CIRCULAR DATED 22 DECEMBER 2022

THIS CIRCULAR IS ISSUED BY THE COMPANY (AS DEFINED HEREIN). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF THE IFA (AS DEFINED HEREIN) (AS THE INDEPENDENT FINANCIAL ADVISER TO THE RECOMMENDING DIRECTORS). THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

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

If you have sold or transferred all your Shares (as defined herein) held through CDP (as defined herein), you do not need to forward this Circular to the purchaser or the transferee, as arrangements will be made by CDP for a separate Circular to be electronically disseminated 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.

This Circular has not been examined or approved by the SGX-ST (as defined herein). The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

CHIP ENG SENG CORPORATION LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 199805196H)

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY UNCONDITIONAL CASH OFFER

by

UNITED OVERSEAS BANK LIMITED

(Incorporated in Singapore)
(Company Registration No: 193500026Z)

for and on behalf of

TANG DYNASTY TREASURE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 202235991H)

to acquire all the issued and paid-up ordinary shares in the share capital of the Company

Independent Financial Adviser to the Recommending Directors of the Company

XANDAR CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200002789M)

SHAREHOLDERS SHOULD NOTE THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 19 JANUARY 2023 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY 5.30 P.M. (SINGAPORE TIME) ON 19 JANUARY 2023 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

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DEFINITIONS

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

"**8SW Property**"	:	Shall have the meaning ascribed to it in paragraph 7.1 of **Appendix B1** to this Circular
"**12TSL Property**"	:	Shall have the meaning ascribed to it in paragraph 9 of **Appendix B1** to this Circular
"**Acceptance Forms**"	:	The FAA and the FAT collectively, or any one of them, as the case may be
"**AHPL**"	:	Shall have the meaning ascribed to it in paragraph 6.1.1(a) of **Appendix B1** to this Circular
"**Alexandra Road Hotel and Units**"	:	Momentus Hotel Alexandra and units #01-06 and #03-11 located at 321 Alexandra Road, Alexandra Central, Singapore
"**Annual Report**"	:	The annual report of the Company
"**Awards**"	:	Shall have the meaning ascribed to it in paragraph 2.1.3 of this Circular
"**CDP**"	:	The Central Depository (Pte) Limited
"**CEL**"	:	CEL Development Pte. Ltd., a wholly-owned subsidiary of the Company
"**Celine Tang**"	:	Ms Chen Huaidan @ Celine Tang, Non-Executive Chairman, Non-Independent and Non-Executive Director of the Company
"**CEL Shenton**"	:	Shall have the meaning ascribed to it in paragraph 7.1.1(a) of **Appendix B1** to this Circular
"**CES-Ariva JV**"	:	Shall have the meaning ascribed to it in paragraph 6.1.1(a) of **Appendix B1** to this Circular
"**CES-Ariva JV Co**"	:	Shall have the meaning ascribed to it in paragraph 6.1.1(b) of **Appendix B1** to this Circular
"**CESH**"	:	Shall have the meaning ascribed to it in paragraph 6.1.1(a) of **Appendix B1** to this Circular
"**CES Properties**"	:	The following properties which the Group has an interest in as at the Latest Practicable Date: (a) Alexandra Road Hotel and Units;

		(b) the hotel located at 121-125 North Terrace, Adelaide, South Australia (known as Grosvenor Hotel Adelaide);
		(c) the resort located at North Malé Atoll, Maldives (known as Grand Park Kodhipparu);
		(d) the commercial office building located at 205 Queen Street, Auckland Central, Auckland, New Zealand;
		(e) the mixed-use development site located at 28 Lyall Street, South Perth, Western Australia;
		(f) the unsold units at the mixed-use development project known as Parc Komo and Komo Shoppes, located at Upper Changi Road North, Singapore;
		(g) the unsold units at the residential development project known as Kopar at Newton, located at Makeway Avenue, Singapore; and
		(h) the Maxwell Property
"**CES_SDC**"	:	CES_SDC Pte. Ltd. (formally known as Sembcorp Design and Construction Pte. Ltd.), a wholly-owned subsidiary of the Company
"**CIPL**"	:	Shall have the meaning ascribed to it in paragraph 4.1.1(a) of **Appendix B1** to this Circular
"**Circular**"	:	This circular to Shareholders dated 22 December 2022 from the Company containing, *inter alia*, the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in relation to the Offer and the Options Proposal
"**Closing Date**"	:	5.30 p.m. (Singapore time) on 19 January 2023 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Offer
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Companies Act**"	:	Companies Act 1967 of Singapore
"**Company**"	:	Chip Eng Seng Corporation Ltd.
"**Company Convertible Securities**"	:	Convertible securities, warrants, options and Derivatives in respect of the Company Securities
"**Company Options**"	:	Shall have the meaning ascribed to it in paragraph 2.1.2 of this Circular

"**Company Option Scheme**"	:	Shall have the meaning ascribed to it in paragraph 2.1.2 of this Circular
"**Company Securities**"	:	Means (a) Shares; or (b) securities which carry voting rights in the Company
"**Constitution**"	:	The constitution of the Company as at the Latest Practicable Date
"**CPF**"	:	Central Provident Fund
"**CPF Agent Banks**"	:	Agent banks included under the CPFIS
"**CPFIS**"	:	Central Provident Fund Investment Scheme
"**CPFIS Investors**"	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
"**CTPL**"	:	CES Treasury Pte. Ltd., a wholly-owned subsidiary of the Company
"**Debt Issuance Programme**"	:	The S$750,000,000 multicurrency debt issuance programme of the Company and CTPL
"**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
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date
"**Eligible Option Holder**"	:	An Option Holder who holds Company Options capable of being exercised into new Shares
"**Encumbrances**"	:	Shall have the meaning ascribed to it in paragraph 2.3 of this Circular
"**Exchange Offer**"	:	The invitation by the Company and CTPL on 16 November 2021 to holders of the outstanding Series 003 Notes and holders of the outstanding Series 004 Notes to offer to exchange any and all such notes for new Series 005 Notes
"**FAA**"	:	Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose 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 Shares are not deposited with CDP

“Final Offer Consideration”	:	Shall have the meaning ascribed to it in paragraph 2.2 of this Circular
“FY”	:	Financial year ended or ending 31 December
“Gordon Tang”	:	Tang Yigang @ Gordon Tang, the spouse of Celine Tang
“Group”	:	The Company and its subsidiaries
“Haiyi”	:	Haiyi Holdings Pte. Ltd., a company wholly-owned by Mrs Celine Tang and Mr Gordon Tang collectively
“Holding Announcement”	:	The announcement in connection with a possible transaction involving the Shares, issued by the Company on the Holding Announcement Date
“Holding Announcement Date”	:	7 September 2022
“HY2022”	:	The half year ended 30 June 2022
“HY2022 Financial Results Announcement”	:	The unaudited condensed interim financial statements of the Group for HY2022 and the accompanying notes as announced by the Company on 5 August 2022
“IFA”	:	Xandar Capital Pte. Ltd., the independent financial adviser to the Recommending Directors
“IFA Letter”	:	Shall have the meaning ascribed to it in paragraph 11.1 of this Circular
“Independent Valuers”	:	The independent valuers appointed by the Company for the purposes of carrying out a valuation of the CES Properties in connection with the Offer, being: (a) CBRE Pte. Ltd.; (b) Jones Lang LaSalle Advisory Services Pty Limited; (c) Jones Lang LaSalle Limited (d) Jones Lang LaSalle Property Consultants Pte Ltd; (e) Knight Frank Pte Ltd; (f) Savills Valuations Pty Ltd; and (g) Savills Valuation and Professional Services (S) Pte Ltd

"**Interested Persons**"	:	As defined in the Note on Rule 24.6 of the Code and read with the Note on Rule 23.12 of the Code, an "interested person", means: (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) of the Company and his/her immediate family is a beneficiary; (d) any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) of the Company and his/her immediate family together (directly or indirectly) have an interest of 30% or more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or (f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
"**Irrevocable Undertakings**"	:	Shall have the meaning ascribed to it in paragraph 6.3 of **Appendix B** to this Circular
"**Latest Practicable Date**"	:	15 December 2022, being the latest practicable date prior to the publication of this Circular, save that where parts of the Offer Document (including the letter from UOB to the Shareholders in the Offer Document) and/or the Options Proposal Letter are reproduced, references to the "Latest Practicable Date" in such reproduction shall mean the Offer Document LPD
"**Listing Manual**"	:	The listing manual of the Main Board of the SGX-ST in force as at the Latest Practicable Date
"**Maxwell Bank Loan**"	:	Shall have the meaning ascribed to it in paragraph 4.2.4 of **Appendix B1** to this Circular
"**Maxwell Joint Venture**"	:	Shall have the meaning ascribed to it in paragraph 4.1.1(b) of **Appendix B1** to this Circular

