benefit be made or given to any Director or to any 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.

5.3 **No Agreement Conditional upon Outcome of Offer.** As at the Latest Practicable Date, 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.

5.4 **Material Contracts entered into by Offeror.** As at the Latest Practicable Date, save for the Irrevocable Undertakings, there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

6. FINANCIAL INFORMATION ON THE GROUP

6.1 Set out below is certain financial information extracted from the Company's annual reports for FY2014, FY2015 and FY2016 and from the 1H2017 Results. The audited consolidated financial statements for the Group for FY2016 together with the Independent Auditors' report and the 1H2017 Results are also set out in **Appendices IV and V** to this Circular respectively. The summary set out below should be read together with the audited consolidated financial statements and the unaudited consolidated financial statements for the relevant financial periods and related notes thereto, as set out in the Company's annual reports for FY2014, FY2015 and FY2016 and the Company's announcement on the 1H2017 Results.

6.2 **Consolidated Income Statements of the Group.**

	Audited	**Audited**	**Audited**	**Unaudited**
	FY2014 US$'000	**FY2015 US$'000**	**FY2016 US$'000**	**1H2017 US$'000**
Turnover	13,707	12,626	11,610	5,928
Exceptional items	–	–	–	–
(Loss)/profit before Tax	(60,720)	(36,804)	(10,903)	359
(Loss)/profit after Tax	(51,674)	(36,832)	(9,782)	343
Minority interest	–	–	–	–
Basic and diluted (loss)/earnings per share (US cents)	(221.46)	(153.91)	(38.61)	1.35
Dividend per Share (US$)	Interim: Nil Final: Nil	Interim: Nil Final: Nil	Interim: Nil Final: Nil	Interim: Nil

6.3 **Consolidated statement of financial position of the Group.**

	Audited	**Unaudited**
	As at 31 December 2016 US$'000	**As at 30 June 2017 US$'000**
Non-current assets	51,925	48,870
Current assets	15,070	17,252
Non-current liabilities	(7,750)	(7,033)
Current Liabilities	(3,861)	(4,036)
Net assets	**55,384**	**55,053**
Share capital	50,667	50,667
Reserves, Proposed dividend & Retained earnings	4,717	4,386
Non-controlling interests	**–**	**–**
Total equity	**55,384**	**55,053**

7. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in this Circular, and any other information on the Group which is publicly available (including without limitation, the announcements released by the Group on the SGX-ST including but not limited to the Company's annual report for FY2016 and the announcement on the 1H2017 Results), there have been no material changes to the financial position of the Group since 31 December 2016, being the date of the last audited accounts of the Group.

8. MATERIAL CHANGES IN INFORMATION

Save as disclosed in this Circular and save for publicly available information relating to the Company and the Offer, there have been no material changes 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.

9. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

9.1 **Significant Accounting Policies.** A summary of the significant accounting policies of the Group is set out in Note 4 of the audited consolidated financial statements of the Group for FY2016, which is reproduced in **Appendix IV** to this Circular.

Save as disclosed in this Circular and publicly available information on the Group, there are no significant accounting policies or any matter from the notes to the financial statements of the Group, which are of any major relevance for the interpretation of the financial statements of the Group.

9.2 **No Change in Accounting Policies.** The Company disclosed in its annual report for FY2016 that the Group had adopted all the new and revised IFRS issued by the International Accounting Standards Board and the IFRIC Interpretations that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies were made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC Interpretations. The adoption of these new/revised IFRS and IFRIC Interpretations did not have any material effect on the financial results or position of the Group and the Company.

Save as disclosed in this Circular and publicly available information on the Group, there are no changes in the accounting policies of the Group which will cause the financial information disclosed in this Circular to not be comparable to a material extent.

10. MATERIAL CONTRACTS WITH INTERESTED PERSONS

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

Notes:

An interested person, as defined in the Note on Rule 24.6 read with the Note on Rule 23.12 of the Code, is:

a. a director, chief executive officer, or substantial shareholder of the Company;

b. the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the Company;

c. the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;

d. any company in which a director, the chief executive officer or a substantial shareholder (being an individual) 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.

10.2 On 22 June 2015, the Company announced that the Company had on 19 June 2015 entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with Yu Lo Si, Rosy (the "**Rosy Yu**"), the spouse of Christopher Ho, for the sale and disposal by the Company of its legal and beneficial ownership of 1,000,000 ordinary shares (the "**Sale Shares**") in the capital of Lafe (Emerald Hill) Development Pte Ltd ("**LEHD**"), representing 100.0% of the issued and paid-up share capital of LEHD, on the terms and subject to the conditions of the Sale and Purchase Agreement (the "**Disposal**"). The Disposal constituted an interested person transaction under Chapter 9 of the Listing Manual and a major transaction under Rule 1014 of the Listing Manual, requiring approval of the Shareholders. The Disposal was subject to various conditions, including but not limited to, the following:

(a) the benefit under the interest-free loan of approximately S$95.87 million outstanding as at 31 July 2015 extended by Markwood Capital Limited ("**Markwood**"), a wholly-owned indirect subsidiary of the Company, to LEHD, having been validly assigned by Markwood to the Company.

Under the terms of the Sale and Purchase Agreement, as part of the Disposal, the loan from Markwood was to be repaid by LEHD to the Company in two (2) tranches as provided below:

(i) <u>First Tranche</u>

The first tranche of approximately S$36.45 million was repayable within one (1) year from the date of the Sale and Purchase Agreement. This tranche of the loan was interest free and unsecured. As at the Latest Practicable Date, the first tranche has been fully repaid.

(ii) <u>Second Tranche and Term Loan</u>

The second tranche, amounting to approximately S$59.42 million (the "**Reduced Loan**"), is repayable under the term loan (the "**Term Loan**") pursuant to a term loan agreement dated 19 June 2015. The terms of the Term Loan provided that:

(aa) the Company shall grant LEHD a period of five (5) years from the date of completion of the Disposal (the "**Completion**") to repay the outstanding amount under the Reduced Loan;

(bb) interest on any outstanding amount of the Reduced Loan shall accrue at a fixed rate of 3.0% per annum from Completion; and

(cc) the outstanding amount of the Reduced Loan under the Term Loan shall be secured by (A) a corporate guarantee provided by The Ho Family Trust Ltd in favour of the Company; and (B) a second-ranking pledge of 100.0% of the Sale Shares held by Rosy Yu in favour of the Company with a covenant that LEHD will not distribute any dividends while any amount of the Reduced Loan remains outstanding;

(b) the benefit under an interest-free loan of approximately S$182,238 extended by LEHD to Vigers Group Pte. Ltd. ("**Vigers Group**"), a wholly-owned direct subsidiary of the Company, having been validly assigned by LEHD to the Company;

(c) the approval of independent Shareholders having being obtained for, amongst others, the execution of the Sale and Purchase Agreement and the Disposal (which included the Term Loan and the Rental Guarantee); and

(d) a favourable opinion from Provenance Capital Pte. Ltd., the independent financial adviser, on the terms and conditions of the Sale and Purchase Agreement and the Disposal.

According to the Sale and Purchase Agreement, the aggregate consideration payable by Rosy Yu for the Sale Shares was approximately S$6.77 million, subject to certain adjustments.

As part of the Disposal, pursuant to a rental guarantee agreement dated 19 June 2015, following Completion, the Company had the right to manage the properties owned by LEHD for a term of five (5) years from Completion with a guaranteed rental return of 3.0% per annum of the value which was obtained by multiplying S$1,780 (being the price of the properties based on the agreed valuation of S$111.83 million) by the total area of the properties, subject to the sale of any of the properties by LEHD after Completion (the "**Rental Guarantee**").

On 19 September 2015, the Shareholders approved the Disposal in a special general meeting and the Disposal was completed on 28 September 2015.

Please refer to the Company's announcements dated 22 Jun 2015, 4 September 2015, 21 September 2015, 28 September 2015 and the Company's circular to Shareholders dated 4 September 2015 ("**4 September 2015 Circular**") for further information on the Disposal.

10.3 On 17 October 2014, the Company announced that LEHD had granted options (the "**Options**") to sell the following properties situated at 119 Emerald Hill Road, Emerald Hill, Singapore 229401 to Rosy Yu:

Description of Property	**Option Sale Price (S$)**	**Rebate on Option Sale Price (S$)**	**Rebate on Option Sale Price (%)[1]**	**Sale Price (after Rebate) (S$)**	**Director's discount (S$)**
#07-02	3,564,700	248,700	7	3,316,000	Nil
#09-02	3,564,700	248,700	7	3,316,000	Nil
#10-02	3,564,700	248,700	7	3,316,000	Nil
#11-02	3,564,700	248,700	7	3,316,000	Nil

Note:

1. The exact rebate was 6.977% and this percentage was rounded up to 7.0%.

The Options were conditional upon the Company obtaining Shareholders approval and both the audit committee and the board of directors had reviewed and approved the Options and were satisfied that the number and terms of the transaction were fair and reasonable and were not prejudicial to the interests of the Company and its minority shareholders. On 5 December 2014, the Shareholders approved the transactions contemplated by the Options and Rosy Yu exercised the Options on the same day.

On 26 June 2015, the Company announced that, if the Disposal is not approved by the Shareholders, completion of the transactions under the Option will be postponed to the following revised dates:

Description of Property	Original Completion Date	Revised Completion Date
#07-02	27 March 2015	The later of 17 July 2015 or 30 September 2015 (the Long-Stop Date)
#09-02	26 June 2015	The later of 26 September 2015 or 30 September 2015 (the Long-Stop Date)
#10-02	25 September 2015	25 December 2015
#11-02	18 December 2015	18 March 2016

4 September 2015 Circular clarified that the sale of the above four (4) property units to Rosy Yu were entered into prior to the negotiations in relation to the Disposal and were not part of the properties which were the subject of the Disposal. After the Completion, Rosy Yu was to deal directly with LEHD on the sale and purchase contracts of the above property units.

Please refer to the Company's announcements dated 17 October 2014, 19 November 2014, 5 December 2014, 30 March 2015, 26 June 2017, the Company's circular to Shareholders dated 19 November 2014 and the 4 September 2015 Circular, for further information on the Options.

11. MATERIAL LITIGATION

11.1 As at the Latest Practicable Date, save as disclosed below, neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole. As at the Latest Practicable Date, the Directors are not aware of any litigation, claim or proceedings pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole.

11.2 A plaintiff issued a writ of summons in the High Court of the Hong Kong Special Administrative Region Court of First Instance ("**HK High Court**") against the Company in January 2012 for a sum of US$5.7 million together with interest, costs and other reliefs as the HK High Court sees fit. The claim was in relation to a guarantee and indemnity provided by the Company to its former subsidiary, Lafe Technology (Hong Kong) Limited ("**LTHKL**") under a factoring facility agreement between the plaintiff and LTHKL. The parties have exchanged first round of witness statements, and the discovery process is nearly completed. The parties' experts on Norwegian law exchanged expert reports in July 2017 and a further joint report instructed by court order is in progress. The parties will make further interlocutory applications for calling more witnesses and preparing supplemental witness statements in September 2017. The plaintiff has obtained compensation from its insurer and its aggregate claims against LTHKL and the Company have been reduced to US$1.8 million plus interest.

11.3 A plaintiff, which is in creditors' voluntary liquidation, issued a writ of summons in the HK High Court against certain subsidiaries of the Vigers Group and others on 3 May 2013 together with a statement of claim (with subsequent amendments made on 21 June 2013 and 7 October 2014 respectively) for breaches of fiduciary duties, preferential payments of approximately US$1.58 million, fraudulent disposition of certain funds of approximately US$1.06 million, disposition of the plaintiff's property of approximately US$1.23 million and failure to put in place proper professional indemnity insurance for the plaintiff. All the transactions in relation to these allegations happened prior to the acquisition of the Vigers Group by the Company. The plaintiff made a payment of HK$1 million and HK$1.5 million into court as security for defendants' costs on 11 February 2014 and 18 January 2017 respectively. The action is at its discovery stage. A mediation meeting was held on 26 June 2017 however no settlement was reached.

11.4 No provisions were made in the Group's audited consolidated financial statements for the Group for FY2016 in respect of the above litigations, considering their respective merits and stages of proceedings.

12. VALUATION

The Group had commissioned AVA Associates, an independent professional valuer, to perform a review of the value of balance sheet items belonging to the Company as at 30 June 2017. The purpose of this engagement was to assist the Company in their assessment of the revalued net asset value of the Company. AVA Associate's work consisted of a review and comment on the value of balance sheet items, as to the reasonableness of the stated value of the following items: (i) trademarks; (ii) non-trade receivable from a related party; (iii) provisions; and (iv) property held for sale (which is the Group's office premises at 57 Cantonment Road Singapore 089755 ("**Property Held for Sale**")). A summary of the valuation report from AVA Associates dated 29 August 2017 (the "**Valuation Report**") is set out **Appendix VI** to this Circular.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation.

The Group does not expect to incur any tax liability on the sale of the assets comprising (i) Trademarks and (ii) non-trade receivable from a related party, which are the subject of the Valuation Report. Shareholders should note that, as at the Latest Practicable Date, the Company has no intention to sell these assets.

As stated earlier, on 30 May 2017, the Company announced that the Company had on 29 May 2017 granted an option to purchase to NHT Management Pte Ltd for the sale of the Property Held for Sale at a cash sale price of S$7.03 million (equivalent to US$4.88 million). The transaction is scheduled to complete on 12 September 2017. The Company has advised that in a hypothetical scenario where the Property Held for Sale was to be sold at the amount of valuation stated in the Valuation Report, the Company estimates that it will incur no tax liability for the sale of the Property Held for Sale, as the property has been held and utilised as a business asset and in that case any gain of a capital nature is not assessable to tax under Singapore tax legislation.

13. GENERAL

13.1 **Costs and Expenses.** All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

13.2 **Consent of the Independent Auditors.** Baker Tilly TFW LLP has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of (a) its name, (ii) its report titled "Independent Auditor's Report for the Financial Year Ended 31 December 2016" in the audited consolidated statement of the Group for FY2016 (as set out in **Appendix IV** to this Circular), and all references thereto in the form and context in which they appear in this Circular.

13.3 **Consent of the IFA.** Stirling Coleman has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of (a) its name, (b) the IFA Letter, and all references thereto in the form and context in which they appear in this Circular.

13.4 **Consent of AVA Associates.** AVA Associates has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of (a) its name, (b) the Valuation Report, and all references thereto, in the form and context in which they appear in this Circular.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Share Transfer Agent at 112 Robinson Road, #05-01, Singapore 068902 during normal business hours for the period during which the Offer remains open for acceptance:

(a) the Memorandum and Bye-Laws of the Company;

(b) the annual reports of the Company for FY2014, FY2015 and FY2016;

(c) 1H2017 Results;

(d) the IFA Letter;

(e) the Valuation Report;

(f) the Sale and Purchase Agreement, the term loan agreement dated 19 June 2015, the rental guarantee agreement dated 19 June 2015 and the Options; and

(g) the letter of consent referred to in **paragraphs 13.2, 13.3 and 13.4** of this **Appendix II** above.

The relevant provisions in the Bye-Laws of the Company in respect of capital, dividends and voting in relation to the Shares have been extracted and reproduced as follows:

1. Rights in Respect of Capital

SHARE CAPITAL

3. (1) The share capital of the Company at the date on which these Bye-laws come into effect shall be divided into shares of a par value of United States four cents (US$0.04) each.

(2) The Company may purchase its own shares for cancellation or acquire them as Treasury Shares in accordance with the Act on such terms as the Board shall think fit. Any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board in accordance with and subject to the Act, the Company's memorandum of association and, for so long as the shares of the Company are listed on the Designated Stock Exchange, the prior approval of the Members in general meeting for such purchase or acquisition. Such approval of the Members shall remain in force until (i) the conclusion of the annual general meeting of the company following the passing of the resolution granting the said authority or (ii) the date by which such annual general meeting is required to be held or (iii) it is revoked or varied by ordinary resolution of the Company in general meeting, whichever is the earliest, and may thereafter be renewed by the Members in general meeting. For so long as the shares of the Company are listed on the Designated Stock Exchange, the Company shall make an announcement to the Designated Stock Exchange of any purchase or acquisition by the Company of its own shares on the market day following the day of such purchase or acquisition.

(3) Neither the Company nor any of its subsidiaries shall give, whether directly or indirectly, whether by means of loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of the acquisition or proposed acquisition by any person of any shares in the Company, but nothing in this Bye-law shall prohibit transactions permitted under the Act.

ALTERATION OF CAPITAL

4. The Company may from time to time by ordinary resolution in accordance with Section 45 of the Act:

(a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;

(b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject, nevertheless, to the Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;

(e) change the currency denomination of its share capital;

(f) make provision for the issue and allotment of shares which do not carry any voting rights; and

(g) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Bye-law and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

6. The Company may from time to time by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by law.

7. Except so far as otherwise provided by the conditions of issue, or by these Bye-laws, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Bye-laws with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

SHARE RIGHTS

8. (1) Subject to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.

(2) All the rights attaching to a Treasury Share shall be suspended and shall not be exercisable by the Company while it holds such Treasury Share and, except where required by the Act, all Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital or shares, of the Company.

9. (1) In the event of preference shares being issued the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company, and 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 or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrear.

(2) Subject to Sections 42 and 43 of the Act, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its memorandum of association, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine.

(3) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

VARIATION OF RIGHTS

10. Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital other than redeemable preference capital may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting and all adjournments thereof all the provisions of these Bye-laws relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum (other than at an adjourned meeting) shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and at any adjourned meeting of such holder, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. The foregoing provisions of this Bye-law shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

11. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking pari passu therewith.

SHARES

12. (1) Subject to the Act and to the rules or regulations of the Designated Stock Exchange (if applicable), no shares may be issued by the Board without the prior approval of the Company in general meeting but subject thereto and to these Bye-laws and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(2) Subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted under the rules or regulations of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the 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 that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Board may dispose of those shares in such manner as it thinks most beneficial to the Company. The Board may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Board, be conveniently offered under this Bye-law 12(2).

(3) Notwithstanding Bye-law 12(2) above but subject to the Statutes and the rules or regulations of the Designated Stock Exchange (if applicable), the Company in general meeting may by ordinary resolution grant to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the said ordinary resolution (including but not limited to the aggregate number of Shares which may be issued and the duration of the general authority), to issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; Provided that unless otherwise specified in the ordinary resolution or required by any applicable rules or regulations of the Designated Stock Exchange, such general authority will continue (notwithstanding the authority conferred by the said ordinary resolution may have ceased to be in force) in relation to the issue of shares pursuant to any Instrument made or granted by the Directors while the said ordinary resolution was in force.

(4) The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine, provided that such issue must be specifically approved by the Company in general meeting if required by the rules or regulations of the Designated Stock Exchange.

13. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Act. Subject to the Act, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.

14. 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 required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Bye-laws or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

15. (1) Subject to the terms and conditions of any application for shares, the Board shall allot shares applied for within ten (10) market days of the closing date of any such application (or such other period as may be approved by the Designated Stock Exchange).

(2) Subject to the Act and these Bye-laws, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

LIEN

22. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company shall also have a first and paramount lien on every share (not being a fully paid share) registered in the name of a Member (whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Bye-law.

23. Subject to these Bye-laws, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen clear days after a notice in writing, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

24. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the person entitled to the share at the time of the sale or to his executors, administrators or assignees or as he may direct. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

25. Subject to these Bye-laws and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium), and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.

26. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.

27. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.

28. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest wholly or in part.

29. No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.

30. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Bye-laws; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

31. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Bye-laws shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

32. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

33. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one month's Notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared or in profits.

<u>FORFEITURE OF SHARES</u>

34. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' Notice:

(a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and

(b) stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited.

(2) If the requirements of any such Notice are not complied with, any share in respect of which such Notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.

35. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such Notice.

36. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Bye-laws to forfeiture will include surrender.

37. Until cancelled in accordance with the requirements of the Act, a forfeited share shall be the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.

38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board determines. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Bye-law any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, *whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.*

39. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.

40. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.

41. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.

42. The provisions of these Bye-laws as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

2. Rights in Respect of Dividends

DIVIDENDS AND OTHER PAYMENTS

136. The Board may, subject to these Bye-laws and in accordance with the Act, declare a dividend in any currency to be paid to the Members and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. The Company in general meeting may also, subject to these Bye-laws and in accordance with the Act, declare a dividend or such other distribution to be paid to the Members but no dividend or distribution shall be declared by the Company in general meeting in excess of the amount recommended by the Board.

137. Without prejudice to the generality of the above Bye-law 136 if at any time the share capital of the Company is divided into different classes, the Board may pay such dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of any dividend on any shares having deferred or non-preferential rights and may also pay periodically any fixed dividend which is payable on any shares of the Company.

138. No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.

139. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:

(a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Bye-law as paid up on the share; and

(b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

140. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

141. No unpaid dividend or distribution or other moneys payable by the Company shall bear interest as against the Company.

142. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

143. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

144. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any 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 Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

145. (1) Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:

(a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment. In such case, the following provisions shall apply:

(i) the basis of any such allotment shall be determined by the Board;

(ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;

(iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and

(iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised ("the non-elected shares") and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or

(b) that the shareholders entitled to such dividend shall be entitled -to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case; the following provisions shall apply:

(i) the basis of any such allotment shall be determined by the Board;

(ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;

(iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and

(iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised ("the elected shares") and in lieu thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and

standing to the credit of any reserves or other special account other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the elected shares on such basis.

(2) (a) The shares allotted pursuant to the provisions of paragraph (1) of this Bye-law shall rank pari passu in all respects with shares of the same class (if any) then in issue save only as regards participation in the relevant dividend or in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of their proposal to apply the provisions of sub-paragraph (a) or (b) of paragraph (2) of this Bye-law in relation to the relevant dividend or contemporaneously with their announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Bye-law shall rank for participation in such distribution, bonus or rights.

(b) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Bye-law, with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.

(3) The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Bye-law a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

(4) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (1) of this Bye-law shall not be made available or made to any shareholders with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

(5) Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Bye-law shall mutatis mutandis apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

RESERVES

146. Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

CAPITALISATION

147. The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law and subject to Section 40(2A) of the Act, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.

148. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under the last preceding Bye-law and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

3. Rights in Respect of Voting

GENERAL MEETINGS

55. An annual general meeting of the Company shall be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules or regulations of the Designated Stock Exchange, if any) and place as may be determined by the Board. In addition, for so long as the shares of the Company are listed on the Designated Stock Exchange, the interval between the close of the Company's financial year and the date of the Company's annual general meeting shall not exceed four (4) months or such other period as may be prescribed or permitted by the Designated Stock Exchange.

56. Each general meeting, other than an annual general meeting, shall be called a special general meeting. General meetings may be held in any part of the world as may be determined by the Board.

57. The Board may whenever it thinks fit call special general meetings, and, subject to the Act, Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Act.

NOTICE OF GENERAL MEETINGS

58. (1) At least fourteen (14) days' Notice of a general meeting shall be given to each Member entitled to attend and vote thereat. A general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one (21) days' Notice. A general meeting, whether or not a special resolution will be considered at such meeting, may be called by shorter notice if it is so agreed:-

(a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.

(2) For so long as the shares of the Company are listed on the Designated Stock Exchange, at least fourteen (14) days' notice of any general meeting shall be given by advertisement in an English daily newspaper in circulation in Singapore and in writing to the Designated Stock Exchange.

(3) The period of notice shall be exclusive of the day on which it is served or deemed to be served and exclusive of the day on which the meeting is to be held, and the notice shall specify the day, time and place of the meeting and, in case of special business, the general nature of the business. Any notice of a general meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. The Notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors and the Auditors.

(4) The Secretary may postpone any general meeting called in accordance with the provisions of these Bye-laws (other than a meeting requisitioned under these Bye-laws) provided that notice of postponement is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these Bye-laws.

59. The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

60. (1) Members may participate in any general meeting by means of such telephone,electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

(2) All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting, with the exception of declaring a dividend, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.

(3) No business, other than the appointment of a chairman of a meeting, shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present in person shall form a quorum, provided that if the Company shall at any time have only one Member, one Member present in person or by proxy, or being a corporation by its representative duly authorised, shall form a quorum for the transaction of business at any general meeting of the Company held during such time. For the purposes of this Bye-law Member includes a person attending as a proxy or as a duly authorised representative of a corporation which is a Member.

61. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.

62. The president of the Company or the chairman shall preside as chairman at every general meeting. If at any meeting the president or the chairman, as the case may be, is not present within fifteen (15) minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or by proxy and entitled to vote shall elect one of their number to be chairman.

63. 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 as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' Notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.

64. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

VOTING

65. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting (i) on a show of hands every Member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Act), or by proxy shall have one vote and the chairman of the meeting shall determine which proxy shall be entitled to vote where a Member (other than the Depository) is represented by two proxies, and (ii) on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which *he is the holder or which he represents and in respect of which all calls due to the Company have been paid, but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:-*

(a) by the chairman of such meeting; or

(b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or

(d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

(e) where the Depository is a Member, by at least three proxies representing the Depository.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.

66. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.

67. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

68. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.

69. The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

70. On a poll votes may be given either personally or by proxy.

71. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

72. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.

73. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Bye-law be deemed joint holders thereof.

74. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.

(2) Any person entitled under Bye-law 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

75. No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.

76. If:

(a) any objection shall be raised to the qualification of any voter; or

(b) any votes have been counted which ought not to have been counted or which might have been rejected; or

(c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

77. (1) Any Member entitled to attend and vote at a meeting of the Company who is the holder of two or more shares shall be entitled to appoint not more than two proxies to attend and vote instead of him at the same general meeting provided that if the Member is the Depository:-

(a) the Depository may appoint more than two proxies to attend and vote at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of the Depository as the Depository could exercise, including, notwithstanding Bye-law 65, the right to vote individually on a show of hands;

(b) unless the Depository specifies otherwise in a written notice to the Company, the Depository shall be deemed to have appointed as the Depository's proxies to vote on behalf of the Depository at a general meeting of the Company each of the Depositors who are individuals and whose names are shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company and notwithstanding any other provisions in these Bye-laws, the appointment of proxies by virtue of this Bye-law 77(1) (b) shall not require an instrument of proxy or the lodgement of any instrument of proxy;

(c) the Company shall accept as valid in all respects the form of instrument of proxy approved by the Depository (the "CDP Proxy Form") for use at the date relevant to the general meeting in question naming a Depositor (the "Nominating Depositor") and permitting that Nominating Depositor to nominate a person or persons other than himself as the proxy or proxies appointed by the Depository. The Company shall, in determining rights to vote and other matters in respect of a completed CDP Proxy Form submitted to it, have regard to the instructions given by and the notes (if any) set out in the CDP Proxy Form. The submission of any CDP Proxy Form shall not affect the operation of Bye-law 77(1) (b) and shall not preclude a Depositor appointed as a proxy by virtue of Bye-law 77(1) (b) from attending and voting at the relevant meeting but in the event of attendance by such Depositor the CDP Proxy Form submitted bearing his name as the Nominating Depositor shall be deemed to be revoked;

(d) the Company shall reject any CDP Proxy Form of a Nominating Depositor if his name is not shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company; and

(e) on a poll the maximum number of votes which a Depositor, or proxies appointed pursuant to a CDP Proxy Form in respect of that Depositor, is able to cast shall be the number of shares credited to the Securities Account of that Depositor as shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company, whether that number is greater or smaller than the number specified in any CDP Proxy Form or instrument of proxy executed by or on behalf of the Depository.

(2) In any case where an instrument of proxy appoints more than one proxy (including the case when a CDP Proxy Form is used), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy.

(3) A proxy need not be a Member. In addition, subject to Bye-law 77(1), a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise, including, notwithstanding Bye-law 65, the right to vote individually on a show of hands. On a poll, a proxy need not use all the votes he is entitled to cast or cast all such votes in the same way.

78. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same or, in the case of the Depository, signed by its duly authorised officer by some method or system of mechanical signature as the Depository may deem appropriate. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

79. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed on behalf of the appointer (which shall, for this purpose, include a Depositor), or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed 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 taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (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. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

80. Instruments of proxy shall be in any usual or common form (including any form approved from time to time by the Depository) or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

81. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

82. Anything which under these Bye-laws a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Bye-laws relating to proxies and instruments appointing proxies shall apply mutatis mutandis in relation to any such attorney and the instrument under which such attorney is appointed.

CORPORATIONS ACTING BY REPRESENTATIVES

83. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Bye-laws be deemed to be present in person at any such meeting if a person so authorised is present thereat.

(2) If permitted by the Act, where a Member is the Depository (or its nominee, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Bye-law shall be entitled to exercise the same rights and powers as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee).

(3) Any reference in these Bye-laws to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Bye-law.

INDEPENDENT AUDITOR'S REPORT

To the Members of Lafe Corporation Limited
(Incorporated in Bermuda with Limited Liability)
For the financial year ended 31 December 2016

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lafe Corporation Limited (the Company) and its subsidiaries (the Group) as set out on pages 23 to 72, which comprise the statement of financial position of the Group and the Company as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Impairment assessment of goodwill and trademark</u>

As disclosed in Notes 5b(i) and 17 to the consolidated financial statements of the Group, the Group has goodwill and trademark of nil (2015: US$520,000) and US$5,220,000 (2015: US$10,321,000) respectively which are allocated to the cash generating unit (CGU) comprising operations in Hong Kong and the People's Republic of China. Impairment charges of US$520,000 (2015: nil) on goodwill and US$5,096,000 (2015: nil) on trademark are recognised in statement of profit or loss and other comprehensive income during the financial year ended 31 December 2016.

Goodwill and trademark with an indefinite useful life are required to be tested for impairment annually.

Impairment assessment of goodwill and trademark is considered to be a key audit matter due to the significance of the assets to the Group's consolidated financial position, and due to the estimation involved in the assessment of the value in use of the CGU performed by the management. The estimation relates to the future results of the CGU and the discount rates applied to future cash forecasts.