"**Maxwell JV Cos**"	:	Shall have the meaning ascribed to it in paragraph 4.1.1(b) of **Appendix B1** to this Circular
"**Maxwell JV Partners**"	:	Shall have the meaning ascribed to it in paragraph 4.1.1(a) of **Appendix B1** to this Circular
"**Maxwell Participation Proportions**"	:	Shall have the meaning ascribed to it in paragraph 4.1.1(b) of **Appendix B1** to this Circular
"**Maxwell Project**"	:	Shall have the meaning ascribed to it in paragraph 4.1 of **Appendix B1** to this Circular
"**Maxwell Property**"	:	The development known as Maxwell House located at 20 Maxwell Road, Singapore, to be redeveloped into a mixed-use development
"**Maxwell Shareholders' Agreements**"	:	Shall have the meaning ascribed to it in paragraph 4.2.1 of **Appendix B1** to this Circular
"**Maxwell Shareholders' Loan Facility Agreement**"	:	Shall have the meaning ascribed to it in paragraph 4.2.2 of **Appendix B1** to this Circular
"**MGO**"	:	Shall have the meaning ascribed to it in paragraph 1.2 of this Circular
"**MGO Conversion Announcement**"	:	Shall have the meaning ascribed to it in paragraph 1.2 of this Circular
"**MHPL**"	:	Shall have the meaning ascribed to it in paragraph 6.2.4 of **Appendix B1** to this Circular
"**Momentus Hotel Alexandra**"	:	The Group's hotel located at 323 Alexandra Road, Singapore
"**Offer**"	:	The mandatory unconditional cash offer by UOB, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document and the Acceptance Forms, as such Offer may be amended, extended and revised from time to time by or on behalf of the Offeror
"**Offer Announcement**"	:	Shall have the meaning ascribed to it in paragraph 1.1 of this Circular
"**Offer Announcement Date**"	:	24 November 2022
"**Offer Document**"	:	The document dated 8 December 2022, including the Acceptance Forms, issued by UOB, for and on behalf of the Offeror, in respect of the Offer

"**Offer Document Despatch Date**"	:	8 December 2022, being the date of despatch of the notification of electronic dissemination of the Offer Document and its related documents dated 8 December 2022 and the Acceptance Forms, and the electronic dissemination of the Offer Document and any related documents
"**Offer Document LPD**"	:	2 December 2022, stated in the Offer Document to be the latest practicable date prior to the date of the Offer Document
"**Offer Shares**"	:	Shall have the meaning ascribed to it in paragraph 2.1 of this Circular
"**Offeror**"	:	Tang Dynasty Treasure Pte. Ltd.
"**Offeror Concert Parties**"	:	The Offeror and persons acting in concert with the Offeror
"**Offeror Convertible Securities**"	:	Convertible securities, warrants, options and Derivatives in respect of the Offeror Shares
"**Offeror Shares**"	:	Equity share capital in the Offeror
"**Offer Unconditional Announcement**"	:	Shall have the meaning ascribed to it in paragraph 1.6 of this Circular
"**OKHWPL**"	:	Shall have the meaning ascribed to it in paragraph 9 of **Appendix B1** to this Circular
"**Option Holders**"	:	Holders of the Company Options
"**Options Closing Date**"	:	5.30 p.m. (Singapore time) on 19 January 2023 or such later date(s) as may be announced from time to time by or on behalf of the Offeror
"**Options Proposal**"	:	The proposal made in relation to the Company Options by UOB, for and on behalf of the Offeror, to the Option Holders, on the terms set out in the Options Proposal Letter
"**Options Proposal Acceptance Letter**"	:	Options Proposal Acceptance Letter, which forms part of the terms of the Options Proposal and the Options Proposal Letter, and which is issued to Option Holders
"**Options Proposal Letter**"	:	The options proposal letter dated 8 December 2022, including the Options Proposal Acceptance Letter, issued by UOB, for and on behalf of the Offeror, in respect of the Options Proposal
"**Original Loan Facility**"	:	Shall have the meaning ascribed to it in paragraph 4.2.2 of **Appendix B1** to this Circular

"**Overseas Shareholder**"	:	A Shareholder whose address is outside Singapore as shown in the Register or in the Depository Register (as the case may be)
"**PCPM Joint Venture**"	:	Shall have the meaning ascribed to it in paragraph 5.1.1(b) of **Appendix B1** to this Circular
"**PCPM JV Cos**"	:	Shall have the meaning ascribed to it in paragraph 5.1.1(b) of **Appendix B1** to this Circular
"**PCPM Participation Proportions**"	:	Shall have the meaning ascribed to it in paragraph 5.1.1(b) of **Appendix B1** to this Circular
"**PCPM Project**"	:	Shall have the meaning ascribed to it in paragraph 5.1 of **Appendix B1** to this Circular
"**PCPM Property**"	:	Shall have the meaning ascribed to it in paragraph 5.1.1(a) of **Appendix B1** to this Circular
"**PRE 13**"	:	Shall have the meaning ascribed to it in paragraph 7.1.1(a) of **Appendix B1** to this Circular
"**PRE 13 Shareholders' Agreement**"	:	Shall have the meaning ascribed to it in paragraph 7.2.1 of **Appendix B1** to this Circular
"**Price Revision Announcement**"	:	Shall have the meaning ascribed to it in paragraph 1.3 of this Circular
"**PVM Joint Venture**"	:	Shall have the meaning ascribed to it in paragraph 8.1.1(b) of **Appendix B1** to this Circular
"**PVM JV Co**"	:	Shall have the meaning ascribed to it in paragraph 8.1.1(b) of **Appendix B1** to this Circular
"**PVM JV Partners**"	:	Shall have the meaning ascribed to it in paragraph 8.1.1(a) of **Appendix B1** to this Circular
"**PVM Participation Proportions**"	:	Shall have the meaning ascribed to it in paragraph 8.1.1(b) of **Appendix B1** to this Circular
"**PVM Project**"	:	Shall have the meaning ascribed to it in paragraph 8.1 of **Appendix B1** to this Circular
"**PVM Property**"	:	Shall have the meaning ascribed to it in paragraph 8.1.1(a) of **Appendix B1** to this Circular

"**Recommending Directors**"	:	The directors of the Company who are considered independent for the purpose of making a recommendation to Shareholders for the purposes of the Offer, namely Mr Chia Lee Meng Raymond, Mr Tan Tee How, Mr Yam Ah Mee, Mr Abdul Jabbar Bin Karam Din, Professor Low Teck Seng, Dr Neo Boon Siong and Professor Yaacob Bin Ibrahim
"**Register**"	:	The register of holders of the Shares, as maintained by the Share Registrar
"**Relevant Directors**"	:	Shall have the meaning ascribed to it in paragraph 12.1.1 of this Circular
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
"**Securities and Futures Act**"	:	Securities and Futures Act 2001 of Singapore
"**Series 003 Notes**"	:	The 4.90% notes due May 2022 comprised in Series 003 issued by the Company pursuant to the Debt Issuance Programme
"**Series 004 Notes**"	:	The 6.00% notes due March 2022 comprised in Series 004 issued by CTPL pursuant to the Debt Issuance Programme, and guaranteed by the Company
"**Series 005 Notes**"	:	The 6.50% notes due December 2024 comprised in Series 005 issued by CTPL pursuant to the Debt Issuance Programme, and guaranteed by the Company
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Plan**"	:	Shall have the meaning ascribed to it in paragraph 2.1.3 of this Circular
"**Share Registrar**"	:	In.Corp Corporate Services Pte. Ltd., in its capacity as the share registrar of the Company
"**Shareholders**"	:	Persons who are registered as holders of the Shares in the Register and depositors who have Shares entered against their names in the Depository Register
"**Shares**"	:	Issued and paid-up ordinary shares in the share capital of the Company
"**SHCPL**"	:	Shall have the meaning ascribed to it in paragraph 5.1.1(a) of **Appendix B1** to this Circular
"**SHEPL**"	:	Shall have the meaning ascribed to it in paragraph 7.1.1(b) of **Appendix B1** to this Circular

"**SHIPL**"	:	Shall have the meaning ascribed to it in paragraph 4.1.1(a) of **Appendix B1** to this Circular
"**SHPPL**"	:	Shall have the meaning ascribed to it in paragraph 8.1.1(a) of **Appendix B1** to this Circular
"**SIC**"	:	Securities Industry Council of Singapore
"**SingHaiyi**"	:	SingHaiyi Group Pte. Ltd. (formerly known as SingHaiyi Group Ltd)
"**Sponsors**"	:	Mr Gordon Tang and Mrs Celine Tang
"**SRS**"	:	Supplementary Retirement Scheme
"**SRS Agent Banks**"	:	Agent banks included under the SRS
"**SRS Investors**"	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
"**Substantial Shareholder**"	:	A person (including a corporation) who has an interest in not less than five per cent. (5%) of the total Shares
"**TK189**"	:	Shall have the meaning ascribed to it in paragraph 8.1.1(a) of **Appendix B1** to this Circular
"**UOB**"	:	United Overseas Bank Limited, in its capacity as the financial adviser to the Offeror in connection with the Offer
"**Valuation Reports and/or Certificates**"	:	Those valuation reports, valuation certificates and/or valuation summaries issued by the Independent Valuers in respect of the CES Properties in connection with the Offer and for inclusion in this Circular, as set out in **Appendix F** to this Circular
"**%**" or "**per cent.**"	:	Per centum or percentage

Unless otherwise defined, the terms "**acting in concert**" and "**associated companies**" shall have the meanings ascribed to them respectively in the Code.

The terms "**depositor**", "**depository agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

References to "**subsidiary**" and "**related corporation**" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

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

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

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 and *vice versa*. References to persons shall, where applicable, include corporations.

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

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

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

Capitalised terms used in extracts of the Offer Document, the Options Proposal Letter, the IFA Letter, the Constitution and the Valuation Reports and/or Certificates set out in this Circular within quotes and italics shall have the same meanings as ascribed to them in the Offer Document, the Options Proposal Letter, the IFA Letter, the Constitution and the Valuation Reports and/or Certificates, respectively.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "believe", "estimate", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "if", "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders of the Company 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 the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

CHIP ENG SENG CORPORATION LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 199805196H)

Directors of the Company	**Registered Address**
Mrs Celine Tang, Non-Executive Chairman, Non-Independent and Non-Executive Director Mr Chia Lee Meng Raymond, Executive Director and Group Chief Executive Officer Mr Tan Tee How, Executive Director Mr Yam Ah Mee, Executive Director Mr Abdul Jabbar Bin Karam Din, Lead Independent Director Mr Lock Wai Han, Independent Director Professor Low Teck Seng, Independent Director Dr Neo Boon Siong, Independent Director Professor Yaacob Bin Ibrahim, Independent Director	171 Chin Swee Road #12-01, CES Centre, Singapore 169877

22 December 2022

To: The Shareholders

Dear Sir/Madam

MANDATORY UNCONDITIONAL CASH OFFER FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE SHARE CAPITAL OF CHIP ENG SENG CORPORATION LTD.