To the Members of Lafe Corporation Limited
(Incorporated in Bermuda with Limited Liability)
For the financial year ended 31 December 2016

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Our procedures to address the key audit matter

We obtained an understanding of management's impairment assessment process.

We obtained the Group's value in use model. Key inputs to the value in use model included budgeted revenue growth rate, budgeted gross margin, terminal growth rate and discount rate. We challenged these key inputs by comparing the forecasts to historical revenue achieved, historical costs incurred and published industry reports.

We involved our valuation specialists in assessing the value in use model for valuation methodology, including the terminal value and the net present value calculation. Valuation specialists were also involved to evaluate the appropriateness of the discount rate used by management based on the Group and its industry.

We performed sensitivity analysis in the areas of budgeted revenue growth rate, budgeted gross margin, terminal growth rate and discount rate assumptions.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Lafe Corporation Limited
(Incorporated in Bermuda with Limited Liability)
For the financial year ended 31 December 2016

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Guo Shuqi.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

GROUP

	Note	**2016** **US$'000**	2015 US$'000
Revenue	7	**11,610**	12,626
Cost of sales		**(8,662)**	(8,916)
Gross profit		**2,948**	3,710
Other net loss	8	**(5,116)**	(28,954)
Administrative costs		**(8,188)**	(10,611)
Finance costs	9	**(547)**	(949)
Loss before taxation	10	**(10,903)**	(36,804)
Taxation	11	**1,121**	(28)
Loss for the year		**(9,782)**	(36,832)
Other comprehensive loss:			
Items that are or may be reclassified subsequently to profit or loss:			
Reclassification of exchange reserve to profit or loss arising from disposal of foreign subsidiaries		**–**	(7,016)
Fair value changes on available-for-sale financial asset		**(3)**	–
Currency translation differences arising on consolidation		**(50)**	155
Item that will not be reclassified subsequently to profit or loss:			
Revaluation gain on property, plant and equipment		**12**	366
Other comprehensive loss for the year, net of tax		**(41)**	(6,495)
Total comprehensive loss for the year		**(9,823)**	(43,327)
Loss per share			
Attributable to equity holders of the Company			
Basic and diluted loss per share (US cents)	12	**(38.61)**	(153.91)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

GROUP

	Note	**2016 US$'000**	2015 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**5,306**	5,547
Trademark	17	**5,220**	10,321
Goodwill	17	**–**	520
Available-for-sale financial assets	15	**11**	–
Non-trade receivable from a related party	16	**41,142**	42,004
Other non-current assets	18	**246**	–
Total non-current assets		**51,925**	58,392
Current assets			
Investment property	19	**–**	–
Trade and other receivables	20	**1,991**	1,598
Other current assets	18	**270**	479
Non-trade receivable from a related party	16	**–**	24,672
Cash and cash equivalents	22	**12,809**	1,313
Total current assets		**15,070**	28,062
Total assets		**66,995**	86,454
EQUITY AND LIABILITIES			
Equity			
Share capital	23	**50,667**	50,667
Reserves		**4,717**	14,540
Total equity		**55,384**	65,207
Non-current liabilities			
Bank loans	25	**1,779**	2,001
Provisions	26	**5,196**	6,327
Deferred tax liabilities	27	**775**	1,916
Total non-current liabilities		**7,750**	10,244
Current liabilities			
Trade and other payables	24	**1,892**	2,831
Bank loans	25	**181**	185
Provisions	26	**1,762**	1,805
Non-trade payables to related parties	28	**10**	6,155
Tax payable		**16**	27
Total current liabilities		**3,861**	11,003
Total liabilities		**11,611**	21,247
Total equity and liabilities		**66,995**	86,454

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

COMPANY

	Note	**2016** **US$'000**	2015 US$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	14	**–**	–
Available-for-sale financial asset	15	**8**	–
Non-trade receivable from a subsidiary	21	**–**	36,180
Other non-current asset	18	**–**	4,328
Total non-current assets		**8**	40,508
Current assets			
Other current assets	18	**23**	1,170
Non-trade receivable from a related party	16	**–**	24,672
Non-trade receivables from subsidiaries	21	**52,803**	8,901
Cash and cash equivalents	22	**3**	5
Total current assets		**52,829**	34,748
Total assets		**52,837**	75,256
EQUITY AND LIABILITIES			
Equity			
Share capital	23	**50,667**	50,667
Reserves		**(4,749)**	16,468
Total equity		**45,918**	67,135
Non-current liability			
Provisions	26	**4,933**	6,086
Current liabilities			
Trade and other payables	24	**224**	230
Provisions	26	**1,762**	1,805
Total current liabilities		**1,986**	2,035
Total liabilities		**6,919**	8,121
Total equity and liabilities		**52,837**	75,256

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

GROUP

	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Revaluation reserve US$'000	Fair value reserve US$'000	Exchange reserve US$'000	Accumulated profits/ (losses) US$'000	Total reserves US$'000	Total equity US$'000
		← Reserves						→	
Balance at 1 January 2015	46,667	27,209	24	1,532	–	7,516	21,624	57,905	104,572
Issue of shares	4,000	–	–	–	–	–	–	–	4,000
Share placement expenses	–	(38)	–	–	–	–	–	(38)	(38)
Loss for the year	–	–	–	–	–	–	(36,832)	(36,832)	(36,832)
Other comprehensive income/(loss) for the year									
Reclassification of exchange reserve to profit or loss arising from disposal of foreign subsidiaries	–	–	–	–	–	(7,016)	–	(7,016)	(7,016)
Revaluation gain recognised during the year	–	–	–	366	–	–	–	366	366
Currency translation differences arising on consolidation	–	–	–	–	–	155	–	155	155
Other comprehensive income/(loss) for the year	–	–	–	366	–	(6,861)	–	(6,495)	(6,495)
Total comprehensive income/(loss) for the year	–	–	–	366	–	(6,861)	(36,832)	(43,327)	(43,327)
Balance at 31 December 2015	50,667	27,171	24	1,898	–	655	(15,208)	14,540	65,207
Loss for the year	–	–	–	–	–	–	(9,782)	(9,782)	(9,782)
Other comprehensive income/(loss) for the year									
Revaluation gain recognised during the year	–	–	–	12	–	–	–	12	12
Fair value changes on available-for-sale financial asset	–	–	–	–	(3)	–	–	(3)	(3)
Currency translation differences arising on consolidation	–	–	–	–	–	(50)	–	(50)	(50)
Other comprehensive income/(loss) for the year	–	–	–	12	(3)	(50)	–	(41)	(41)
Total comprehensive income/(loss) for the year	–	–	–	12	(3)	(50)	(9,782)	(9,823)	(9,823)
Balance at 31 December 2016	**50,667**	**27,171**	**24**	**1,910**	**(3)**	**605**	**(24,990)**	**4,717**	**55,384**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

COMPANY

		Reserves				
	Share capital US$'000	Share premium US$'000	Fair value reserve US$'000	Accumulated profits / (losses) US$'000	Total reserves US$'000	Total equity US$'000
Balance at 1 January 2015	46,667	27,209	–	63,994	91,203	137,870
Issue of shares	4,000	–	–	–	–	4,000
Share placement expenses	–	(38)	–	–	(38)	(38)
Loss and total comprehensive loss for the year	–	–	–	(74,697)	(74,697)	(74,697)
Balance at 31 December 2015	50,667	27,171	–	(10,703)	16,468	67,135
Loss for the year	–	–	–	(21,215)	(21,215)	(21,215)
Other comprehensive loss for the year						
Fair value changes on available-for-sale financial asset	–	–	(2)	–	(2)	(2)
Total comprehensive loss for the year	–	–	(2)	(21,215)	(21,217)	(21,217)
Balance at 31 December 2016	**50,667**	**27,171**	**(2)**	**(31,918)**	**(4,749)**	**45,918**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

GROUP

	2016 US$'000	2015 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(10,903)**	(36,804)
Adjustments for:		
Depreciation of property, plant and equipment (Note 13)	**181**	326
Provision for staff benefits (Note 26(ii))	**22**	(58)
(Reversal of)/allowance for impairment on receivables (Note 20)	**(22)**	310
Bad debts written off	**8**	43
Reversal of the outstanding additional compensation previously recognised on disposal of the Panyu property (Note 8(a))	**–**	16,812
Impairment loss on goodwill (Note 17)	**520**	–
Impairment loss on trademark (Note 17)	**5,096**	–
Provision for rental guarantee (Note 26(i))	**735**	–
Gain on disposal of a foreign subsidiary	**–**	(2,134)
Write-back of trade and other payables	**(68)**	(65)
(Gain)/loss on disposal of property, plant and equipment (Note 8)	**(47)**	21
Discount on provision unwound (Note 9)	**270**	95
Interest expenses	**270**	613
Interest income	**(1,563)**	(458)
Unrealised foreign exchange gain	**(195)**	–
Operating cash flow before working capital changes	**(5,696)**	(21,299)
Changes in working capital		
Trade and other receivables and other current assets	**(421)**	5,883
Trade and other payables	**(841)**	6,213
Provisions	**(2,136)**	(471)
Currency translation adjustments	**284**	3,209
Cash used in operations	**(8,810)**	(6,465)
Taxation paid	**(30)**	(18)
Interest paid	**(300)**	(594)
Interest received	**1,554**	458
Net cash used in operating activities	**(7,586)**	(6,619)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (Note 13)	**(37)**	(30)
Proceeds from disposal of property, plant and equipment	**47**	115
Repayment of loan by a related party	**25,664**	–
Proceeds from disposal of a foreign subsidiary	**–**	2,167
Net cash generated from investing activities	**25,674**	2,252
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to a related party	**(6,155)**	–
Loan from related parties	**10**	3,897
Proceeds from bank loans	**–**	1,304
Repayment of bank loans	**(181)**	(3,843)
Share placement expenses paid	**–**	(38)
Net cash (used in)/generated from financing activities	**(6,326)**	1,320
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**11,762**	(3,047)
Cash and cash equivalents at beginning of the financial year	**1,313**	4,369
Effects of exchange rate changes on cash and cash equivalents	**(266)**	(9)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**12,809**	1,313

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATION INFORMATION

The Company was incorporated on 8 April 1999 as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda with its registered office at Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda and principal place of business at 57 Cantonment Road, Singapore 089755. The shares of the Company are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). In the opinion of the Directors, the Company's immediate and ultimate holding companies are Clarendon Investments Capital Ltd and Accolade (PTC) Inc, respectively, both of which are companies incorporated in the British Virgin Islands.

The Company acts as an investment holding company. Details of the principal activities of the subsidiaries are set out in Note 34.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016 were authorised for issue by the Board of Directors on 31 March 2017.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements presented in United States dollar are rounded to the nearest thousand ("US$'000") except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 5 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATIONS COMMITTEE

(a) New and amended standards adopted by the Group

In the current financial year, the Group has adopted all the new and revised IFRS issued by the IASB and interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRIC Interpretations") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC Interpretations.

The adoption of these new/revised IFRS and IFRIC Interpretations did not have any material effect on the financial results or position of the Group and the Company.

(b) Standards, amendments and interpretations to existing standards that are issued, revised or amended but are not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2016 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except as disclosed below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. IFRS 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in IFRS 15 by applying a 5-step approach.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. IFRS 15 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management anticipates that the initial application of the new IFRS 15 should not have a material impact to the financial statements of the Group and the Company. However, additional disclosures for trade receivables and revenue may be required, including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new IFRS 15.

IFRS 9 Financial Instruments

IFRS 9 which replaces IAS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in IFRS 9 are based on an expected credit loss model and replace IAS 39 incurred loss model. The standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess the potential impact of IFRS 9 and plans to adopt the standard on the required effective date.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATIONS COMMITTEE (continued)

(b) Standards, amendments and interpretations to existing standards that are issued, revised or amended but are not yet effective (continued)

IFRS 16 Leases

IFRS 16 replaces the existing IAS 17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial positions to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of IFRS 16 and plans to adopt the standard on the required effective date.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue recognition

Revenue for the Group comprises the fair value of consideration received or receivable for rendering of services in the ordinary course of business, net of rebates, discounts and sales related tax, and after eliminating sales within the Group.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

i) Rendering of services

Service income, management and consultancy fees are recognised in the period in which the services are rendered.

ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

iii) Rental income

Rental income from operating lease (net of any incentives given to the lessees) is recognised on a straight line basis over the lease term as set out in specific rental agreements.

iv) Property services income

Property services income is recognised when the relevant services have been rendered.

4.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 4.4. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific IFRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.5 Property, plant and equipment

Cost and measurement

Land and building are initially recorded at cost. Freehold land is subsequently stated at revalued amount less accumulated impairment losses. Building is subsequently carried at revalued amounts less accumulated depreciation and accumulated impairment losses. Their fair values are determined by an independent professional valuer every year and whenever their carrying amounts are likely to differ materially from their fair values.

Other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the assets. Any increase in the carrying amount arising from revaluation is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss; and any amount in asset revaluation reserve relating to that asset is transferred to accumulated profits directly.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Property, plant and equipment (continued)

Depreciation

No depreciation is provided on freehold land.

Depreciation is calculated on a straight-line basis to write off the cost or revalued amount of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Freehold building	50 years
Leasehold improvements	Shorter of lease terms or 3 years
Furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	4 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

4.6 Trademark

Trademark acquired in a business combination is recognised at fair value at the acquisition date. Trademarks with indefinite useful lives are not subject to amortisation, but are tested for impairment annually or more frequently when there are indications of impairment.

The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

4.7 Impairment of non-financial assets excluding goodwill

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Operating leases

When a Group entity is the lessee:

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a Group entity is the lessor:

Leases where the Group retains substantially all risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Contingent rents are recognised as revenue in the period in which they are earned.

4.9 Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial assets

a) *Classification*

The Group classifies its financial assets as loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are presented as “trade and other receivables”, “other non-current and current assets” (excluding prepayments and advances paid), “non-trade receivable from a related party” and “cash and cash equivalents” on the statements of financial position.

ii) Financial assets, available-for-sale

Financial assets, available-for-sale include equity securities that are non-derivatives and are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

b) *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

d) *Subsequent measurement*

Financial assets, available-for-sale are subsequently carried at fair value. Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss. Loans and receivables financial assets are carried at amortised cost using the effective interest method, less impairment.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in fair value reserve/other comprehensive income, together with the related currency translation differences.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial assets (continued)

e) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

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

ii) Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

4.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2016

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial liabilities

Financial liabilities include trade and other payables, non-trade payables to related parties and bank loans.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

4.13 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share premium.

4.14 Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

4.15 Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

4.16 Employee benefits

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

i) Provision for staff benefits

Staff benefits are provided based on the employees' salaries and their respective length of service in accordance with the applicable rules and regulations in their respective countries of employment.

ii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Employee benefits (continued)

iii) Retirement benefits scheme contributions

The retirement benefits scheme contributions charged in the profit or loss represent the amount of contributions payable by the Group's defined contribution scheme in respect of the current financial year. The Group has no further payment obligations once the contributions have been paid.

iv) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

4.17 Foreign currencies

i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in United States Dollar ("US$"), which is the Company's functional currency and the presentation currency for the financial statements.

ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the exchange reserve within equity in the consolidated financial statements. The exchange reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities are translated at the closing rates at the end of the reporting period;

b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

c) All resulting exchange differences are recognised in the exchange reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Foreign currencies (continued)

iii) Translation of Group entities' financial statements (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On the disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

4.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

4.19 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantee contracts are amortised in profit or loss over the period of the guarantee.

4.20 Contingent liabilities

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

Contingent liabilities are not recognised on the statements of financial position except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

a) *Critical judgements in application of the accounting policies*

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the preceding paragraphs).

Impairment of non-trade receivable from a related party

The Group assesses at the end of the reporting period whether there is any objective evidence that the non-trade receivable from a related party is impaired. Factors such as the probability of insolvency or significant financial difficulties of the related party and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is historical payment trend indicating that there have been significant changes in the related party's payment ability or whether there have been significant changes with adverse effect in the market, economic or legal environment in which the related party operates in. The Group also considers the securities held for the non-trade receivable from a related party as disclosed in Note 16.

b) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

i) Impairment of goodwill and trademark

As disclosed in Note 17, the recoverable amount of the cash generating unit ("CGU") which goodwill and trademark have been allocated to is determined based on value in use ("VIU") calculation. The VIU calculation requires the management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate, in order to determine the present value of those cash flows. The key assumptions applied in the determination of VIU including a sensitivity analysis, are disclosed and further explained in Note 17.

ii) Provision for rental guarantee

In determining whether a provision is adequate requires management to estimate the future cash payments expected to arise pursuant to a guaranteed rental agreement entered into with a former subsidiary, Lafe (Emerald Hill) Development Pte. Ltd. ("LEHD") and a suitable discount rate in order to calculate the present value. As at 31 December 2016, the carrying amount of provision for rental guarantee was US$6,695,000 (2015: US$7,891,000) (Note 26(i)). The management has considered that a reasonably possible change in the discount rate will not result in any material adjustment to the carrying amount of provision for rental guarantee.

iii) Contingent liabilities

In determining whether provision is necessary for contingent liabilities, management makes an assessment on the facts and merits of the legal claims and takes into consideration legal opinions obtained. As disclosed in Note 31, the Group has two outstanding legal claims made against them for which management is of the view that no provision is necessary at the end of the reporting period.

6 SEGMENT INFORMATION

The Group has adopted IFRS 8 *Operating segments* that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

Business segment	**Principal activities**
Property	Property sales, rental income and property related services

The Group's revenue and results analysed by business segment are as follows:

Business Segment

	Group	
	Property/Consolidated	
	2016	2015
	US$'000	US$'000
Revenue		
Revenue	**11,610**	12,626
Result		
Segment result	**(10,356)**	(35,855)
Finance costs	**(547)**	(949)
Loss before taxation	**(10,903)**	(36,804)
Taxation	**1,121**	(28)
Loss after taxation	**(9,782)**	(36,832)
Assets		
Segment assets	**66,995**	86,454
Liabilities		
Segment liabilities	**11,611**	21,247
Other information		
Depreciation of property, plant and equipment (Note 13)	**181**	326
Capital expenditure:		
Property, plant and equipment (Note 13)	**37**	30
Loss on reversal of the previously recognised additional compensation on disposal of the Panyu property (Note 8)	**–**	25,782
Gain on disposal of a foreign subsidiary	**–**	2,134
Gain/(loss) on disposal of property, plant and equipment (Note 8)	**47**	(21)
Impairment loss on goodwill (Note 17)	**520**	–
Impairment loss on trademark (Note 17)	**5,096**	–
Provision for rental guarantee (Note 26(i))	**735**	–

6 SEGMENT INFORMATION (continued)

Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments.

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments.

Geographical information

The revenue by geographical segment is based on the billing location of customers. All assets and capital expenditure of the Group are significantly located in the Asia Pacific region.

The following table provides an analysis of the Group's revenue and non-current assets by geographical market, which is analysed based on the billing address of each individual customer:

	Revenue		**Non-current assets**	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Hong Kong	**10,836**	10,879	**5,314**	11,062
People's Republic of China	**774**	783	**16**	15
Singapore	**–**	964	**5,196**	5,311
	11,610	12,626	**10,526**	16,388

There is no single external customer which amounted to 10% or more of the Group's revenue for the financial years ended 31 December 2016 and 2015.

7 REVENUE

	Group	
	2016	2015
	US$'000	US$'000
Property services income	**11,179**	11,219
Rental and other service fees income	**431**	1,407
	11,610	12,626

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

8 OTHER NET LOSS

	Group	
	2016	2015
	US$'000	US$'000
Bad debts written off	**8**	43
Extension fees on investment property	**–**	1,603
(Gain)/loss on disposal of property, plant and equipment (Note 6)	**(47)**	21
Gain on disposal of a foreign subsidiary	**–**	(2,134)
Impairment loss on trademark (Note 17)	**5,096**	–
Impairment loss on goodwill (Note 17)	**520**	–
Interest income		
- Receivable from third party	**(10)**	(122)
- Related party	**(1,553)**	(336)
Loss on reversal of the previously recognised additional compensation on disposal of the Panyu property (a)	**–**	25,782
Other income	**(59)**	(90)
Net foreign currency exchange loss	**516**	3,942
Provision for rental guarantee (Note 26(i))	**735**	–
(Reversal of)/allowance for impairment on receivables (Note 20)	**(22)**	310
Write-back of trade and other payables	**(68)**	(65)
	5,116	28,954

(a) The reversal resulted from the adjustments in government policy in the People's Republic of China which rendered the agreement for the payment of the additional compensation in connection with the disposal of the Panyu property unenforceable in the previous financial year.

The loss on reversal of the previously recognised additional compensation on disposal of the Panyu property comprises the write-off of the remaining receivables amounting to US$16,812,000 and recognition of a payable of US$8,970,000 in relation to the additional compensation previously received.

9 FINANCE COSTS

	Group	
	2016	2015
	US$'000	US$'000
Interest on bank and other borrowings	**270**	613
Discount on provision unwound (Note 26(i))	**270**	95
Bank charges	**7**	241
	547	949

10 LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	Group	
	2016	2015
	US$'000	US$'000
Non-executive directors' fees (Note 33(b))	**153**	150
Auditors' remuneration:		
- Auditor of the Company	**88**	106
- Other auditors	**51**	49
Fees for non-audit services paid to auditor of the Company	**5**	10
Property development and investment service fees	**2,075**	2,745
Staff costs (including directors' remuneration):		
- Salaries and related costs	**11,092**	11,202
- Defined contribution benefits	**388**	426
Operating lease expenses	**954**	1,092
Depreciation of property, plant and equipment	**181**	326

11 TAXATION

Taxation (benefit)/expense attributable to the loss is made up of:

	Group	
	2016	2015
	US$'000	US$'000
Current tax expense:		
Foreign – Current	**19**	28
Deferred tax benefit (Note 27):		
Foreign – Current	**(927)**	–
Foreign – Under provision in prior years	**(213)**	–
	(1,140)	–
	(1,121)	28

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the financial year. Taxes on profits assessable elsewhere have been provided at the applicable rates of tax in the countries in which the subsidiaries operate, based on existing legislation, interpretations and practices in respect thereof.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2016

11 TAXATION (continued)

A reconciliation between the tax (benefit)/expense and loss before tax at the applicable tax rate is as follows:

	Group	
	2016	2015
	US$'000	US$'000
Loss before taxation	**(10,903)**	(36,804)
Notional tax calculated at Hong Kong profits tax rate of 16.5% (2015: 16.5%)	**(1,799)**	(6,073)
Different tax rates in overseas jurisdictions	**(3,393)**	(2,213)
Income not subject to tax	**(312)**	(90)
Expenses not deductible for tax purposes	**4,254**	8,080
Deferred tax assets not recognised	**157**	264
Others	**(28)**	60
	(1,121)	28

Details of deferred tax liabilities are set out in Note 27.

12 LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following:

	Group	
	2016	2015
Loss for the year attributable to equity holders of the Company (US$'000)	**(9,782)**	(36,832)
Weighted average number of ordinary shares ('000) **	**25,333**	23,930
Loss per share (US cents)	**(38.61)**	(153.91)

** The loss per share in the previous financial year was derived after taking into account the effects of the share consolidation of every fifty (50) ordinary shares in its authorised and issued share capital into one (1) ordinary share.

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares for the financial years ended 31 December 2016 and 31 December 2015.

13 PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land and building US$'000	Leasehold improvements US$'000	Furniture, fixtures and office equipment US$'000	Motor vehicles US$'000	Total US$'000
Cost or valuation					
At 1 January 2015	5,331	124	541	910	6,906
Revaluation gain	366	–	–	–	366
Translation adjustments	(353)	(6)	–	–	(359)
Additions	–	–	30	–	30
Disposals	–	–	(10)	(309)	(319)
Disposal of a foreign subsidiary	–	–	(8)	–	(8)
At 31 December 2015	5,344	118	553	601	6,616
Revaluation gain	12	–	–	–	12
Translation adjustments	(110)	(2)	(1)	–	(113)
Additions	–	–	37	–	37
Disposals	–	–	(2)	(181)	(183)
At 31 December 2016	**5,246**	**116**	**587**	**420**	**6,369**
Accumulated depreciation					
At 1 January 2015	32	80	384	446	942
Translation adjustments	(3)	(5)	–	–	(8)
Charge for the year	13	27	90	196	326
Disposals	–	–	(8)	(175)	(183)
Disposal of a foreign subsidiary	–	–	(8)	–	(8)
At 31 December 2015	42	102	458	467	1,069
Translation adjustments	(2)	(2)	–	–	(4)
Charge for the year	13	10	71	87	181
Disposals	–	–	(2)	(181)	(183)
At 31 December 2016	**53**	**110**	**527**	**373**	**1,063**
Net carrying values					
At 31 December 2016	**5,193**	**6**	**60**	**47**	**5,306**
At 31 December 2015	5,302	16	95	134	5,547

Land and building comprise of a freehold land and building in Singapore occupied by the Group as office premises. The property is a refurbished two storey intermediate conservation pre-war shophouse with a mezzanine level and an attic. Total gross floor and land area of the property are approximately 292 square metres and 121.9 square metres respectively. The property has been pledged against loan facilities made available by a financial institution (Note 25) as collateral for bank loans.

The fair value of the office premises of S$7.5 million (equivalent to US$5.2 million) as at 31 December 2016 (2015: S$7.5 million (equivalent to US$5.3 million)) was arrived at based on a valuation carried out by PREMAS Valuers & Property Consultants Pte Ltd, an accredited independent valuer. The fair value was determined by reference to market transactions that consider sales of similar property that have been transacted in the open market. The fair value measurement is categorised as Level 3 of the fair value hierarchy (Note 36).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2016

13 PROPERTY, PLANT AND EQUIPMENT (continued)

If the freehold land and building carried at valuation had been included in the financial statements at cost less accumulated depreciation, the net book value would have been as follows:

	Group	
	2016	2015
	US$'000	US$'000
Freehold land and building	**3,442**	3,526

The revaluation reserves arising from freehold land and building carried at valuation are not distributable by way of dividends.

14 INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	US$'000	US$'000
Unquoted equity shares		
Cost		
Beginning of financial year	**34,988**	64,872
Disposal of a foreign subsidiary	**–**	(29,884)
End of financial year	**34,988**	34,988
Allowance for impairment		
Beginning of financial year	**34,988**	–
Impairment charge during the financial year	**–**	34,988
End of financial year	**34,988**	34,988
Net carrying amount	**–**	–

(a) During the financial year, Lafe Investment Consultancy Limited, a wholly-owned subsidiary of the Group was liquidated.

During the financial year, Lafe GreenTech International Limited, a wholly-owned subsidiary of the Group was incorporated with an issued share capital of US$10,000.

Details of the Company's subsidiaries at 31 December 2016 are set out in Note 34.

(b) Company level - Impairment review of investments in subsidiaries

During the previous financial year, management performed an impairment test for the investment in Lafe Holdings Limited, Infomaster Holdings Limited and Wave Track Limited as these direct subsidiaries have been making losses in consecutive years and are not expected to return to profitability in the foreseeable future. An impairment loss of US$34,988,000 was recognised for the year ended 31 December 2015 to write down the carrying values of these subsidiaries to their fair values which in aggregate approximates nil at the end of the reporting period. In determining the fair values of the respective direct subsidiaries of the Company, management has based it on the lower of cost or discounted value of the estimated cash flows expected to arise from the respective direct subsidiaries. The discount rate applied to the cash flow projection is 3%.

15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Hong Kong quoted equity securities, at fair value	**11**	–	**8**	–
Unquoted equity securities, at cost	**2,295**	2,295	**–**	–
Less: Allowance for impairment	**(2,295)**	(2,295)	**–**	–
	–	–	**–**	–
Net carrying amount	**11**	–	**8**	–

The fair value of the Hong Kong quoted equity shares is determined based on quoted market price at the end of the reporting period. The instrument is included in Level 1 of the fair value hierarchy (Note 36).

16 NON-TRADE RECEIVABLE FROM A RELATED PARTY

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Non-trade receivable from a related party	**41,142**	66,676	**–**	24,672
Representing:				
- Non-current portion	**41,142**	42,004	**–**	–
- Current portion	**–**	24,672	**–**	24,672
	41,142	66,676	**–**	24,672

The outstanding non-trade receivable from a related party comprises fixed term loans extended to LEHD. The non-current portion of S$59.417 million (equivalent to US$41.1 million as at 31 December 2016 and US$42.0 million as at 31 December 2015) due to a subsidiary of the Company bears interest at 3% per annum and is repayable by 27 September 2020. It is secured by a corporate guarantee given by The Ho Family Trust Limited, a related party, and a second-ranking pledge of the entire shares in LEHD. The current portion was novated to a subsidiary of the Company and it was fully recovered during the financial year.

The fair value of non-current receivable from a related party computed based on cash flows discounted at market borrowing rate for similar financial assets at the end of the reporting period approximates its carrying value. The fair value measurement for disclosure purpose was categorised in the Level 3 of the fair value hierarchy.

17 GOODWILL AND TRADEMARK

	Group			
	Goodwill		Trademark	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Cost				
Beginning of financial year	**520**	520	**11,608**	11,601
Translation adjustments	**–**	–	**(5)**	7
End of financial year	**520**	520	**11,603**	11,608
Allowance for impairment				
Beginning of financial year	**–**	–	**1,287**	1,287
Impairment charge during financial year	**520**	–	**5,096**	–
End of financial year	**520**	–	**6,383**	1,287
Net carrying amount	**–**	520	**5,220**	10,321

17 GOODWILL AND TRADEMARK (continued)

Trademark

Licenses are available for the use of the trademark on the bases of a royalty charged which depends on the period and the specific license. The license provides an option for renewal based on meeting conditions of the license and may be renewed at little or no cost to the Group. As a result, the trademark is considered by the management as having an indefinite useful life and is tested for impairment annually or more frequently when there are indications of impairment.

Impairment testing of goodwill and trademark

Goodwill acquired through business combination and trademark have been allocated to the Group's CGU comprising operations in Hong Kong and the People's Republic of China. The recoverable amount of the CGU has been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period.

Key assumptions used in value in use calculation

The key assumptions for the VIU calculation are those regarding the budgeted revenue growth rate, budgeted gross margin, terminal growth rate and discount rate.

	CGU	
	2016	2015
	%	%
Budgeted revenue growth rate	**3.5**	7.0
Budgeted gross margin	**27.0-28.0**	22.0
Terminal growth rate (1)	**–**	4.0
Discount rate (2)	**21.4**	12.0

(1) Growth rate used to extrapolate cash flows beyond the budgeted period.
(2) Pre-tax discount rate applied to cash flow projections.

Budgeted revenue growth rate and gross margin are based on past performance and its expectations of market development. The forecasted terminal growth rate are based on published industry research and do not exceed the long term average growth rate for the industry. The discount rate used was pre-tax and reflected risks specific to the CGU.

Impairment charges of US$520,000 (2015: nil) on goodwill and US$5,096,000 (2015: nil) on trademark are included within "Other net loss" in the statement of profit or loss and other comprehensive income. The impairment charges have arisen from the lower than expected performance of the operations in the People's Republic of China.

Sensitivity to changes in assumptions

If the budgeted revenue growth used in the VIU calculation had been 1% lower than management's estimates, the Group would have recognised a further impairment charge on trademark of US$683,000.

18 OTHER NON-CURRENT AND CURRENT ASSETS

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Deferred expenditure (Note 21(b))	**–**	–	**–**	5,482
Prepayments	**136**	127	**23**	16
Deposits	**380**	352	**–**	–
Total other assets	**516**	479	**23**	5,498
Less: Current portion	**(270)**	(479)	**(23)**	(1,170)
Non-current portion	**246**	–	**–**	4,328

19 INVESTMENT PROPERTY

	Group	
	2016	2015
	US$'000	US$'000
Beginning of financial year	**–**	79,856
Disposal of a foreign subsidiary	**–**	(73,955)
Translation adjustments	**–**	(5,901)
End of financial year	**–**	–

The investment property comprising the redevelopment project situated at Emerald Hill Road, Singapore was disposed of in consequence of the disposal of LEHD during the previous financial year.

The following amounts are recognised in profit or loss:

	Group	
	2016	2015
	US$'000	US$'000
Rental income	**–**	945
Direct operating expenses arising from investment property that generated rental income	**–**	2,044

20 TRADE AND OTHER RECEIVABLES

	Group	
	2016	2015
	US$'000	US$'000
Trade receivables	**2,883**	2,727
Less: Allowance for impairment loss	**(936)**	(1,129)
Trade receivables - net	**1,947**	1,598
Other receivables	**44**	–
Total trade and other receivables	**1,991**	1,598

The fair value of the trade and other receivables approximates their carrying value at the end of the reporting period.

20 TRADE AND OTHER RECEIVABLES (continued)

The Group made a reversal of impairment loss amounting to US$22,000 (2015: allowance for impairment loss of US$310,000) during the financial year. The movement of allowance for impairment losses is as follows:

	Group	
	2016	2015
	US$'000	US$'000
Beginning of financial year	**1,129**	860
Allowance written-off	**(171)**	(41)
(Reversal of)/allowance for impairment loss recognised during the year	**(22)**	310
End of financial year	**936**	1,129

21 NON-TRADE RECEIVABLES FROM A SUBSIDIARY/SUBSIDIARIES - COMPANY

	Company	
	2016	2015
	US$'000	US$'000
Non-current (see (a) below)	**–**	36,180
Current (see (c) below)	**52,803**	8,901

(a) Non-trade receivable from a subsidiary (non-current)

	Company	
	2016	2015
	US$'000	US$'000
Loan to a subsidiary, at cost	**36,180**	42,004
Fair value adjustment recorded as deferred expenditure	**–**	(5,771)
	36,180	36,233
Finance income - Unwinding of fair value adjustment	**17**	272
Repayment	**(642)**	(325)
Translation adjustment	**1,767**	–
Reversal of fair value adjustment	**5,736**	–
Reclassification to current portion	**(43,058)**	–
At amortised cost at end of financial year	**–**	36,180

In the previous financial year, the Company entered into a deed of novation with a subsidiary for assigning to it a term loan of US$42.0 million extended to a related party as referred to in Note 16. The outstanding assignment consideration due by the subsidiary is unsecured, interest-free and expected to be repaid by 27 September 2020.

In accordance with IAS 39 Financial Instruments: Recognition and Measurement, the Company initially recognised the loan at fair value, determined based on the market rate prevailing on loan inception date of 3%. The difference between the fair value of the loan and notional value of the loan at initial recognition is taken to "Deferred expenditure" account and amortised over the period of the loan to match the finance income from unwinding the fair value adjustment.

During the current financial year, the non-trade receivable from a subsidiary repayment term has changed to repayable on demand, thus it was classified as current asset as at end of the reporting period.

21 NON-TRADE RECEIVABLES FROM A SUBSIDIARY/SUBSIDIARIES - COMPANY (continued)

(b) Deferred expenditure

Deferred expenditure will be amortised to profit or loss on a straight line basis over the loan period from the effective date of the deed of novation.

	Company	
	2016	2015
	US$'000	US$'000
Movement in deferred expenditure:		
Beginning of financial year	**5,482**	–
Fair value adjustment	**–**	5,771
Amortisation - interest expense	**–**	(289)
Translation adjustment	**254**	–
Reversal of fair value adjustment	**(5,736)**	–
End of financial year	**–**	5,482
Representing:		
Current	**–**	1,154
Non-current	**–**	4,328
	–	5,482

(c) Non-trade receivables from subsidiaries (current)

	Company	
	2016	2015
	US$'000	US$'000
Non-trade receivables from subsidiaries	**71,948**	8,901
Less: Allowance for impairment	**(19,145)**	–
	52,803	8,901

Movements of allowance for impairment are as follows:

Beginning of financial year	**–**	–
Allowance made during the year	**19,145**	–
End of financial year	**19,145**	–

The current portion of the non-trade receivables from subsidiaries are unsecured, interest-free and repayable on demand.

(d) Fair values

In 2015, the fair value of non-current receivable from a subsidiary approximates its fair value at the end of the reporting period.

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22 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Cash and cash equivalents	**12,809**	1,313	**3**	5

Cash and cash equivalents of the Group and the Company at 31 December 2016 and 31 December 2015 comprise cash held at banks and on hand.

Bank balances earn interest at floating rates based on daily bank deposit rates. Short term bank deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

Bank and cash balances of US$214,000 (2015: US$115,000) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

23 SHARE CAPITAL

	Group and Company			
	2016		2015	
	No. of shares '000	**US$'000**	No. of shares '000	US$'000
Authorised				
Beginning of financial year before share consolidation	**50,000**	**100,000**	2,500,000	100,000
Less: share consolidation *	**–**	**–**	(2,450,000)	–
End of financial year	**50,000**	**100,000**	50,000	100,000
Issued and fully paid				
Beginning of financial year before share consolidation	**25,333**	**50,667**	1,166,667	46,667
Less: share consolidation *	**–**	**–**	(1,143,334)	–
Balance after share consolidation	**25,333**	**50,667**	23,333	46,667
Add: share issue	**–**	**–**	2,000	4,000
End of financial year	**25,333**	**50,667**	25,333	50,667

* In 2015, the Company completed the share consolidation of every fifty (50) ordinary shares in its authorised and issued share capital into one (1) ordinary share. The Company completed a share placement of 2 million new shares at a subscription price of US$2 per share for an aggregate subscription proceeds of US$4 million by the capitalisation of certain debts.

The Company has one class of ordinary shares which carries no rights to fixed income.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares, which have a par value of US$2, carry one vote per share without restrictions.

24 TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**519**	545	**–**	–
Accrued expenses	**1,270**	1,295	**177**	183
Other payables	**103**	991	**47**	47
	1,892	2,831	**224**	230

25 BANK LOANS

	Group	
	2016	2015
	US$'000	US$'000
Bank loans (secured)	**1,960**	2,186
Representing:		
- Non-current portion	**1,779**	2,001
- Current portion	**181**	185
	1,960	2,186

The bank loans are secured by assets with carrying values as below:

	Group	
	2016	2015
	US$'000	US$'000
Freehold land and building (Note 13)	**5,193**	5,302

As at 31 December 2016, the bank loans were secured by the following:

(i) All monies first legal mortgage over the land and building; and

(ii) All monies guarantee and indemnity by the Company.

The interest rate on the bank loans at the end of the reporting period is 3.2% (2015: 3.4%) per annum.

Bank loans and other banking facilities of the Group were covered by corporate guarantees issued by the Company.

The carrying amounts of these financial liabilities are reasonable approximation of fair values as they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period. The fair value measurement for disclosure purposes is categorised as Level 3 of the fair value hierarchy.

26 PROVISIONS

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Non-current				
Provision for rental guarantee (i)	**4,933**	6,086	**4,933**	6,086
Provision for staff benefits (ii)	**263**	241	**–**	–
	5,196	6,327	**4,933**	6,086
Current				
Provision for rental guarantee (i)	**1,762**	1,805	**1,762**	1,805

26 PROVISIONS (continued)

(i) Provision for rental guarantee

At the end of the reporting period, the amounts shown in the Group and the Company comprise the provision for net rental expenses of S$9.7 million (equivalent to US$6.7 million), an outstanding obligation up to 27 September 2020 pursuant to a guaranteed rental agreement entered into with a former subsidiary, LEHD. The provision amount was determined by discounting the estimated future cash payments at a discount rate of 3% (2015: 3%).

Movements in provision for rental guarantee are as follows:

	Group and Company	
	2016	2015
	US$'000	US$'000
Beginning of financial year	**7,891**	–
Provision made	**–**	8,267
Additional provision recognised in profit or loss	**735**	–
Discount unwound (Note 9)	**270**	95
Payment made during the year	**(2,136)**	(560)
Translation difference charged to profit or loss	**(65)**	89
End of financial year	**6,695**	7,891

(ii) Provision for staff benefits

Provision for staff benefits represents long service payments under the applicable regulations.

	Group	
	2016	2015
	US$'000	US$'000
Beginning of financial year	**241**	299
Net provision provided/(reversed) during the financial year	**22**	(58)
End of financial year	**263**	241

The provision represents the Group's estimated liability to employees who are expected to be eligible for long service payments under Hong Kong Employment Ordinance on termination of their employment or retirement when the employee fulfils certain conditions and the termination meets the required circumstances. The provision made is based on the Group's past experience and the directors' knowledge of the business and the work force, as reduced by certain benefits arising from the Group's retirement scheme.

27 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate off-setting, are shown on the consolidated statement of financial position as follows:

	Group	
	2016	2015
	US$'000	US$'000
Non-current:		
Deferred tax liabilities		
- to be settled after one year	**775**	1,916

Movements in deferred tax account are as follows:

Beginning of financial year	**1,916**	2,114
Disposal of a foreign subsidiary	**–**	(184)
Translation adjustments	**(1)**	(14)
Tax credited to profit or loss (Note 11)	**(1,140)**	–
End of financial year	**775**	1,916

The following are the major components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements thereon, during the current and prior reporting periods.

	Revaluation of investment property US$'000	**Accelerated tax depreciation US$'000**	**Fair value of trademark US$'000**	**Tax losses US$'000**	**Total US$'000**
At 1 January 2015	449	43	1,915	(293)	2,114
Disposal of a foreign subsidiary	(440)	(43)	–	299	(184)
Translation adjustments	(9)	–	1	(6)	(14)
At 31 December 2015	–	–	1,916	–	1,916
Current year tax credit to profit or loss	–	–	(1,140)	–	(1,140)
Translation adjustments	–	–	(1)	–	(1)
At 31 December 2016	**–**	**–**	**775**	**–**	**775**

At the end of the reporting period, the Group has unutilised tax losses of US$22,847,000 (2015: US$21,744,000) that are available for carrying forward to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. No deferred tax assets have been recognised as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised. Tax losses may be carried forward indefinitely.

28 NON-TRADE PAYABLES TO RELATED PARTIES - GROUP

The amounts are unsecured, interest-free and are repayable on demand. The amount was revised from interest at fixed rate of 5.25% per annum to interest-free during the financial year.

29 COMMITMENTS

(a) Capital commitments

Capital commitments not provided for in the financial statements:

	Group	
	2016	2015
	US$'000	US$'000
Capital commitments in respect of property, plant and equipment	**151**	38

(b) Operating lease commitments

The Group leases office premises from non-related parties under non-cancellable operating lease agreements. The leases have an average tenure of between 24 to 36 months (2015: 12 to 36 months).

The Group had outstanding commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, payable as follows:

	Group	
	2016	2015
	US$'000	US$'000
Not later than one financial year	**934**	509
Later than one financial year but not later than five financial years	**1,275**	40
	2,209	549

30 CORPORATE GUARANTEES

As at 31 December 2016, the Company had executed certain corporate guarantees amounting to US$2.0 million (2015: US$2.2 million) to secure the banking facilities granted to its subsidiary. The amount of bank loan utilised by the Group that were covered by the corporate guarantees issued by the Company at the end of the reporting period is US$2.0 million (2015: US$2.2 million).

No liability is recognised from the issuance of the corporate guarantees issued to fellow-subsidiaries as management has assessed the risk of default to be remote and therefore, the fair value of the financial guarantee to be immaterial.

31 CONTINGENT LIABILITIES

(a) A plaintiff issued a writ of summons in the High Court of the Hong Kong Special Administrative Region Court of First Instance against the Company in January 2012 for a sum of US$5.7 million together with interest, costs and other reliefs as the Court sees fit. The claim is in relation to a guarantee and indemnity provided by the Company to its former subsidiary, Lafe Technology (Hong Kong) Limited ("LTHKL") under a factoring facility agreement between the plaintiff and LTHKL. The parties have exchanged first round of witness statements, and the discovery process is nearly completed. The parties' experts on Norwegian law will exchange expert reports in April 2017 and prepare a joint report in June 2017. The parties will make further interlocutory applications for calling more witnesses and preparing supplemental witness statements in September 2017. The plaintiff has obtained compensation from its insurer and its aggregate claims against LTHKL and the Company have been reduced to US$1.8 million plus interest.

31 CONTINGENT LIABILITIES (continued)

(b) A plaintiff, which is in creditors' voluntary liquidation, issued a writ of summons in the High Court of the Hong Kong Special Administrative Region Court of First Instance against certain subsidiaries of the Vigers Group and others on 3 May 2013 together with a statement of claim (with subsequent amendments made on 21 June 2013 and 7 October 2014 respectively) for breaches of fiduciary duties, preferential payments of approximately US$1.58 million, fraudulent disposition of certain funds of approximately US$1.06 million, disposition of the plaintiff's property of approximately US$1.23 million and failure to put in place proper professional indemnity insurance for the plaintiff. All the transactions in relation to these allegations happened prior to the acquisition of the Vigers Group by the Company. The plaintiff made a payment of HK$1 million and HK$1.5 million into court as security for Defendants' costs on 11 February 2014 and 18 January 2017 respectively. The action is at its discovery stage.

The management is of the view that no provision is necessary for any of the legal suits described above having considered their respective merits and stages of proceedings.

32 RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Scheme Ordinance of Hong Kong, for those employees who are eligible to participate in the Scheme. Contributions are made based on a percentage of the employees' basic salaries in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Scheme.