1. INTRODUCTION

1.1 Offer Announcement. On 24 November 2022, UOB announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer for the Offer Shares in accordance with Rule 15 of the Code (the "**Offer Announcement**").

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

1.2 MGO Conversion Announcement. On 25 November 2022, UOB announced, for and on behalf of the Offeror, that as the Shares acquired by the Offeror Concert Parties for the 6-month period up to 25 November 2022 represent more than 1% of the voting rights of the Company, the Offeror had incurred an obligation to make a mandatory general offer ("**MGO**") for the Shares in accordance with Rule 14 of the Code. Accordingly, the voluntary conditional cash offer by the Offeror for the Offer Shares was converted to a MGO (the "**MGO Conversion Announcement**").

A copy of the MGO Conversion Announcement is available on the website of the SGX-ST at www.sgx.com.

1.3 Price Revision Announcement. On 2 December 2022, UOB announced, for and on behalf of the Offeror, *inter alia*, the revision of the consideration for the Offer Shares to the Final Offer Consideration (the "**Price Revision Announcement**").

A copy of the Price Revision Announcement is available on the website of the SGX-ST at www.sgx.com.

1.4 Offer Document. On 8 December 2022, the Offer Document was electronically disseminated to Shareholders by UOB, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 and Appendix IV of the Offer Document. Shareholders are advised to read the terms and conditions contained therein carefully.

1.5 Options Proposal Letter. On 8 December 2022, the Options Proposal Letter containing the Options Proposal was electronically disseminated to the Option Holders by UOB, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Options Proposal. The principal terms and conditions of the Options Proposal are set out in Section 4 of the Options Proposal Letter. Option Holders are advised to read the terms and conditions contained therein carefully.

1.6 Offer Unconditional Announcement. Pursuant to the dealings disclosure and offer declared unconditional announcement dated 14 December 2022, UOB announced, for and on behalf of the Offeror, *inter alia*, that the Offer has become unconditional in all respects (the "**Offer Unconditional Announcement**").

1.7 Independent Financial Adviser. The Company has appointed Xandar Capital Pte. Ltd. as the independent financial adviser to advise the Recommending Directors for the purposes of the Offer and the Options Proposal.

1.8 Circular. The purpose of this Circular is to provide Shareholders and Eligible Option Holders with relevant information pertaining to the Company and to set out the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors with regard to the Offer and the Options Proposal.

2. THE OFFER

2.1 Offer Shares. Based on the Offer Document, UOB, for and on behalf of the Offeror, has made the Offer in accordance with Rule 14 of the Code and on the terms and subject to the conditions set out in the Offer Document and the Acceptance Forms for:

2.1.1 all the Shares, other than those Shares held by the Company as treasury Shares and those Shares already owned, controlled or agreed to be acquired by the Offeror;

2.1.2 all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any options (the "**Company Options**") granted under the Chip Eng Seng Employee Share Option Scheme 2013 (the "**Company Option Scheme**") prior to the close of the Offer; and

2.1.3 all new Shares unconditionally issued or delivered or to be issued or delivered pursuant to the vesting and release of any outstanding awards ("**Awards**") granted under the Chip Eng Seng Performance Share Plan (the "**Share Plan**") prior to the close of the Offer,

(collectively, the "**Offer Shares**" and each, an "**Offer Share**").

2.2 Final Offer Consideration. As set out in the Offer Document, the Final Offer Consideration is as follows:

For each Offer Share: S$0.75 in cash (the "**Final Offer Consideration**").

As stated in the Offer Document, the Offeror does not intend to revise the Final Offer Consideration, save that the Offeror reserves the right to do so in a competitive situation.

2.3 **No Encumbrances.** Based on the Offer Document, the Offer Shares will be acquired (a) fully paid-up, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"), and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

2.4 **Adjustments for distributions.** In the event that any dividends, rights, other distributions or return of capital is declared, made or paid on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Final Offer Consideration by the amount of such dividends, rights, distributions or return of capital paid by the Company to the accepting Shareholder.

2.5 **Satisfaction of Condition.** As set out in the Offer Document, the Offer will be 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 Concert Parties (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror Concert Parties holding more than 50% of the total Shares (excluding treasury Shares) as at the close of the Offer.

Accordingly, as set out in the Offer Document, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror Concert Parties (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror Concert Parties holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company. For this purpose, the "**maximum potential issued share capital of the Company**[1]" means the total number of Shares (excluding treasury Shares) which would be in issue had all outstanding Company Options been validly exercised and all outstanding Awards granted under the Share Plan been validly vested as at the date of such declaration.

On 14 December 2022, by way of the Offer Unconditional Announcement, UOB announced, for and on behalf of the Offeror, that the Offeror had received valid acceptances in respect of such Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror Concert Parties (including the acquisitions by the Offeror on 14 December 2022), resulted in the Offeror Concert Parties holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company.

Accordingly, the Offer has become unconditional as to acceptances and has been declared unconditional in all respects.

2.6 **Warranty.** The Offer Document states that acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid-up; (b) free from Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto

1 "**maximum potential issued share capital of the Company**" means 814,224,776 Shares as stated in the Offer Document.

as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

2.7 **Closing Date.** As set out in the Offer Unconditional Announcement, the closing date of the Offer is extended to 5.30 p.m. (Singapore time) on 19 January 2023 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror), being the Closing Date.

Accordingly, the Offer is open for acceptance by Shareholders for the period commencing on the Offer Document Despatch Date and ending on the Closing Date.

Shareholders should note that the Offer will close at 5.30 p.m. (Singapore time) on 19 January 2023 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

2.8 **Further Details of the Offer.** Further details of the Offer are set out in Appendix IV to the Offer Document including details on (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer.

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

3. OPTIONS PROPOSAL

Details of the Options Proposal have been extracted from the Offer Document and the Options Proposal Letter and are reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document and/or the Options Proposal Letter (as the case may be).

Relevant extracts from Offer Document

"***3. COMPANY OPTIONS***

*3.1 **Company Options***

*As at the Latest Practicable Date and based on the latest information available to the Offeror, Company Options to subscribe for an aggregate of 30,000,000 Shares remain outstanding under the Company Option Scheme, representing approximately 3.68% of the maximum potential issued share capital of the Company. Under the rules of the Company Option Scheme, the Company Options are not freely transferable by the holders (the "**Option Holders**") thereof. In view of this restriction, UOB, for and on behalf of the Offeror, will not make an offer to acquire the Company Options in connection with the Offer (although, as stated above, the Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of the Company Options prior to the close of the Offer).*

3.2 ***Options Proposal***

*Instead, UOB will, for and on behalf of the Offeror, make a proposal (the "**Options Proposal**") to the Option Holders on the following terms, that subject to:*

(a) the Offer becoming or being declared unconditional in all respects; and

(b) the relevant Company Options continuing to be exercisable into new Shares,

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

(i) not to exercise all or any of such Company Options into new Shares; and

(ii) not to exercise any of their rights as Option Holders,

in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Company Options. Further, if the Offer becomes or is declared unconditional in all respects, Option Holders who have accepted the Options Proposal will be required to surrender their relevant Company Options for cancellation. If the Offer is withdrawn or if the relevant Company Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

3.3 ***Option Price***

The Option Price will be calculated on a "see-through" basis, that is, the Option Price in relation to any Company Option is the amount of the excess of the Final Offer Consideration over the exercise price of that Company Option. Where the exercise price of a Company Option is equal to or higher than the Final Offer Consideration, the Option Price for each Company Option will be fixed at a nominal amount of S$0.001.

3.4 ***Offer and Options Proposal mutually exclusive***

For the avoidance of doubt, whilst the Options Proposal is conditional upon the Offer becoming or being declared unconditional in all respects in accordance with its terms, the Offer will not be conditional upon acceptances received in relation to the Options Proposal. The Offer and the Options Proposal are separate and mutually exclusive. The Options Proposal does not form part of the Offer, and vice versa. Without prejudice to the foregoing, if Option Holders exercise their Company Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the Options Proposal in respect of such Company Options. Conversely, if Option Holders wish to accept the Options Proposal in respect of their Company Options, they may not exercise those Company Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.

3.5 ***Despatch of Options Proposal***

Details of the Options Proposal have been separately despatched to the Option Holders."

Relevant extracts from Options Proposal Letter

"***4. OPTIONS PROPOSAL***

4.1 ***Terms of the Options Proposal***

In addition to extending the Offer to all Shares unconditionally issued and/or transferred (as the case may be) prior to or on the Closing Date pursuant to the valid exercise of the outstanding Company Options, UOB, for and on behalf of the Offeror, hereby makes the Options Proposal to each Option Holder on the terms set out below.

*Subject to the Offer becoming or being declared unconditional in all respects and the relevant Company Options continuing to be exercisable into new Shares, the Offeror will pay to such Option Holders a cash amount (determined as provided below) (the "**Option Price**") in consideration of such Option Holders agreeing:*

(a) not to exercise all or any of such Company Options into new Shares; and

(b) not to exercise any of their rights as Option Holders,

in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Company Options. Further, if the Offer becomes or is declared unconditional in all respects, Option Holders who have accepted the Options Proposal will be required to surrender their relevant Company Options for cancellation. If the Offer is withdrawn or if the relevant Company Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

4.2 ***Option Price***

The Option Price is calculated on a "see-through" basis, that is, the Option Price in relation to any Company Option is the amount of the excess of the Final Offer Consideration over the exercise price of that Company Option. Where the exercise price of a Company Option is equal to or higher than the Final Offer Consideration, the Option Price for each Company Option is fixed at a nominal amount of S$0.001.