PRC employees of the Group's subsidiary registered in the PRC are members of the pension scheme operated by the PRC local government. The PRC subsidiary is required to contribute a certain percentage based on a relevant portion of the payroll of these employees to fund the benefits. The only obligation of the Group in respect of the pension scheme is the required contributions under the pension scheme.

In the case of eligible Singapore employees, the Group pays to a defined contribution plan. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

33 RELATED PARTY TRANSACTIONS

(a) *Group and related party transactions*

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who were not members of the Group during the financial year on terms agreed by the parties concerned. The related parties comprise the spouse of one of the directors of the Company and a company directly held by the aforesaid party and certain companies held by a discretionary trust of which the same director of the Company is one of the beneficiaries.

	Group	
	2016	2015
	US$'000	US$'000
Interest expenses (charged at 5.25% per annum) paid/payable to related parties	**(191)**	(135)
Property development and investment service fees paid/payable to a related party	**(2,075)**	(2,745)
Net rental expenses paid/payable to a related party	**(2,136)**	(560)
Rental paid to the spouse of one of the directors of the Company	**–**	(141)
Consultancy fee	**2**	–
Share of administrative fees	**1**	–
Interest income (charged at 3.00% per annum) received from a related party	**1,302**	336
Interest income (charged at 5.00% per annum) received from a related party	**251**	–
Sales consideration for disposal of a foreign subsidiary to the spouse of one of the directors of the Company	**–**	2,380

(b) *Compensation of key management personnel*

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2016	2015
	US$'000	US$'000
Directors and other key management personnel remuneration		
- Salary, bonus and allowances	**1,886**	1,828
- Defined pension benefit	**95**	94
Non-executive directors' fees (Note 10)	**153**	150
	2,134	2,072

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

34 PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2016 are as follows:

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group 2016	2015	Principal activities
			%	%	
Held by the Company					
Lafe Holdings Limited[1]	The British Virgin Islands ("BVI")	US$100	**100**	100	Investment holding
Vigers Group Pte. Ltd.[1]	Singapore	S$2	**100**	100	Property management services
Infomaster Holdings Limited[1]	BVI	US$2	**100**	100	Investment holding
Wave Track Limited[1]	BVI	US$2	**100**	100	Investment holding
Forchess Star Company Limited[1]	BVI	US$2	**100**	100	Investment holding
Held by Lafe Holdings Limited					
Lafe Strategic Services Limited[2]	Hong Kong	HK$20	**100**	100	Close protection services
Markwood Capital Limited[1]	BVI	US$2	**100**	100	Investment holding
Held by Lafe Strategic Services Limited					
Lafe Investment Consultancy Limited	PRC	HK$1,300,000	**–**	100	Investment holding
Vigers Security Limited[2]	Hong Kong	HK$400,000	**100**	100	Security guard services

34 PARTICULARS OF SUBSIDIARIES (continued)

Details of the Company's subsidiaries as at 31 December 2016 are as follows: (continued)

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group 2016	2015	Principal activities
			%	%	
Held by Vigers Group Pte. Ltd.					
Vigers Property Management Pte. Ltd.[(1)]	Singapore	S$2	**100**	100	Property management services
Vigers Real Estate Pte. Ltd.[(1)]	Singapore	S$2	**100**	100	Property management services
Held by Infomaster Holdings Limited					
Lafe GreenTech International Limited[(1)]	BVI	US$10,000	**100**	–	Investment holding
Lafe GreenTech Limited (formerly known as Lafe Property Development Limited)[(2)]	Hong Kong	HK$100	**100**	–	Consultancy services
Held by Wave Track Limited					
Lafe Development (China) Limited[(1)]	BVI	US$2	**100**	100	Investment holding
Held by Forchess Star Company Limited					
Vigers Holdings Ltd.[(2)]	BVI	US$10,553,000	**100**	100	Investment holding
Lucksberg Holdings Limited[(1)]	BVI	US$2	**100**	100	Investment holding

34 PARTICULARS OF SUBSIDIARIES (continued)

Details of the Company's subsidiaries as at 31 December 2016 are as follows: (continued)

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group 2016	2015	Principal activities
			%	%	
Held by Vigers Holdings Ltd.					
Vigers Appraisal and Consulting Limited[2]	Hong Kong	HK$1,000,000	**100**	100	Property appraisal and consulting services
Vigers Asset Management Limited[2]	Hong Kong	HK$20	**100**	100	Property management services
Vigers Building Consultancy Limited[2]	Hong Kong	HK$8,000,000	**100**	100	Building consultancy services
Vigers E-Net Limited[2]	Hong Kong	HK$1,000	**100**	100	Property appraisal services in internet
Vigers Asia Pacific Limited[2]	Hong Kong	HK$100	**100**	100	Corporate administration services
Vigers Nominees Limited[2]	Hong Kong	HK$1,000	**100**	100	Corporate services
Vigers Realty Limited[2]	Hong Kong	HK$10,000	**100**	100	Real estate agency services
Vigers Macao Company Limited[2]	Macao	MOP25,000	**100**	100	Property appraisal services
Vigers Appraisal and Consulting (International) Limited[2]	Hong Kong	HK$1,200	**100**	100	Investment holding and consultancy services
Lafe Property Development Limited (formerly known as Vi-Tech Facilities Services Limited)[2]	Hong Kong	HK$100	**–**	100	Consultancy services
Vigers Asia Pacific Holdings Limited[2]	BVI	US$1	**100**	100	Investment holding
Vigers External Wall Consultant Limited[2]	Hong Kong	HK$1,000	**100**	100	Building consultancy services
Held by Vigers Appraisal and Consulting (International) Limited					
Vigers Property Consultants (Shanghai) Ltd[3]	PRC	US$345,000	**100**	100	Property management and agency services

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34 PARTICULARS OF SUBSIDIARIES (continued)

Details of the Company's subsidiaries as at 31 December 2016 are as follows: (continued)

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group 2016	2015	Principal activities
			%	%	
Held by Vigers Asia Pacific Limited					
Vigers Property Consultants (Beijing) Ltd[4]	PRC	RMB500,000	**100**	100	Property management and agency services
Vigers Investment Consultants (Shenzhen) Ltd[5]	PRC	RMB100,000	**100**	100	Property consultancy services
Held by Vigers Asia Pacific Holdings Limited					
Vigers Property Management Services (Hong Kong) Limited[2]	Hong Kong	HK$8,900,000	**100**	100	Property management services
The Grande Properties Management Limited[2]	Hong Kong	HK$2	**100**	100	Property management services
Held by Lucksberg Holdings Limited					
Vigers Pacific Limited[1]	Cayman Islands	US$100	**100**	100	Trademarks holding
Vigers Asia (Holdings) Limited[1]	Cayman Islands	US$100	**100**	100	Trademarks holding

(1) Audited/reviewed by Baker Tilly TFW LLP, Singapore.

(2) Audited/reviewed by Moore Stephens CPA Limited, Hong Kong.

(3) Audited by Shanghai An Da Hua Xin Certified Public Accountants Co., Ltd.

(4) Audited by Beijing Daqi International Certified Public Accountants.

(5) Audited by Shenzhen Huilong Certified Public Accountants.

35 RISK FACTORS AND RISK MANAGEMENT

The risk factors, risk management policies and related procedures for the Group are summarised as follows:

Reliance on property business

The Group will concentrate its efforts and resources on its property business, which will be affected by the property market.

The Group has diversified the risk by making property investment and developments in different locations.

In addition, Vigers Group is a reputable property service group specialising in property appraisal, business valuation, property management, building services engineering, real estate agency and project management with a strong presence in the Far East region.

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Available-for-sale financial assets	**11**	–	**8**	–
Trade and other receivables	**1,991**	1,598	**–**	–
Non-trade receivable from a related party	**41,142**	66,676	**–**	24,672
Non-trade receivable from subsidiaries	**–**	–	**52,803**	45,081
Other assets	**367**	352	**–**	–
Cash and cash equivalents	**12,809**	1,313	**3**	5
Loans and receivables	**56,309**	69,939	**52,806**	69,758
Financial liabilities				
Trade and other payables	**1,807**	2,763	**224**	230
Non-trade payables to related parties	**10**	6,155	**–**	–
Bank loans	**1,960**	2,186	**–**	–
Financial liabilities at amortised cost	**3,777**	11,104	**224**	230

(b) Foreign currency risk

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of entities in the Group. The foreign currencies in which the Group's currency risk arises are mainly Singapore dollar ("SGD"), Renminbi ("RMB") and Hong Kong dollar ("HKD").

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavors to keep the net exposure at a minimum level.

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For the financial year ended 31 December 2016

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(b) *Foreign currency risk (continued)*

At the end of the reporting period, the Group and the Company have the following significant financial assets and financial liabilities denominated in currencies other than functional currencies based on information provided to key management:

	SGD US$'000	RMB US$'000	HKD US$'000	Total US$'000
Group				
2016				
Cash and cash equivalents	11,079	221	3	11,303
Trade and other receivables	9	41	–	50
Non-trade receivable from subsidiaries	52,803	–	–	52,803
Available-for-sales financial assets	–	–	8	8
Non-trade payable to fellow subsidiaries	(8,349)	–	–	(8,349)
Trade and other payables	(262)	(354)	–	(616)
Net financial assets/(liabilities) denominated in foreign currencies	**55,280**	**(92)**	**11**	**55,199**
2015				
Cash and cash equivalents	–	111	5	116
Trade and other receivables	–	123	–	123
Non-trade receivable from a related party	24,672	–	–	24,672
Non-trade receivable from subsidiaries	41,722	–	8,841	50,563
Non-trade receivable from fellow subsidiaries	2,819	–	–	2,819
Trade and other payables	(295)	(1,260)	–	(1,555)
Net financial assets/(liabilities) denominated in foreign currencies	68,918	(1,026)	8,846	76,738
Company				
2016				
Cash and cash equivalents	–	–	3	3
Non-trade receivable from subsidiaries	52,803	–	–	52,803
Available-for-sales financial asset	–	–	8	8
Trade and other payables	(175)	–	–	(175)
Net financial assets denominated in foreign currencies	**52,628**	**–**	**11**	**52,639**
2015				
Cash and cash equivalents	–	–	5	5
Non-trade receivable from a related party	24,672	–	–	24,672
Non-trade receivable from subsidiaries	41,722	–	8,841	50,563
Trade and other payables	(181)	–	–	(181)
Net financial assets denominated in foreign currencies	66,213	–	8,846	75,059

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis for foreign exchange currency risk

In respect of the Group, at the end of the reporting period, if the SGD and HKD strengthens/weakens against United States Dollar ("USD") by 5% with all variables including tax rate being held constant, the Group's loss after taxation will be lower/higher by US$2,308,000 (2015: lower/higher by US$2,877,000) and nil (2015: US$369,000) respectively.

In respect of the Company, at the end of the reporting period, if the SGD and HKD strengthens/weakens against USD by 5% with all variables including tax rate being held constant, the Company's loss after taxation will be lower/higher by US$2,631,000 (2015: lower/higher by US$3,311,000) and nil (2015: US$369,000) respectively.

The sensitivity analysis for the other foreign currencies is not disclosed as the impact on the Group's and Company's loss after taxation is not significant.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contracutal obligations resulting in financial loss to the Group. It is the Group's policy to enter into transactions with credit-worthy parties to mitigate any significant concentration of credit risk. Potential exposures are monitored and reported to management on a timely basis. As the Group and Company does not hold any collateral for its trade and other receivables, except for the non-trade receivable from a related party as referred to in Note 16, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statement of financial position and the amount of US$1,960,000 corporate guarantees given by the Company to banks for the subsidiaries' bank borrowings. The Group maintains an allowance for impairment loss of receivables for estimated losses resulting from the inability of debtors to make required payments. Allowances for impairment of receivables are based on the estimates of future cash flows on the aging of the trade receivables balance, their credit-worthiness and historical write-off experience.

Non-trade receivable from a related party is secured by a corporate guarantee given by The Ho Family Trust Limited, a related party, and a second-ranking pledge of the entire shares in LEHD. Management is of the view that the non-trade receivable from a related party has adequate security and accordingly no impairment is required.

Bank balances and short term bank deposits are held with reputable financial institutions and are neither past due nor impaired.

As at 31 December 2016, the allowance for impairment of trade and other receivables for the Group and the Company were US$936,000 (2015: US$1,129,000) and US$19,145,000 (2015: nil) respectively. The movements in allowance for impairment of trade and other receivables during the financial year are presented in Notes 20 and 21.

Except for trade and other receivables with specific terms of repayment, the Group extends an average credit period of 30 days (2015: 30 days).

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(c) *Credit risk (continued)*

Financial assets that are past due but not impaired

The aging analysis of trade and other receivables past due but not impaired is as follows:

	Group	
	2016	2015
	US$'000	US$'000
Past due less than 30 days	**290**	153
Past due 31 to 60 days	**49**	116
Past due 61 to 90 days	**41**	14
Past due over 90 days	**151**	152
	531	435

Trade and other receivables of the Group were not concentrated on any particular customer in 2016 and 2015.

(d) *Interest rate risk*

Interest rate risk arises on interest–bearing financial instruments recognised in the statements of financial position. It is the risk that changes in interest rates will affect the Group's income or the value of its holdings of financial instruments.

The Group's exposure to interest rates relates primarily to interest-earning financial assets and interest–bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which the interest could be affected by an adverse movement in interest rates.

The Group ensures that surplus funds are deposited at favorable interest rates with reputable financial institutions in the PRC, Hong Kong, Singapore and Macau.

The debt obligations pertain to its borrowings from banks in Singapore. The Group does not hedge interest rate risk. The Group ensures that it borrows at competitive interest rates under favorable terms and conditions.

The interest rates for short term bank deposits and the non-trade receivable from/payable to a related party are fixed. The Group's exposure to interest rate risks arises mainly from the bank loans at variable rates. The bank loans at 31 December 2016 were the mortgage loan on the Singapore office. If the interest rates increase/decrease by 0.5% (2015: 0.5%), with all other variables including tax rate being held constant, the loss after taxation will be higher/lower by US$8,000 (2015: US$9,000) as a result of higher/lower interest expense on these bank loans.

(e) *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's cash and cash equivalents, operating cash flow and availability of banking facilities are actively managed to ensure that there is adequate working capital and that repayment and funding needs are met.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(e) *Liquidity risk (continued)*

The table below summarised the maturity profile of the financial liabilities based on contractual undiscounted repayment obligations:

	Less than 1 year US$'000	Between 1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
Group				
At 31 December 2016				
Trade and other payables	1,807	–	–	1,807
Non-trade payables to related parties	10	–	–	10
Bank loans	241	906	1,154	2,301
	2,058	**906**	**1,154**	**4,118**
At 31 December 2015				
Trade and other payables	2,773	–	–	2,773
Non-trade payable to a related party	6,319	–	–	6,319
Bank loans	257	965	1,412	2,634
	9,349	965	1,412	11,726
Company				
At 31 December 2016				
Other payables	**224**	**–**	**–**	**224**
At 31 December 2015				
Other payables	230	–	–	230

The table below shows the contractual expiry by maturity of the Company's contractual liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Less than 1 year US$'000	Between 1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
Company				
At 31 December 2016				
Financial guarantee contracts	**1,960**	**–**	**–**	**1,960**
At 31 December 2015				
Financial guarantee contracts	2,186	–	–	2,186

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(f) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares or obtain new borrowings.