4.3 ***Offer and Options Proposal mutually exclusive***

For the avoidance of doubt, whilst the Options Proposal is conditional upon the Offer becoming or being declared unconditional in all respects in accordance with its terms, the Offer will not be conditional upon acceptances received in relation to the Options Proposal. The Offer and the Options Proposal are separate and mutually exclusive. The Options Proposal does not form part of the Offer, and vice versa. Without prejudice to the foregoing, if Option Holders exercise their Company Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the Options Proposal in respect of such Company Options. Conversely, if Option Holders wish to accept the Options Proposal in respect of their Company Options, they may not exercise those Company Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.

4.4 ***Duration of the Options Proposal***

The Options Proposal shall remain open for acceptance until ***5.30 p.m. (Singapore time) on the Closing Date.***

4.5 ***Acceptances Irrevocable***

Acceptances of the Options Proposal shall be irrevocable."

4. NO OUTSTANDING AWARDS

As at the Latest Practicable Date, there are no outstanding Awards granted under the Share Plan.

5. INFORMATION ON THE OFFEROR

Information on the Offeror has been extracted from the Offer Document and is reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***5.*** ***INFORMATION ON THE OFFEROR***

5.1 ***Information on the Offeror***

The Offeror is an investment holding company incorporated under the laws of Singapore on 10 October 2022. As at the Latest Practicable Date:

(a) the Offeror has an issued and paid-up share capital of S$100, comprising 100 ordinary shares which are held by the Sponsors; and

(b) the Sponsors are the directors of the Offeror.

As at the Latest Practicable Date, the Offeror does not own any Shares.

APPENDIX I *to this Offer Document sets out certain additional information on the Offeror.*"

6. IRREVOCABLE UNDERTAKINGS

The full text of the description of the undertakings provided by each of the Sponsors has been extracted from the Offer Document and is reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***7.*** ***IRREVOCABLE UNDERTAKINGS***

7.1 ***Details of Irrevocable Undertakings***

*As at the Latest Practicable Date, the Sponsors have executed irrevocable undertakings (the "****Irrevocable Undertakings****") in favour of the Offeror, pursuant to which each of them has undertaken to, inter alia, (a) accept the Offer in respect of all Shares held or controlled by each of them; (b) accept the Offer in respect of any other Shares or securities in the capital of the Company that each of them may acquire, or which may be allocated and issued to each of them on or after the date of the Irrevocable Undertakings; and (c) waive their rights to receive any settlement or payment of their acceptance of the Offer within the time period prescribed under Rule 30 of the Code.*

*As at the Latest Practicable Date, the aggregate number of Shares under the Irrevocable Undertakings is 370,509,903 Shares (collectively, the "**Sponsors' Shares**"), representing approximately 47.25% of the total number of issued Shares*[2]*.*

7.2 ***Termination of Irrevocable Undertakings***

The Irrevocable Undertakings shall terminate, lapse and cease to have any effect upon the Offer lapsing or being withdrawn for whatever reason other than as a result of a breach of any of the Sponsors' obligations under the Irrevocable Undertakings.

7.3 ***No other irrevocable undertakings***

Save for the Irrevocable Undertakings, as at the Latest Practicable Date, neither the Offeror nor any persons acting in concert with the Offeror has received any irrevocable undertaking from any other person to accept or reject the Offer."

7. RATIONALE FOR THE OFFER AND THE OFFEROR'S FUTURE PLANS FOR THE COMPANY

The full text of the rationale for the Offer and the Offeror's intentions relating to the Company has been extracted from the Offer Document and is reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. Shareholders are advised to read the extract below carefully.

"***9. RATIONALE FOR THE OFFER***

The Offeror is making the Offer for the following reasons:

9.1 ***Opportunity for Shareholders to realise their investments at a premium without incurring brokerage fees***

The Offer presents Shareholders with an opportunity to realise their entire investment in cash at a premium over historical traded prices of the Shares, without incurring brokerage and other trading costs.

(a) Had a Shareholder acquired Shares at the closing price on the last trading day on the previous calendar year, being 31 December 2021, and accepts the Offer, he/she would realise a total return[3 4 5] *of S$0.36 or approximately 87.8% on his/her investment. In this regard, the Offer would provide a year-to-date*[6] *return that is higher than other comparable real estate developers listed on the SGX-ST*[7]*.*

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2 The percentage shareholding interest referred to in this Offer Document is rounded to two (2) decimal places and is based on the 784,224,776 issued and paid-up ordinary shares in the Company (excluding treasury Shares) which was obtained from publicly available information.

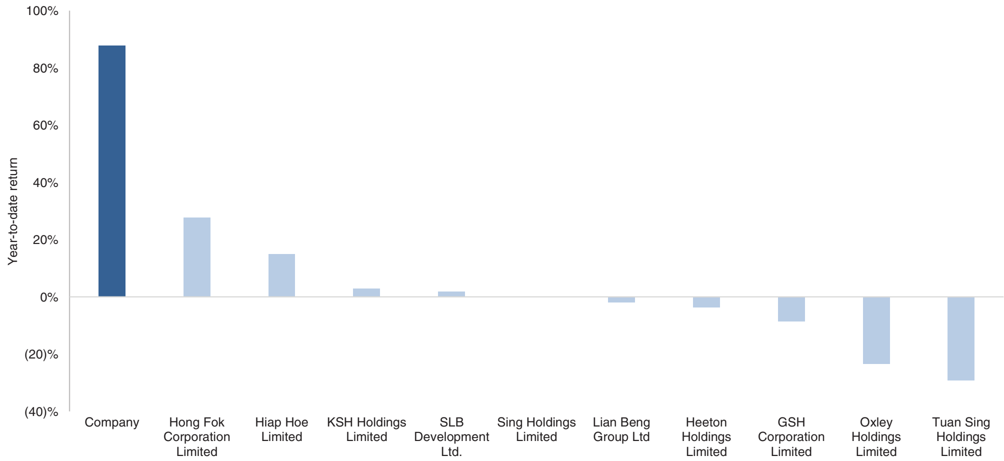
3 In the event that the Offer becomes or is declared to be unconditional in all respects.

4 Including dividend of S$0.02 received on 20 May 2022.

5 Excluding any brokerage and trading costs in connection with the acquisition of the Shares.

6 As at the Offer Announcement Date.

*7 For the purpose of determining the year-to-date returns of comparable real estate developers, dividends and distributions made and/or paid by these companies, where applicable, have been included. In the case of Oxley Holdings Limited ("**Oxley**"), the shares of Aspen (Group) Holdings Limited ("**Aspen**") distributed to Oxley's shareholders by way of a dividend in specie have been included in the determination of year-to-date return. The closing price of the Aspen shares on the Offer Announcement Date was used in the computation of year-to-date return.*



Source: Bloomberg Finance L.P., SGX-ST's website

(b) *The Final Offer Consideration represents:*

(i) *a premium of approximately 5.6% over the last transacted price per Share on the Holding Announcement Date;*

(ii) *a premium of approximately 13.1%, 26.5%, 33.7%, 42.6% and 50.3% over the VWAP of the Shares traded on the SGX-ST for the one (1)-month, three (3)-month, six (6)-month, 12-month and 24-month periods, respectively, up to and including the Holding Announcement Date; and*

(iii) *a premium of approximately 19.0% over the issue price of S$0.63 per Rights Share.*

(c) *The Final Offer Consideration exceeds the highest closing price of the Shares in the three (3)-year period prior to and including the Holding Announcement Date. It represents a premium ranging between 5.6% and 87.5% over the closing prices of the Shares during this period. Further, should a Shareholder have acquired Shares at the highest or lowest closing price of the Shares in the three (3)-year period prior to and including the Holding Announcement Date and subsequently accepts the Offer, he/she would, after taking into account the dividends received, realise the following total returns[3 5] on his/her investment:*

	Total Return (S$)	***Return on Investment (%)***
Highest Closing Price	*0.04(1)*	*5.6(1)*
Lowest Closing Price	*0.39(2)*	*97.5(2)*

Notes:

(1) *A Shareholder who acquired Shares at the closing Share price on 7 September 2022, being the highest closing price of the Shares in the three (3)-year period prior to and including the Holding Announcement Date, and subsequently accepts the Offer, will receive the Final Offer Consideration, in the event that the Offer becomes or is declared to be unconditional in all respects.*

(2) *A Shareholder who acquired Shares at the closing Share price on 30 November 2020, being the lowest closing price of the Shares in the three (3)-year period prior to and including the Holding Announcement Date, and subsequently accepts the Offer, would have received dividends of S$0.02 on 21 May 2021 and S$0.02 on 20 May 2022 and will receive the Final Offer Consideration, in the event that the Offer becomes or is declared to be unconditional in all respects.*

Source: Bloomberg Finance L.P..

Note:

(1) Denotes the aggregate dividends received by the Shareholder during his/her holding period and the Final Offer Consideration to be received if the Shareholder accepts the Offer and the Offer becomes or is declared to be unconditional in all respects.

9.2 ***Strengthen competitiveness and optimise resources***

*The Offeror is making the Offer with a view to acquire a majority interest in the Company, and if entitled, exercise its rights of compulsory acquisition to privatise and delist the Company from the SGX-ST. The Sponsors are also controlling shareholders of SingHaiyi Group Pte. Ltd. ("**SingHaiyi**"), a well-established real estate developer. SingHaiyi and the Company had entered into numerous joint ventures to leverage on their collective experience and expertise to deliver superior products to consumers. Due to rising interest and inflation rates, the ongoing COVID-19 pandemic as well as geopolitical tensions ensuing from the ongoing Russia-Ukraine conflict, property developers in Singapore are operating in a challenging environment. On the back of the macro headwinds, the Offeror believes that the Offer will provide the Offeror with greater control to manage the overall business, optimise and streamline the resources of the Company to improve operational efficiency and effectiveness.*

10. OFFEROR'S INTENTIONS FOR THE COMPANY

The Offeror intends for the Company to continue with its existing activities and has no intention to (a) introduce any major changes to the business of the Company; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of any of the existing employees of the CES Group, other than in the ordinary course of business. However, the Directors retain the flexibility at any time to consider any options in relation to the CES Group which may present themselves and which they may regard to be in the interest of the Offeror."

8. LISTING STATUS AND COMPULSORY ACQUISITION

The Offer Document sets out the intentions of the Offeror relating to the listing status of the Company and the exercise of its rights of compulsory acquisition in respect of the Company. The relevant paragraphs have been extracted from the Offer Document and are reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

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

11.1 ***Listing status***

*Under Rule 723 of the Listing Manual, the Company must ensure that at least 10% of the total number of Shares (excluding any Shares held in treasury) is at all times held in public hands (the "**Free Float Requirement**"). Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and persons acting in concert with the Offeror to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any 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 any Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding any 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 Free Float Requirement is not satisfied, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend 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 the Shares (excluding any Shares held in treasury) held in public hands to at least 10%, failing which the Company may be removed from the Official List of the SGX-ST.

11.2 ***Compulsory acquisition***

*Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held in treasury), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") at a price equal to the Final Offer Consideration.*

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held in treasury and Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares, the Dissenting Shareholders will have a right to require the Offeror to acquire their Shares at the Final Offer Consideration. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

11.3 ***Offeror's intentions***

The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to support or take any step (including the placing out of Shares by the Offeror) for the public float to be *restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of the total number of issued Shares (excluding any Shares held in treasury) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual."*

9. FINANCIAL EVALUATION OF THE OFFER

The Offer Document sets out the financial aspects of the Offer. The relevant paragraphs have been extracted from the Offer Document and are reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***8. FINANCIAL EVALUATION OF THE OFFER***

The Final Offer Consideration represents the following premia over the historical traded prices of the Shares:

	Description	*Benchmark Price (S$)$^{(1)(2)}$*	*Premium of the Final Offer Consideration over Benchmark Price (%)$^{(3)}$*
(a)	*Last transacted price per Share on 7 September 2022, being the date the Company issued a holding announcement (the "**Holding Announcement Date**")*	*0.710*	*5.6*
(b)	*Lowest closing price of the Shares traded on the SGX-ST for the three (3)-year period prior to and including the Holding Announcement Date*	*0.400*	*87.5*
(c)	*Highest closing price of the Shares traded on the SGX-ST for the three (3)-year period prior to and including the Holding Announcement Date*	*0.710*	*5.6*
(d)	*VWAP of the Shares traded on the SGX-ST for the one (1)-month period prior to and including the Holding Announcement Date*	*0.663*	*13.1*
(e)	*VWAP of the Shares traded on the SGX-ST for the three (3)-month period prior to and including the Holding Announcement Date*	*0.593*	*26.5*

	Description	*Benchmark Price (S$)*[(1)(2)]	*Premium of the Final Offer Consideration over Benchmark Price (%)*[(3)]
(f)	*VWAP of the Shares traded on the SGX-ST for the six (6)-month period prior to and including the Holding Announcement Date*	*0.561*	*33.7*
(g)	*VWAP of the Shares traded on the SGX-ST for the 12-month period prior to and including the Holding Announcement Date*	*0.526*	*42.6*
(h)	*VWAP of the Shares traded on the SGX-ST for the 24-month period prior to and including the Holding Announcement Date*	*0.499*	*50.3*
(i)	*Issue price of rights shares ("**Rights Shares**")* allotted and issued pursuant to a rights issue undertaken by the Company in 2019	*0.630*	*19.0*

Notes:

(1) The figures set out in the table above are based on data extracted from Bloomberg Finance L.P..

(2) Rounded to the nearest three (3) decimal places.

(3) The premium over benchmark price was rounded to the nearest one (1) decimal place."

10. CONFIRMATION OF FINANCIAL RESOURCES

The full text of the confirmation of financial resources by DBS Bank Ltd. has been extracted from the Offer Document and is reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***14. CONFIRMATION OF FINANCIAL RESOURCES***

DBS confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares, excluding the consideration payable in respect of the Sponsors' Shares, on the basis of the Final Offer Consideration."

11. ADVICE OF THE IFA IN RELATION TO THE OFFER AND THE OPTIONS PROPOSAL

11.1 IFA. Xandar Capital Pte. Ltd. has been appointed as the independent financial adviser to advise the Recommending Directors for the purposes of the Offer and the Options Proposal. Shareholders and Eligible Option Holders should consider carefully the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors before deciding whether to accept or reject the Offer and/or the Options Proposal (as the case may be). The IFA's advice is set out in its letter dated 22 December 2022, which is set out in **Appendix A** to this Circular (the "**IFA Letter**").

11.2 Key Factors Taken into Consideration by the IFA. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as those defined in the IFA Letter.

In arriving at its advice, the IFA has relied on the following key considerations (an extract of which is set out below and which should be read in conjunction with, and in the context of, the full text of the IFA Letter):

"***10. OUR ADVICE***

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deemed essential and balanced them before arriving at our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

10.1 THE OFFER

*We set out below a summary of the key factors we have taken into our consideration when assessing the "**fairness**" of the Offer:*

<u>Factors for the Final Offer Consideration</u>

(a) the Final Offer Consideration is higher than the highest trading price of the Shares for the periods prior to and including the Holding Announcement Date as set out in the table in paragraph 8.1 of this IFA Letter;

(b) the Final Offer Consideration represents premia of more than 10% (specifically, between 13.1% and 50.3%) to the VWAPs of the Shares for the 24-month, 12-month, 6-month, 3-month and 1-month periods prior to and including the Holding Announcement Date which ranged between S$0.499 and S$0.663 per Share;

(c) the P/NAV ratio implied by the Final Offer Consideration is higher than the trailing P/NAV ratio of the Shares for the period between 18 October 2019 and the Holding Announcement Date, both dates inclusive;

(d) while the Final Offer Consideration is at a discount to the NAV per Share, the P/NAV ratio implied by the Final Offer Consideration is higher than the P/NAV ratios of the Comparable Companies;

(e) the P/RNAV ratio implied by the Final Offer Consideration is higher than the range of P/RNAV ratio of the Property Takeover Transactions;

(f) the P/E ratio of the Group (after excluding losses of the Group's education segment) is higher than the mean P/E ratios of the Comparable Companies (excluding Oxley);

(g) the EV/EBITDA ratio of the Company as implied by the Final Offer Consideration is within the range and higher than the mean EV/EBITDA ratios of the Comparable Companies; and

(h) the Final Offer Consideration is within the estimated range of values of the Shares set out in paragraph 8.7 of this IFA Letter. The estimated range of values of the Shares has considered the trading prices of the Shares for the period after the announcement of the Group's HY2022 results on 5 August 2022 where the Group reported improved financial performance from a net loss of S$31.49 million for FY2021 to a net profit of S$38.51 million for HY2022.

Factors against the Final Offer Consideration

(A) the Final Offer Consideration is below the highest closing price and VWAP of the Shares for the period between the Offer Consideration Revision Date and the Latest Practicable Date;

(B) the P/RNAV ratio of the Company implied by the Final Offer Consideration is lower than the mean P/NAV (or P/RNAV) ratio of the Non-Privatisation Transactions; and

(C) the valuation ratios implied by the Final Offer Consideration are lower than the mean corresponding ratios of the Privatisation Transactions as well as the Property Privatisation Transactions.

*We set out below a summary of the key factors we have taken into our consideration when assessing the "**reasonableness**" of the Offer:*

Factors for the Final Offer Consideration

(i) the Shares were traded daily on 100% of the market days which the SGX-ST were open for trading. Hence, the trading prices of the Share can be considered as relatively fair representation of the value of the Shares;

(ii) Shareholders who accept the Offer may potentially have better returns if they reinvest the proceeds from the Offer in the alternative investments set out in paragraph 8.4 of this IFA Letter; and

(iii) other considerations set out in paragraph 8.8 of this IFA Letter, in particular, that the Offer has been declared unconditional in all respects and the Offeror has acquired statutory control over the Company.

Factors against the Final Offer Consideration

None.

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

10.2 THE OPTIONS PROPOSAL

The evaluation factors for the Options Proposal are set out in paragraph 9 of this IFA Letter.

The Option Price is computed on a "see-through" basis. An Option Holder who exercises the Company Options and receive new Shares then accept the Offer will receive the same consideration from accepting the Options Proposal.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Options Proposal, on balance, are similarly fair and reasonable. Accordingly, we advise the Recommending Directors to recommend the Option Holders to ACCEPT the Options Proposal."

11.3 Advice of the IFA. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as those defined in the IFA Letter.

After carefully considering all available information and based on the IFA's assessment of the financial terms of the Offer and the Options Proposal, the IFA has advised the Recommending Directors to make the following recommendation to Shareholders and Eligible Option Holders in relation to the Offer and the Options Proposal:

"***10.1 THE OFFER***

…

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

10.2 THE OPTIONS PROPOSAL

…

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Options Proposal, on balance, are similarly fair and reasonable. Accordingly, we advise the Recommending Directors to recommend the Option Holders to ACCEPT the Options Proposal."