Management monitors capital with reference to net debt-to-equity ratio. The Group strategies, which were unchanged from the previous year, are to maintain a prudent balance between the advantage and flexibility afforded by a strong capital position and the higher return on equity that are possible with greater leverage.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as all financial liabilities (including trade and other payables) and provision for rental guarantee less cash and cash equivalents. Total equity comprise share capital and all reserves.

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Net (assets)/debts	**(2,252)**	17,750	**6,916**	8,116
Total equity	**55,384**	65,207	**45,918**	67,135
Net debt-to-equity ratio	**N.M.**	0.27	**0.15**	0.12

N.M.: not meaningful

The Group and Company are in compliance with all externally imposed capital requirements and financial covenants for the financial years ended 31 December 2016 and 31 December 2015.

36 FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group adopted the amendments to IFRS 7 which require disclosure of fair value measurements by levels in the fair value hierarchy based on the inputs to the valuation techniques.

The fair value hierarchy levels are defined as follows:

(i) Level 1 - quoted prices (unadjusted) in active market for identical assets or liabilities;

(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

(iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

36 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) *Fair value measurements of assets and liabilities that are measured at fair value*

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statements of financial position as at the end of the reporting period at 31 December 2016.

Group	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2016				
Financial assets				
Available-for-sale financial assets				
- Quoted equity securities	**11**	**–**	**–**	**11**
Non-financial assets				
Property, plant and equipment				
- freehold land and building	**–**	**–**	**5,193**	**5,193**
2015				
Non-financial assets				
Property, plant and equipment				
- freehold land and building	–	–	5,302	5,302
Company				
2016				
Financial assets				
Available-for-sale financial asset				
- Quoted equity securities	**8**	**–**	**–**	**8**
2015				
Financial assets				
Available-for-sale financial asset				
- Quoted equity securities	–	–	–	–

(c) *Determination of fair values*

(i) *Quoted equity securities*

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period. These instruments are included in Level 1.

(ii) *Property, plant and equipment*

The freehold land and building is valued at their highest and best use by independent valuers based on comparable market transactions that consider sales of similar properties that have been transacted in the open market at the end of the reporting period, with appropriate yield adjustments made for differences in the nature, location or condition of the specific properties being valued.

Significant inputs used in this valuation are prices per square metre of comparable properties in the vicinity. Significant unobservable inputs used are the adjustments made by the professional valuer, for any differences in nature, location, or condition of the specific property. A significant increase/decrease in yield adjustments based on management's assumptions would result in a significantly lower/higher fair value measurement.

The fair value measurement of freehold land and building is categorised as Level 3 in the fair value hierarchy.

36 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(c) *Determination of fair values (continued)*

(iii) *Non-current receivable from a related party*

The basis of determining fair value of non-current receivable from a related party as at the end of the reporting period are disclosed in Note 16.

(d) *Movements in Level 3 non-current assets measured at fair value*

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements:

	Investment property		**Property, plant and equipment - freehold land and building**	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Beginning of financial year	**–**	79,856	**5,302**	5,299
Revaluation gain recognised in other comprehensive income	**–**	–	**12**	366
Translation adjustments	**–**	(5,901)	**(108)**	(350)
Disposal of a foreign subsidiary	**–**	(73,955)	**–**	–
Depreciation charge	**–**	–	**(13)**	(13)
At end of financial year	**–**	–	**5,193**	5,302
Total loss for the year included in:				
Profit or loss:				
Administrative costs				
- Depreciation charge	**–**	–	**(13)**	(13)

(e) *Valuation process applied by the Group*

The fair value of land and building is determined by external, independent property valuers, having appropriate professional qualifications and experience in the category of property being valued at the end of every financial year. For valuation performed by external valuers, management considers the appropriateness of the valuation technique and assumptions applied by the external valuers. The measurement of fair values of other assets and liabilities within Level 3 fair value hierarchy is performed by the Group on a yearly basis. The valuation reports and changes in fair value measurements are analysed and reported to the management regularly. Significant valuation issues are reported to the Audit Committee.

LAFE CORPORATION LIMITED

Un-audited Q2 2017 Financial Statement And Dividend Announcement

(All in US Dollars)

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Quarter ended 30 June,			Half year ended 30 June,		
	2017 US$'000	**2016** US$'000	Increase/ (decrease) %	**2017** US$'000	**2016** US$'000	Increase/ (decrease) %
Revenue	**2,948**	**2,820**	**5**	**5,928**	**5,750**	3
Cost of sales	(2,123)	(2,093)	1	(4,311)	(4,070)	6
Gross profit	**825**	**727**	**13**	**1,617**	**1,680**	**(4)**
Other net gain	1,147	520	121	3,204	3,777	(15)
Administrative costs	(2,217)	(2,001)	11	(4,359)	(4,040)	8
Finance costs	(37)	(180)	(79)	(103)	(390)	(74)
(Loss)/profit before taxation	**(282)**	**(934)**	**(70)**	**359**	**1,027**	**(65)**
Taxation	(5)	(6)	(17)	(16)	(14)	14
Net (loss)/profit for the period	**(287)**	**(940)**	**(69)**	**343**	**1,013**	**(66)**
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Fair value changes on available-for-sale investments	(2)	(7)	(71)	(3)	(7)	(57)
Currency translation differences arising on consolidation	(232)	(31)	648	(323)	(37)	773
Revaluation loss on property, plant and equipment	(348)	-	n/m	(348)	-	n/m
Other comprehensive (loss) / income for the period	**(582)**	**(38)**	**1,432**	**(674)**	**(44)**	**1,432**
Total comprehensive (loss) / income for the period	**(869)**	**(978)**	**(11)**	**(331)**	**969**	**n/m**

1(a)(ii) **The following items (with appropriate breakdowns and explanations), if significant, must either be included in the statement of profit or loss and other comprehensive income or in the notes to the statement of profit or loss and other comprehensive income for the current financial period reported on and the corresponding period of the immediately preceding financial year:**

	Quarter ended 30 June,			**Half year ended 30 June,**		
	2017	**2016**	Increase/ (decrease)	**2017**	**2016**	Increase/ (decrease)
	US$'000	US$'000	%	US$'000	US$'000	%
Depreciation of property, plant and equipment	(32)	(48)	(33)	(65)	(110)	(41)
Gain on disposal of property, plant and equipment	66	-	n/m	66	-	n/m
Loss on re-measurement of asset reclassified to held for sale	(128)	-	n/m	(128)	-	n/m
Net foreign currency exchange gain	856	127	574	2,572	3,049	(16)
Write-back of bad debts	-	2	n/m	-	2	n/m
Reversal of impairment on receivables	5	18	(72)	5	20	(75)
Interest income	332	351	(5)	648	665	(3)
Interest on bank and other borrowings	(16)	(115)	(86)	(31)	(228)	(86)
Discount on provision unwound	(19)	(63)	(70)	(66)	(157)	(58)

n/m – not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30/06/2017	As at 31/12/2016	As at 30/06/2017	As at 31/12/2016
	US$'000	US$'000	US$'000	US$'000
Non-current assets				
Property, plant and equipment	343	5,306	-	-
Trademark	5,187	5,220	-	-
Goodwill	-	-	-	-
Investments in subsidiaries	-	-	-	-
Available-for-sale financial assets	8	11	5	8
Non-trade receivable from a related party	43,093	41,142	-	-
Other non-current assets	239	246	-	-
	48,870	**51,925**	**5**	**8**
Current assets				
Trade and other receivables	2,029	1,991	-	-
Other current assets	344	270	10	23
Non-trade receivables from subsidiaries	-	-	53,904	52,803
Cash and cash equivalents	9,912	12,809	2	3
	12,285	**15,070**	**53,916**	**52,829**
Property held for sale	4,967	-	-	-
Total assets	**66,122**	**66,995**	**53,921**	**52,837**
Current liabilities				
Trade and other payables	1,951	1,892	177	224
Short-term bank loans	190	181	-	-
Provisions	1,858	1,762	1,858	1,762
Non-trade payables to related parties	10	10	-	-
Tax payable	27	16	-	-
	4,036	**3,861**	**2,035**	**1,986**
Non-current liabilities				
Long-term bank loans	1,769	1,779	-	-
Provisions	4,494	5,196	4,233	4,933
Deferred tax liabilities	770	775	-	-
	7,033	**7,750**	**4,233**	**4,933**
Total liabilities	**11,069**	**11,611**	**6,268**	**6,919**
Capital and reserves				
Share capital	50,667	50,667	50,667	50,667
Reserves	4,386	4,717	(3,014)	(4,749)
Total equities	**55,053**	**55,384**	**47,653**	**45,918**
Total equity and liabilities	**66,122**	**66,995**	**53,921**	**52,837**

1(b)(ii) **In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-**

Amount repayable in one year or less, or on demand

As at 30 June 2017		As at 31 December 2016	
Secured US$'000	Unsecured US$'000	Secured US$'000	Unsecured US$'000
190	NIL	181	NIL

Amount repayable after one year

As at 30 June 2017		As at 31 December 2016	
Secured US$'000	Unsecured US$'000	Secured US$'000	Unsecured US$'000
1,769	NIL	1,779	NIL

Details of any collateral

The Group's secured borrowings are bank loans secured by the land and building of the Group.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Quarter ended 30 June,		Half year ended 30 June,	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) / profit before taxation	**(282)**	**(934)**	**359**	**1,027**
Adjustments for :				
Depreciation of property, plant and equipment	32	48	65	110
Write-back of bad debts	-	(2)	-	(2)
Reversal of impairment on receivables	(5)	(18)	(5)	(20)
Loss on re-measurement of asset reclassified to held for sale	128	-	128	-
Gain on disposal of property, plant and equipment	(65)	-	(65)	-
Discount on provision unwound	19	63	66	157
Interest expenses	16	115	31	228
Interest income	(332)	(351)	(648)	(665)
Unrealised currency translation gain	(499)	(115)	(1,665)	(2,895)
Operating cash flow before working capital changes	**(988)**	**(1,194)**	**(1,734)**	**(2,060)**
Changes in working capital				
Trade and other receivables and other current assets	97	319	(110)	(587)
Non-trade receivable from a related party	-	11,030	-	11,030
Trade and other payables	47	(979)	59	(1,090)
Provisions	(475)	(543)	(961)	(1,092)
Currency translation adjustments	(308)	(29)	(846)	(179)
Cash (used in)/generated from operations	**(1,627)**	**8,604**	**(3,592)**	**6,022**
Taxation paid	(5)	-	(5)	-
Interest paid	(16)	(150)	(31)	(258)
Interest received	325	351	644	665
Net cash (used in)/generated from operating activities	**(1,323)**	**8,805**	**(2,984)**	**6,429**
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(308)	(12)	(312)	(14)
Proceeds from disposal of property, plant and equipment	84	-	84	-
Net cash used in investing activities	**(224)**	**(12)**	**(228)**	**(14)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Non-trade payable to a related party	-	(7,691)	-	(6,155)
Repayment of bank loans	(45)	(49)	(92)	(97)
Net cash used in financing activities	**(45)**	**(7,740)**	**(92)**	**(6,252)**

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.** – *continued*

	Quarter ended 30 June,		Half year ended 30 June,	
	2017	**2016**	**2017**	**2016**
	US$'000	US$'000	US$'000	US$'000
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	**(1,592)**	**1,053**	**(3,304)**	**163**
Cash and cash equivalents at beginning of period	11,446	424	12,809	1,313
Effects of exchange rate changes on cash and cash equivalents	58	(3)	407	(2)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**9,912**	**1,474**	**9,912**	**1,474**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP

	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Revaluation reserve US$'000	Fair value reserve US$'000	Exchange reserve US$'000	Accumulated losses US$'000	Total US$'000
Balance at 1 January 2016	50,667	27,171	24	1,898	-	655	(15,208)	65,207
Total comprehensive (loss) / income	-	-	-	-	(7)	(37)	1,013	969
Balance at 30 June 2016	**50,667**	**27,171**	**24**	**1,898**	**(7)**	**618**	**(14,195)**	**66,176**
Balance at 1 January 2017	50,667	27,171	24	1,910	(3)	605	(24,990)	55,384
Total comprehensive (loss) / income	-	-	-	(348)	(3)	(323)	343	(331)
Balance at 30 June 2017	**50,667**	**27,171**	**24**	**1,562**	**(6)**	**282**	**(24,647)**	**55,053**

COMPANY

	Share capital US$'000	Share premium US$'000	Fair value reserve US$'000	Accumulated losses US$'000	Total US$'000
Balance at 1 January 2016	50,667	27,171	-	(10,703)	67,135
Total comprehensive income	-	-	(5)	2,533	2,528
Balance at 30 June 2016	**50,667**	**27,171**	**(5)**	**(8,170)**	**69,663**
Balance at 1 January 2017	50,667	27,171	(2)	(31,918)	45,918
Total comprehensive (loss) / income	-	-	(3)	1,738	1,735
Balance at 30 June 2017	**50,667**	**27,171**	**(5)**	**(30,180)**	**47,653**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of share for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at both 30 June 2017 and 31 December 2016 was 25,333,333.

The Company did not have any treasury shares as at 30 June 2017 and 31 December 2016.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation, and/or use of treasury shares at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3 Where the figure have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The same accounting policies and methods of computation have been applied in the financial statements for the current financial period as in the Company's audited financial statements for the year ended 31 December 2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

No change.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	Half year ended 30 June,	
	2017	**2016**
Earnings per ordinary share for the period based on net profit attributable to shareholders: -		
(i) Based on the weighted average number of ordinary shares in issue	US 1.35 cents	US 4.00 cents
(ii) On a fully diluted basis	US 1.35 cents	US 4.00 cents

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year:-

	Group		Company	
	30/06/2017	**31/12/2016**	**30/06/2017**	**31/12/2016**
Net asset value per ordinary share	US 217.3 cents	US 218.6 cents	US 188.1 cents	US 181.3 cents

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

a. **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
b. **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Statement of Profit or Loss and Other Comprehensive Income

The Group's revenue increased by US$0.1 million from US$2.8 million for Q2 2016 to US$2.9 million for Q2 2017. The increase was mainly attributable to the increase in the revenue generated from the Vigers Group's guard security service.

The Group recorded a gross profit of US$0.8 million for Q2 2017 as compared to US$0.7 million for Q2 2016, an increase of US$0.1 million as explained in the preceding paragraph.

The Group had other net gain of US$1.1 million for Q2 2017 as compared to a net gain of US$0.5 million for Q2 2016. In Q2 2017, the other net gain comprised mainly the net foreign currency exchange gain of US$0.9 million arising from translating the monetary items denominated in foreign currencies, interest income of US$0.3 million and loss of US$0.1 million arising from reclassification of land and building to asset held for sale. In Q2 2016, the other net gain comprised mainly the net foreign currency exchange gain of US$0.1 million arising from translating the monetary items denominated in foreign currencies and interest income of US$0.4 million.