This IFA Letter is addressed to the Recommending Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Offer, and the recommendation made by them to the Shareholders shall remain their responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors or the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Offer, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

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

11.4 IFA Letter. Shareholders and Eligible Option Holders should read the extracts in paragraphs 11.2 and 11.3 above in conjunction with, and in the context of, the full text of the IFA Letter which is set out in **Appendix A** to this Circular.

12. RECOMMENDATION OF THE RECOMMENDING DIRECTORS

12.1 Exemptions by the SIC

12.1.1 The SIC has ruled that Mrs Celine Tang and Mr Lock Wai Han (each a "**Relevant Director**" and collectively the "**Relevant Directors**") are, for the reasons set out in paragraphs 12.1.2 and 12.1.3 below, exempted from the requirement to make a recommendation on the Offer to the Shareholders.

12.1.2 Mrs Celine Tang is exempted as she faces irreconcilable conflicts of interest from her position as a director and substantial shareholder of the Offeror.

12.1.3 Mr Lock Wai Han is exempted as he faces irreconcilable conflicts of interest from his position as a director of an entity which is an associated company of certain persons acting in concert with the Offeror.

12.1.4 Nevertheless, the Relevant Directors will remain responsible for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

12.2 Recommendation of Recommending Directors

The Recommending Directors, having considered carefully the terms of the Offer and the Options Proposal and the advice given by the IFA, set out their recommendation on the Offer and the Options Proposal respectively below:

12.2.1 **Offer.** The Recommending Directors **concur** with the advice given by the IFA in respect of the Offer. Accordingly, the Recommending Directors recommend that the Shareholders **ACCEPT** the Offer.

12.2.2 **Options Proposal.** The Recommending Directors **concur** with the advice given by the IFA in respect of the Options Proposal. Accordingly, the Recommending Directors recommend that the Eligible Option Holders **ACCEPT** the Options Proposal.

SHAREHOLDERS AND ELIGIBLE OPTION HOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX A TO THIS CIRCULAR CAREFULLY.

12.3 No Regard to Specific Objectives

In making their recommendation, the Recommending Directors have not had regard to the specific objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder and/or any individual Eligible Option Holder. Accordingly, the Recommending Directors recommend that any individual Shareholder and/or any individual Eligible Option Holder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

13. OVERSEAS SHAREHOLDERS

The full text of the information in relation to Overseas Shareholders has been extracted from the Offer Document and is reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***13. OVERSEAS PERSONS***

*The availability of the Offer to Shareholders whose mailing addresses are outside of Singapore (as shown on the register of members of the Company or, as the case may be, in the records of CDP) (each, an "**Overseas Person**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Person should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as this Offer Document, the Notification Letter, the Acceptance Forms and/or any related documents have not been reviewed by any regulatory authority in any overseas jurisdiction.* ***Where there are potential restrictions on sending this Offer Document, the Notification Letter, the Acceptance Forms and/or any related documents to any overseas jurisdictions, the Offeror, UOB, CDP and the Share Registrar each reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom this Offer Document, the Notification Letter, the Acceptance Forms and/or any related documents have not been, or may not be, sent.***

*Copies of this Offer Document, the Notification Letter, the Acceptance Forms and/or any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, means, 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 facility.

Overseas Persons may, nonetheless, obtain copies of the Notification Letter, the Acceptance Forms and/or any related documents, during normal business hours and up to the Closing Date, from the Offeror through its receiving agent, CDP (if he is a depositor) by submitting a request to CDP via phone (+65 6535 7511) or email services (asksgx@sgx.com); or the Share Registrar (if he is a scripholder), In.Corp Corporate Services Pte. Ltd. at its office located at 30 Cecil Street #19-08, Prudential Tower, Singapore 049712.

Alternatively, an Overseas Person may write to the Offeror through CDP (if he is a depositor) at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, or the Share Registrar (if he is a scripholder) at its office address listed above, to request for the Notification Letter, the Acceptance Forms and/or any related documents to be sent to an address in Singapore by ordinary post at the Overseas Person's own risk.

It is the responsibility of any Overseas Person who wishes to (a) request for the Notification Letter, the Acceptance Forms and/or any related documents; or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Person shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including UOB) shall be fully indemnified and held harmless by such Overseas Person for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including UOB) may be required to pay. In (i) requesting for the Notification Letter, the Acceptance Forms and/or any related documents; and/or (ii) accepting the Offer, the Overseas Person represents and warrants to the Offeror and UOB 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 Person who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction****.*

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

14. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

As stated in Sections 16.3 and 16.4 of the Offer Document, CPFIS Investors will receive further information on how to accept the Offer from their CPF Agent Banks directly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice. CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks, which may be earlier than the Closing Date. CPFIS Investors who validly accept the Offer will receive the Final Offer Consideration payable in respect of their Offer Shares in their CPF investment accounts.

SRS Investors will receive further information on how to accept the Offer from the 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 by the deadline stated in the letter from their respective SRS Agent Banks, which may be earlier than the Closing Date. SRS Investors who validly accept the Offer will receive the Final Offer Consideration payable in respect of their Offer Shares in their SRS investment accounts.

15. ACTION TO BE TAKEN BY SHAREHOLDERS AND ELIGIBLE OPTION HOLDERS

Shareholders and Eligible Option Holders who **do not wish to accept the Offer and/or the Options Proposal (as the case may be)** need not take any further action in respect of the Offer Document and/or the Acceptance Forms, and the Options Proposal Letter which have been sent to them.

Shareholders who **wish to accept the Offer** must do so no later than **5.30 p.m. (Singapore time) on 19 January 2023** (or such later date(s) as may be announced from time to time by or on behalf of the Offeror), being the Closing Date. The Directors would like to draw the attention of Shareholders who wish to accept the Offer to the "Procedures for Acceptance of the Offer" as set out in Appendix V to the Offer Document.

Eligible Option Holders **who wish to accept the Options Proposal** must do so no later than **5.30 p.m. (Singapore time) on 19 January 2023** (or such later date(s) as may be announced from time to time by or on behalf of the Offeror), being the Options Closing Date. The Directors would like to draw the attention of the Eligible Option Holders who wish to accept the Options Proposal to the "Procedure for Acceptance of the Options Proposal" as set out in Section 6 of the Options Proposal Letter.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received on behalf of the Offeror:

(a) by CDP (in respect of the FAA);

(b) by the Share Registrar (in respect of the FAT); or

(c) by the Share Registrar (in respect of the Options Proposal Acceptance Letter),

as the case may be, no later than **5.30 p.m. (Singapore time) on 19 January 2023 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

16. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those relating to the Offeror Concert Parties, the IFA Letter, and the Valuation Reports and/or Certificates) are fair and accurate and that no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror (including, without limitation, the Offer Announcement, the MGO Conversion Announcement, the Price Revision Announcement, the Offer Document, the Options Proposal Letter and the Offer Unconditional Announcement), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

In respect of the IFA Letter and the Valuation Reports and/or Certificates, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Company are fair and accurate in all material aspects.

Yours faithfully

Chia Lee Meng Raymond
Executive Director and Group Chief Executive Officer

For and on behalf of the Board of Directors of
Chip Eng Seng Corporation Ltd.

LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER AND THE OPTIONS PROPOSAL

22 December 2022

CHIP ENG SENG CORPORATION LTD.
171 Chin Swee Road
#12-01 CES Centre
Singapore 169877

Attention: The Recommending Directors (as defined herein)

MANDATORY UNCONDITIONAL CASH OFFER (THE "OFFER") BY UNITED OVERSEAS BANK LIMITED ("UOB") FOR AND ON BEHALF OF TANG DYNASTY TREASURE PTE. LTD. (THE "OFFEROR") TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE SHARE CAPITAL OF CHIP ENG SENG CORPORATION LTD. (THE "OFFER SHARES")

*Unless otherwise defined, the terms used herein shall have the same meaning ascribed to them in in the circular to shareholders of Chip Eng Seng Corporation Ltd. (the "**Company**") dated 22 December 2022 issued by the Company in connection with the Offer (the "**Circular**").*

1. INTRODUCTION

1.1 The Offer

On 7 September 2022 (the "**Holding Announcement Date**"), the Board of Directors (the "**Board**") of the Company announced that it has been informed by Ms. Chen Huaidan @ Celine Tang ("**Mrs Celine Tang**", the Non-Executive Chairman and Non-Independent and Non-Executive Director of the Company) that she is considering a possible transaction involving the shares of the Company (the "**Shares**").

On 24 November 2022 (the "**Offer Announcement Date**"), UOB announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the "**Code**") for the Offer Shares (the "**Offer Announcement**").

On 25 November 2022 (the "**MGO Conversion Announcement Date**"), UOB announced, for and on behalf of the Offeror, that following the acquisition of 6,342,300 Shares representing approximately 0.81% in the issued share capital of the Company by Mr Tang Yigang @ Gordon Tang ("**Mr Gordon Tang**") and Mrs Celine Tang (collectively, the "**Sponsors**") on 25 November 2022, the Shares acquired by the Relevant Persons (comprising the Offeror, the Sponsors, the Sponsors' children, Ms. Yang Chanzhen (the mother of Mr Gordon Tang) and UOB) for the six-month period up to the MGO Conversion Announcement Date represent more than 1% of the voting rights of the Company (the "**MGO Conversion Announcement**"). Accordingly, the Offeror has incurred an obligation to make a mandatory general offer ("**MGO**") for all the Offer Shares in accordance with Rule 14 of the Code. The voluntary conditional cash offer by the Offeror for the Offer Shares shall therefore be converted to an MGO. References to the "**Offer**" herein shall refer to the MGO.