Administrative costs increased by US$0.2 million from US$2.0 million for Q2 2016 to US$2.2 million for Q2 2017. The increase was mainly attributable to the increase in operating costs of the Group.

Finance costs decreased by US$0.14 million from US$0.18 million for Q2 2016 to US$0.04 million for Q2 2017. The decrease was mainly attributable to the decrease in the interest on borrowings from a related party of US$0.09 million and the decrease in notional finance charge of US$0.04 million recognised in compliance with the IFRS for the provision of net rental expenses pursuant to a guaranteed rental agreement entered into with LEHD.

As a result of the above, the Group's net loss for Q2 2017 was US$0.3 million, as compared to US$0.9 million for Q2 2016, a decrease of US$0.6 million, as explained in the preceding paragraphs.

Other comprehensive loss increased by US$0.54 million from US$0.04 million for Q2 2016 to US$0.58 million for Q2 2017. The increase was mainly attributable to the increase in currency translation difference arising on consolidation of foreign subsidiaries of US$0.2 million and increase in revaluation loss on land and building of US$0.35 million.

As a result of the above, the Group's total comprehensive loss for Q2 2017 was US$0.9 million as compared to US$1.0 million for Q2 2016, a decrease of US$0.1 million as explained in the preceding paragraphs.

Statement of Financial Position

Property, plant and equipment decreased by US$5.0 million from US$5.30 million as at 31 December 2016 to US$0.3 million as at 30 June 2017. The decrease was mainly due to the reclassification of certain property from non-current assets to current assets in consequence of the proposed transaction described in the following paragraph.

As described more fully in the Company's announcement dated 30 May 2017, the Group had on 29 May 2017 granted an Option to Purchase (the "Option") to an independent third party for the sale of the Group's office premises at 57 Cantonment Road, Singapore at a cash sale price of S$7.03 million (equivalent to approximately US$4.9 million). The purchaser exercised the Option on 20 June 2017 and it is anticipated that the proposed transaction will be completed in September 2017.

Non-trade receivable from a related party increased by US$2.0 million from US$41.1 million as at 31 December 2016 to US$43.1 million as at 30 June 2017. The increase was attributable to the translation adjustment arising from translating the receivable denominated in foreign currency. The outstanding balance comprises a fixed long-term term loan extended to LEHD. It bears interest at 3% per annum and is repayable by 27 September 2020. It is secured by a corporate guarantee given by The Ho Family Trust Limited, a related party, and a second-ranking pledge of the entire shares in LEHD.

Provisions under "Current liabilities" and "Non-current liabilities" decreased in total by US$0.6 million from US$7.0 million as at 31 December 2016 to US$6.4 million as at 30 June 2017. The decrease was mainly attributable to the payments made during the current financial period, the translation adjustment arising from translating the provisions denominated in foreign currency and the discount unwound adjustment charged to profit or loss during the current financial period.

The movement in cash and cash equivalents from US$12.8 million as at 31 December 2016 to US$9.9 million as at 30 June 2017, a decrease of US$2.9 million, is explained in the statement of cash flows below.

Statement of Cash Flows

During Q2 2017, the Group's net cash used in operating activities was US$1.3 million as compared to net cash generated from operating activities of US$8.8 million in Q2 2016. The cash movement in Q2 2017 was mainly attributable to the payments made for rental guarantee. The net cash used in investing activities in Q2 2017 of US$0.2 million was mainly attributable to the acquisition of property, plant and equipment.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group will continue to look for suitable opportunities for future development and investment.

The Vigers Group, which provides property agency, appraisal and consultancy services, continues to make a positive contribution to the Group's operating results. In face of the severe competition in Hong Kong, the Vigers Group has been putting great efforts into developing its business in the PRC and Macau with a view to expanding its professional valuation services.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared / recommended, a statement to that effect

No dividend declared / recommended.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15 A breakdown of sales:-

Not applicable.

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year:-

Not applicable.

17 Aggregate value of interested persons transactions conducted pursuant to a shareholders' general mandate

The Group has not obtained a general mandate from the shareholders for the interested person transactions as the value of the transactions falls below the required 5% of the Group's latest audited net tangible assets. The aggregate value of all interested person transactions during Q2 2017, which fall under the listing manual, were as follows:

Name of Interested Person	**Aggregate value of all interested person transactions during the financial year under review** (excluding transactions less than S$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920** (excluding transactions less than S$100,000)
	US$'000	
Associates of Mr. Christopher Ho Wing-On	2,464	-

18. Negative assurance on interim financial statements

The directors have confirmed, in a written statement, that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial results to be false or misleading in any material effect.

19 Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

AVA Associates Limited
806 Empress Plaza
17-19 Chatham Road South
Tsim Sha Tsui, Hong Kong

29 August 2017

To
Board of Directors
LAFE CROPORATION LIMITED
57 Cantonment Road
Singapore 089755

Dear Sirs,

Pursuant to your instructions, AVA Associates Limited ("AVA") has performed a desktop analysis to **review the value of balance sheet items belonging to Lafe Corporation Limited ("Lafe Corp" or the "Company") as at 30 June 2017 ("Valuation Date"), in relation a proposed voluntary conditional cash offer proposed by Sino Capital Resources Limited as announced by the Company on 1 August 2017 (the "Offer")**. The purpose of this engagement is to assist Lafe Corp in their assessment of the revalued net asset value (the "RNAV") of the Company, and inclusion in a circular to the shareholders of the Company in relation to the Offer. No other use of our valuation report is intended or should be inferred.

Definition of Value

In estimating the value of the assets, our efforts were based on the following premise of value:

Fair Value - *The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date*.

Scope of Work

On 1 August 2017, Lafe Corp, listed on the Stock Exchange of Singapore, announced that it has been notified with the Offer which indicates that the offeror will make a voluntary conditional cash offer at S$0.90 per share to acquire all the issued and paid up ordinary shares in the capital of Lafe Corp.

AVA has been engaged to assist the Company in its preparation of a revalued balance sheet, namely to arrive at the RNAV of the Company, allowing the Board of Directors of Lafe Corp (the "Board") to assess the Offer. Our work consisted of a review and comment on the value of balance sheet items, as to the reasonableness of the stated value of the following items:

- Trademarks
- Non-trade Receivable from a Related Party
- Provisions
- Property Held for Sale

We relied on the unaudited value of the other balance sheet items as at Valuation Date to calculate the RNAV. We also reviewed third-party independent valuation of the Company's assets, as provided by the Company.

Our valuation and report is prepared in accordance with the International Valuation Standards (2013 edition) as published by the International Valuation Standard Committee. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with the appropriate parties regarding the identified assets, proposed valuation methodologies, current/proposed operations and historical/forecast financials of the Company, as well as its prospects, etc;
- Review the valuation models pertinent to the exercise, as prepared by the Company;
- Discussions with management to understand in more detail the current status and proposed business of the Company, including its tangible and intangible characteristics;
- Gain a more thorough understanding of the assets and liabilities of the Company;
- Preparation of draft reports for discussion with the Client; and
- Submission of the final report for the purpose of this exercise.

As part of our due diligence, we relied upon documents supplied and representations made by the Company. We planned and performed our review and valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our work, we held discussions with the management concerning the history and current conditions of the Company, financial and general outlook of the business. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the Company are true and accurate. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the review and valuation procedures we employed provide a reasonable basis for our opinion.

Sources of Information

As part of our due diligence, we relied upon documents supplied by the management of the Company, including, but not limited to, the following:

- Annual report of the Company for the fiscal year ending 31 December 2016;
- Unaudited financial statements of the Company, for the 6 months ending 30 June 2017;
- Detailed breakdown of the Provision for Rental Guarantee and Non-trade Receivable from a Related Party as at 30 June 2017;
- Circular, dated 4 September 2015, issued by the Company to its shareholders in relation to the disposal of the 100% interest in Lafe (Emerald Hill) Development Pte. Ltd. ("LEHD") to Madam Yu Lo Si, Rosy;
- Announcement, dated 30 May 2017, issued by the Company in relation to the disposal of the property at 57 Cantonment Road Singapore 089755 (the "Property") to NHT Management Pte Ltd ("NHT Management");
- Rental Guarantee Agreement, dated 19 June 2015, between LEHD and the Company;
- Term Loan Agreement between LEHD and the Company;
- Valuation report on the fair value of a designated trademark, dated 28 February 2017, as prepared by LCH (Asia-Pacific) Surveyors Limited (the "Trademark Valuation Report");

- 5-year financial projection for the business of Vigers from 2017 to 2021; and
- Other relevant documentations.

We planned and performed our review and valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our work, we held discussions with the management concerning the history and current conditions of the Company, financial and general outlook of the business. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the Company are true and accurate. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the review and valuation procedures we employed provide a reasonable basis for our opinion.

Valuation Theory

Our approach in valuing the identified assets relies on using the appropriate techniques to arrive at our conclusion of value. We considered the three generally recognized approaches to value: the income, market and cost approaches.

An overview of the three approaches considered is as follows:

- The *Income Approach* focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.

- The *Market Approach* measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. In estimating the value of a business under the market approach there are two methodologies: the publicly-traded guideline company methodology and the recent transaction methodology. The publicly traded guideline company methodology develops an indication of value for the subject company by calculating market pricing multiples for selected publicly-traded guideline companies and applying these multiples to the appropriate financial measures of the subject company. The recent transaction methodology develops an indication of value for the subject company by calculating market pricing multiples based on actual acquisitions of similar businesses and applying these multiples to the appropriate financial measures of the subject company. After deriving a value, adjustments are then made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.

- The *Cost Approach* measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

Valuation & Review Methodology

For the Trademark, Non-trade Receivable from a Related Party and Provisions, a discounted cashflow ("DCF") analysis was prepared by the Company and its independent valuers for each of the items. The projected free cash flows in each period were discounted to present value at an appropriate rate of return, or "discount rate." The sum of the discounted stream of future free cash flow reflects the value of the subject asset.

Our approach to estimate the fair value of the Property is based on the agreement, as announced by the Company on 30 May 2017, whereby the Company granted NHT Management the option to purchase the Property at S$7.03 million in cash.

We conducted a limited scope review of these balance sheet items in accordance with generally accepted practice and relevant literature. The objective is to provide a best estimate of their fair values based on the information gathered. The steps taken to verify the fair value of these items includes, but is not limited to the following:

- Requested for the detailed breakdown of each asset class;
- Examination of the items in each asset class;
- Discussed with the Company on the history of and recorded values in each asset class;
- Determined the recoverability of the amounts, where appropriate; and
- Stated the value of each asset class.

Trademark

The Trademark Valuation Report detailed an income approach, using the "Relief from Royalty" method, a generally accepted method of valuing a trademark. The Trademark refers to the designated trademark "VIGERS", owned by Lafe Corp, and employed in its business of providing property management and agency services.

Based on our review of the Trademark Valuation Report, we are of the opinion that the fair value of the Trademark should be stated as US$4,700,000, based on the valuation result as reported in the Trademark Valuation report.

Non-trade Receivable from a Related Party

This refers to the Company's term loan to LEHD and the income approach is regarded as the most appropriate as it measures the expected cashflows and discounts them to a present value. The book value of this loan is carried at US$43,093,000 as at 30 June 2017. We calculated the net present value of the expected cashflows from this loan to be equal to the book value of US$43,093,000, on the condition that the discount rate employed is 3.0% per annum. The Company has represented to us that its assessment of its cost of capital is 3.0%. It is not an unreasonable cost of capital in the current low-cost borrowing environment. As such, it is fair to opine that the book value of this asset approximates its fair value.

Provisions

This balance sheet item arises from the Rental Guarantee Agreement. The income approach, using the DCF method, is most appropriate as the future cashflows, in the form of net rental amounts, can be estimated reliably and discounted to a present value. The Rental Guarantee Agreement was signed in June 2015, between the Company and LEHD. The agreement was a result of a sale of the 100% interest in LEHD to Ms. Rosy Yu as detailed in the Company's circular dated 4 September 2015. LEHD owns the properties that are currently managed by The Company. We were provided with the Company's workings to derive the fair value of US$6,092,000. While the book value is stated at US$6,352,000, we are of the opinion that the fair value is reasonably stated at US$6,092,000.

Property Held for Sale

As stated in the Company's announcement on 30 May 2017, it had granted an option to NHT Management for the sale of the Property for S$7.03 million in cash. It is represented that NHT Management is an independent party and the consideration was arrived at on a willing-buyer and a willing-seller basis. NHT Management has exercised the option to purchase the property on 20 June 2017, and the transaction is expected to be completed by September 2017. The book value of this balance sheet item is recorded as US$4,967,000, an amount based on the sale. We consider the book value approximates its fair value as at Valuation Date.

Conclusion on the RNAV

Following our review of the selected balance sheet items and valuation of the Properties, we inputted the figures into the balance sheet as at 30 June 2017 to help the Company calculate a revalued balance sheet.

Based on the information provided and analysis conducted, the RNAV of the Company as at Valuation Date is calculated to be US$54,826,000, as presented in the following table.

	UNAUDITED 30-Jun-17 US$'000	REVALUED 30-Jun-17 US$'000
ASSETS		
Non-current assets		
Property, plant and equipment	343	343
Trademark	5,187	4,700
Goodwill	-	-
Available-for-sale financial assets	8	8
Non-trade receivable from a related party	43,093	43,093
Other non-current assets	239	239
	48,870	48,383
Current assets		
Investment property	-	-
Trade and other receivables	2,029	2,029
Other current assets	344	344
Non-trade receivable from a related party	-	-
Cash and cash equivalents	9,912	9,912
	12,285	12,285
Property held for sale	4,967	4,967
Total assets	**66,122**	**65,635**

	UNAUDITED 30-Jun-17 US$'000	REVALUED 30-Jun-17 US$'000
LIABILITIES		
Non-current liabilities		
Bank loans	1,769	1,769
Provisions	4,494	4,234
Deferred tax liabilities	770	770
	7,033	6,773
Current liabilities		
Trade and other payables	1,951	1,951
Bank loans	190	190
Provisions	1,858	1,858
Non-trade payables to related parties	10	10
Tax payable	27	27
	4,036	4,036
Total Liabilities	**11,069**	**10,809**
Net assets	**55,053**	**54,826**

Respectfully submitted,

AVA Associates Limited

Statement of General Assumption and Limiting Conditions

This analysis is subject to the following general assumptions and limiting conditions:

1. No investigation has been made of, and no responsibility is assumed for, the legal description of the property being valued or legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is assumed to be free and clear of any liens, easements, encroachments, and other encumbrances unless otherwise stated.

2. Information furnished by others, upon which all or portions of this valuation is based, is believed to be reliable but has not been verified except as set forth in this report. No warranty is given as to the accuracy of such information.

3. This report has been made only for the purpose stated and shall not be used for any other purpose.

4. Neither AVA nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.

5. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.

6. The date of value to which the estimate expressed in this report applies is set forth in the beginning of this report. This valuation is valid only for the valuation date indicated. Our analysis is based on the purchasing power of the United States Dollar as of that date.

7. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government, or private entity or organization have been or can readily be obtained or renewed for any use on which the value estimate provided in this report is based.

8. Responsible ownership and competent management are assumed.