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On 2 December 2022 (the "**Offer Consideration Revision Date**"), UOB announced, for and on behalf of the Offeror, that the Offeror has revised the offer consideration from S$0.72 for each Offer Share to S$0.75 for each Offer Share (the "**Final Offer Consideration**") and the Offeror does not intend to revise the Final Offer Consideration, save that the Offeror reserves the right to do so in a competitive situation (the "**Offer Consideration Revision Announcement**").

Pursuant to the dealings disclosure and offer declared unconditional announcement dated 14 December 2022, UOB announced, for and on behalf of the Offeror, *inter alia*, that the Offer has become unconditional in all respects (the "**Offer Unconditional Announcement**").

1.2 The Options Proposal

UOB, for and on behalf of the Offeror, will also make a proposal (the "**Options Proposal**") to the holders of outstanding share options granted under the Company's Employee Share Option Scheme (the "**Company Options**") that subject to (a) the Offer becoming or being declared unconditional in all respects; and (b) the relevant Company Options continuing to be exercisable into new Shares; the Offeror will pay to the holders of such Company Options (the "**Option Holders**") a cash amount determined on a "see-through" basis (the "**Option Price**", further details of which can be found in paragraphs 3.2 and 3.3 of the offer document dated 8 December 2022 issued by UOB, for and on behalf of the Offeror (the "**Offer Document**")) in consideration of the Option Holders agreeing (i) not to exercise all or any of their Company Options into new Shares; and (ii) not to exercise any of their rights as Option Holders, in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Company Options. If the Offer becomes or is declared unconditional in all respects, Option Holders who have accepted the Options Proposal will be required to surrender their relevant Company Options for cancellation. If the Offer is withdrawn or if the relevant Company Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

1.3 This IFA Letter

In connection with thereof, the Company has appointed Xandar Capital Pte. Ltd. ("**Xandar Capital**") as the independent financial adviser (the "**IFA**") to the directors of the Company (the "**Directors**") who are considered independent for the purposes of the Offer and the Options Proposal, namely Mr Chia Lee Meng Raymond; Mr Tan Tee How; Mr Yam Ah Mee; Mr Abdul Jabbar Bin Karam Din; Professor Low Teck Seng; Dr Neo Boon Siong; and Professor Yaacob Bin Ibrahim (collectively, the "**Recommending Directors**"), to assess the terms of the Offer, and advise (a) whether the terms of the Offer and the Options Proposal are fair and reasonable; and (b) whether the holders of the Offer Shares (the "**Shareholders**") and the Option Holders should accept or reject the Offer and Options Proposal, as the case may be.

This letter sets out, *inter alia*, our evaluation and advice in respect of the Offer and the Options Proposal (this "**IFA Letter**"), and forms part of the Circular which provides, *inter alia*, the details of the Offer and the Options Proposal as well as the recommendation of the Recommending Directors in respect of the Offer and the Options Proposal.

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2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA to advise the Recommending Directors on (a) whether the terms of the Offer and the Options Proposal are fair and reasonable; and (b) whether the Shareholders and the Option Holders should accept or reject the Offer and/or the Options Proposal, as the case may be.

We are not and were not involved in any aspect of the negotiations pertaining to the Offer and the Options Proposal. We are not required nor authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Offer Shares and the Company Options, and therefore are not able to, and will not compare the Offer and the Options Proposal to any other alternative transaction. We are also not addressing the relative merits of the Offer and the Options Proposal as compared to any alternative transaction, or other alternatives, or whether such alternatives could be achieved, or are or will be available in future.

Our evaluation is limited to the terms of the Offer and the Options Proposal, and our terms of reference do not require us to evaluate or comment on the legal, strategic or commercial and/or risks or merits (if any) of the Offer and the Options Proposal.

In the course of our evaluation, we have held discussions with certain Directors and management of the Company, and have examined publicly available information relating to the Company and its subsidiaries (the "**Group**") as well as information provided and representations made to us by the aforesaid parties, including information in the Circular. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation and assurance. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

Our scope does not require us and we have not made any independent evaluation (including without limitation, market value or economic potential) or appraisal of the Group's assets and liabilities. The Company has commissioned CBRE Pte. Ltd.; Jones Lang LaSalle Advisory Services Pty Limited; Jones Lang LaSalle Limited; Jones Lang LaSalle Property Consultants Pte Ltd; Knight Frank Pte Ltd; Savills Valuations Pty Ltd; and Savills Valuation and Professional Services (S) Pte Ltd (collectively, the "**Independent Valuers**") to determine the values of certain of its development properties, leasehold land and freehold and leasehold buildings under its property, plant and equipment and investment properties in connection with the Offer. The valuation reports (the "**Valuation Reports**") from the Independent Valuers are documents available for inspection at the registered office of the Company for the period during which the Offer remains open for acceptance while some of the Valuation Reports and the valuation certificates and/or valuation summaries of certain Valuation Reports (collectively, the "**Valuation Reports and/or Certificates**") are appended as Appendix F to the Circular. We are not involved and assume no responsibility for the Valuation Reports and/or Valuation Certificates. We have not made any independent verification of the matters and bases set out in the Valuation Reports and Valuation Certificates. Accordingly, no

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representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of the Valuation Report and Valuation Certificates. Saved for the Valuation Reports and/or Valuation Certificates, we have not been furnished with any evaluation or appraisal of any assets or liabilities of the Company or the Group.

We also note from the Circular that the Directors (including those who may have delegated detailed supervision of the Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in the Circular (other than those relating to the Offeror, the Offeror's Concert Parties (as defined in paragraph 3.2 of this IFA Letter), this IFA Letter and the Valuation Reports and/or Certificates) are fair and accurate and that no material facts have been omitted from the Circular, the omission of which would make any statement in the Circular misleading, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror (including, without limitation, the Offer Announcement, the MGO Conversion Announcement, the Offer Consideration Revision Announcement, the Offer Unconditional Announcement, the Offer Document and the Options Proposal Letter (as defined in the Circular)), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in the Circular.

In respect of this IFA Letter and the Valuation Reports and/or Certificates, the sole responsibility of the Directors has been to ensure that the facts stated herein with respect to the Group are fair and accurate in all material aspects.

Where any information in the Circular has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror (including, without limitation, the announcements relating to the Offer made by UOB, for and on behalf of the Offeror, and the Offer Document), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in the Circular.

The scope of our engagement does not require us to express, and we do not express, a view on the future growth prospects of the Company or the Group whether with or without the Offer. We have not reviewed any financial projections or forecasts of the Company or the Group and we do not express any view on the future growth prospects, financial position or earnings potential of the Company and/or the Group. Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

Our advice is based upon economic, industry, market, monetary, regulatory and other relevant conditions subsisting and the information available to us as at 15 December 2022, being the Latest Practicable Date (the "**Latest Practicable Date**") for the Circular. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our advice in light of any subsequent development after the Latest Practicable Date that may affect our advice contained herein. Shareholders and Option Holders should take note of any announcements and/or events

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relevant to their consideration of the Offer and the Options Proposal which may be released or occur after the Latest Practicable Date.

In preparing this IFA Letter, we did not consider the specific investment objectives, financial situation, risk profiles, tax position and/or unique needs and constraints of any individual Shareholder or Option Holders, or any specific group of Shareholders or Option Holders. We recommend that Shareholders or Option Holders who may require specific advice in relation to their Shares or Options, investment objectives or portfolios to consult their stockbroker, bank manager, legal, financial, tax or other professional advisers immediately.

This IFA Letter is for the use and benefit of the Recommending Directors in connection with and for the purpose of their consideration of the Offer and the Options Proposal, and the recommendation made by the Recommending Directors shall remain their responsibility.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this IFA Letter). We have 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 IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our advice in relation to the Offer and the Options Proposal should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Recommending Directors advise the Shareholders and Option Holders to read these pages carefully.

3. THE OFFER

The Offer is made in accordance with Rule 14 of the Code, and subject to the terms and conditions set out in the Offer Document and the acceptance forms accompanying the Offer Document, for all the Offer Shares.

The detailed terms and conditions of the Offer are set out in paragraph 2 of, and Appendices IV and V to the Offer Document. We extract the following for your reference.

3.1 The Offer Shares

The Offer Shares refer to all the Shares other than those Shares held by the Company as treasury Shares.

The Offer is extended, on the same terms and conditions, to:

(a) all the Shares, other than those Shares already owned, controlled or agreed to be acquired by the Offeror;

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(b) all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any Company Options prior to the close of the Offer; and

(c) all new Shares unconditionally issued or delivered or to be issued or delivered pursuant to the vesting and release of any outstanding awards ("**Awards**") granted under the Chip Eng Seng Performance Share Plan (the "**Share Plan**") prior to the close of the Offer.

As at the Latest Practicable Date:

(i) the Company has an issued and paid-up share capital comprising 784,224,776 Shares (excluding 39,793,900 Shares held by the Company as treasury Shares);

(ii) the Company has 30,000,000 outstanding Company Options; and

(iii) the Company does not have any outstanding Awards granted under the Share Plan.

3.2 The Final Offer Consideration

For each Offer Share: S$0.75 in cash

As set out in paragraph 2.2 of the Offer Document, the Offeror does not intend to revise the Final Offer Consideration, save that the Offeror reserves the right to do so in a competitive situation.

3.3 Rights and Encumbrances of the Offer Shares

The Offer Shares will be acquired:

(i) fully paid-up;

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

(iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and hereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

In the event that any dividends, rights, other distributions or return of capital is declared, made or paid on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Final Offer Consideration by the amount of such dividends, rights, distributions or return of capital paid by the Company to the accepting Shareholder.

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3.4 **Conditions to the Offer**

The Offer will be 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 persons acting in concert with the Offeror (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with the Offeror holding more than 50% of total Shares (excluding treasury Shares) as at the close of the Offer (the "**Acceptance Condition**").

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

On 14 December 2022, UOB announced, for and on behalf of the Offeror, that the Offeror has, as at 6.00 p.m. (Singapore time) on 14 December 2022, received valid acceptances in respect of such Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and persons acting or deemed to be acting in concert with the Offeror (the "**Offeror's Concert Parties**"), results in the Offeror and the Offeror's Concert Parties holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company.

ACCORDINGLY, THE OFFER HAS BECOME UNCONDITIONAL AS TO ACCEPTANCES AND IS DECLARED UNCONDITIONAL IN ALL RESPECTS ON 14 DECEMBER 2022.

4. **THE OPTIONS PROPOSAL**

Under the rules of the Company's Employee Share Option Scheme, the Company Options are not transferable by Option Holders. In view of this restriction, UOB, for and on behalf of the Offeror, will not make an offer to acquire the Company Options. Instead, UOB has, for and on behalf of the Offeror, make the Options Proposal to the Option Holders.

The detailed terms and conditions of the Options Proposal are set out in paragraph 3 of the Offer Document and details of the Options Proposal have been separately despatched to the Option Holders. We extract the following from paragraph 3 of the Offer Document for your reference.

4.1 **The Company Options**

As at the Latest Practicable Date, there are 30,000,000 outstanding Company Options under the Company's Employee Share Option Scheme.

We note from the annual reports of the Company that the exercise prices for these Company Options range from S$0.55 to S$0.76 for each Company Option.

4.2 **The Option Price**

The Option Price is calculated on a "see-through" basis, that is, the Option Price in relation to any Company Option is the amount of the excess of the Final Offer Consideration over

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the exercise price of that Company Option. Where the exercise price of a Company Option is equal to or higher than the Final Offer Consideration, the Option Price for each Company Option will be fixed at a nominal amount of S$0.001.

4.3 Conditions to the Options Proposal

The Options Proposal is conditional upon the Offer becoming or being declared unconditional in all respects in accordance with its terms.

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

5. INFORMATION ON THE COMPANY

The Company is an established homegrown property development and construction group headquartered in Singapore. The Group currently has five core businesses: (i) property development, (ii) construction, (iii) hospitality, (iv) property investment, and (v) education, with geographical outreach in 15 economies. The Company was listed on the Mainboard of the SGX-ST on 24 November 1999.

5. INFORMATION RELATING TO THE OFFEROR

5.1 ABOUT THE OFFEROR

The Offeror is an investment holding company incorporated under the laws of Singapore on 10 October 2022. As at 2 December 2022, being the latest practicable date for the Offer Document:

(a) the Offeror has an issued and paid-up share capital of S$100, comprising 100 ordinary shares which are held by the Sponsors; and

(b) the Sponsors are the directors of the Offeror.

As at 2 December 2022, the Offeror does not own any Shares.

Information on the Offeror is set out in paragraph 5 of, and Appendix I to, the Offer Document.

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5.2 UNDERTAKINGS RECEIVED BY THE OFFEROR

As at 2 December 2022, the Offeror has received the irrevocable undertakings (the "**Irrevocable Undertakings**") from the Sponsors in favour of the Offeror, pursuant to which each of them has undertaken to, *inter alia*, (a) accept the Offer in respect of all Shares held or controlled by each of them; (b) accept the Offer in respect of any other Shares or securities in the capital of the Company that each of them may acquire, or which may be allocated and issued to each of them on or after the date of the Irrevocable Undertakings; and (c) waive their rights to receive any settlement or payment of their acceptance of the Offer within the time period prescribed under Rule 30 of the Code.

As at 2 December 2022, the aggregate number of Shares under the Irrevocable Undertakings is 370,509,903 Shares, representing approximately 47.25% of the total number of issued Shares.

5.3 SHARES HELD BY THE OFFEROR AND THE OFFEROR'S CONCERT PARTIES

Based on the dealings disclosure made by UOB for and on behalf of the Offeror as at the Latest Practicable Date, the Offeror and the Offeror's Concert Parties collectively hold 413,410,632 Shares (including Shares under the Irrevocable Undertakings) representing 52.72% interest in the capital of the Company.

6. THE OFFEROR'S RATIONALE FOR THE OFFER

The Offeror's rationale for the Offer set out in paragraph 9 of the Offer Document. We summarise as follows:

(a) the Offer presents Shareholders an opportunity to realise their entire investment in cash at a premium over historical traded prices of the Shares, without incurring brokerage and other trading costs;

(b) the Offeror is making the Offer with a view to acquire majority interest in the Company, and if entitled, exercise its rights of compulsory acquisition to privatise and delist the Company from the SGX-ST; and

(c) due to rising interest and inflation rates, the ongoing COVID-19 pandemic as well as geopolitical tensions ensuing from the ongoing Russia-Ukraine conflict, property developers in Singapore are operating in a challenging environment. On the back of the macro headwinds, the Offeror believes that this Offer will provide the Offeror with greater control to manage the overall business, optimise and streamline the resources to improve operational efficiency and effectiveness.

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7. THE OFFEROR'S INTENTIONS

The Offeror's intention is set out in paragraph 11.3 of the Offer Document. We extract as follows:

"*The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to support or take any step (including the placing out of Shares by the Offeror) for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of the total number of issued Shares (excluding any Shares held in treasury) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.*"

We also note from paragraph 10 of the Offer Document that "*The Offeror intends for the Company to continue with its existing activities and has no intention to (a) introduce any major changes to the business of the Company; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of any of the existing employees of the CES Group, other than in the ordinary course of business. However, the Directors retain the flexibility at any time to consider any options in relation to the CES Group which may present themselves and which they may regard to be in the interest of the Offeror.*"

8. EVALUATION OF THE OFFER

In our evaluation of the Offer, we have taken into account the following factors:

(i) market performance of the Shares;

(ii) the financial position of the Group;

(iii) the financial performance of the Group;

(iv) the dividend track record of the Company;

(v) comparison of the valuation ratios of the Company implied by the Final Offer Consideration against those of comparable companies;

(vi) comparison of the valuation ratios of the Company implied by the Final Offer Consideration with recently completed comparable transactions for companies listed on the SGX-ST;

(vii) estimated range of values of the Shares; and

(viii) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

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8.1 MARKET PERFORMANCE OF THE SHARES

8.1.1 Historical closing price of the Shares

The Shares were first traded on the Main Board of the SGX-ST on 24 November 1999. The most recent material change to the Company's share capital was in October 2019 when the Company issued 156,503,515 new ordinary shares (the "**Rights Shares**") at the rights issue price of S$0.63 for each Rights Share under a rights issue. Accordingly, for a more meaningful comparison, we set out a chart comparing the Final Offer Consideration with the daily closing prices of the Shares for the period commencing from 18 October 2019 (being the first day of trading of the Rights Shares) up to the Latest Practicable Date (the "**Reference Period**") as follows:

As set out in the chart above, the Shares consistently closed below the Final Offer Consideration for the period between 18 October 2019 and 24 November 2022, being the Offer Announcement Date. The closing prices of the Shares gradually trended upwards subsequent to the Holding Announcement Date and increased further after the Offer Announcement Date.

The highest closing price of the Shares was S$0.71 for the period from 18 October 2019 up to and including the Holding Announcement Date. The Final Offer Consideration represents a premium of 5.63% to this highest closing price per Share.

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The highest closing price of the Shares was S$0.735 for the period from 8 September 2022 (being the market day after the Holding Announcement Date) up to and including the Offer Announcement Date. The Final Offer Consideration represents a premium of 2.06% to this highest closing price per Share.

The highest closing price of the Shares was S$0.755 for the period from 25 November 2022 (being the market day after the Offer Announcement Date) up to and including the Latest Practicable Date. The Final Offer Consideration represents a discount of 0.66% to this highest closing price per Share.

In our review of the closing price of the Shares, we also note that the daily fluctuations in the closing prices of the Shares during the Reference Period were less than 10%.

The maximum daily percentage increase in closing price of the Shares during the Reference Period was on 20 March 2020. The closing price on 20 March 2020 was S$0.49, which was 8.89% higher than the closing price of S$0.45 on 19 March 2020. However, the increase on 20 March 2020 was a rebound of the closing price which decreased by 7.22% from S$0.485 on 18 March 2020 to S$0.45 on 19 March 2020. We note that the Company made the following announcements around the same period:

(a) the Company announced the entering of a loan agreement in relation to the provision of a S$4.9 million loan by CES Education (China) Pte. Ltd. (a wholly-owned subsidiary of the Company) to Dongguan Duowei Education Technology Co., Ltd. (东莞多维教育科技有限公司 ("**Dongguan Duowei**")) in connection with a potential investment which the Company is currently exploring with Dongguan Duowei on 17 March 2020; and

(b) the Company announced that CES-Precast Pte. Ltd. (a wholly-owned subsidiary of the Company) has on 18 March 2020 been granted an option (the "**Option**") by Concrete Innovators Co. Pte. Ltd. to acquire the remaining unexpired leasehold estate in the property located at 65 Tech Park Crescent, Singapore 637787, together with the machinery and fittings specified in the Option.

The maximum daily percentage decrease in closing price of the Shares was on 1 July 2020. The closing price on 1 July 2020 was S$0.525, which was 8.70% lower than the closing price of S$0.575 on 30 June 2020. We note that the Company did not make any announcement between 19 June 2020 and 23 July 2020, both dates inclusive.

We also note that:

(a) the closing price of the Shares gradually trended downwards from a high of S$0.62 per Share on February 2020 to a low of S$0.45 per Share on 19 March 2020, then gradually increased to S$0.575 in June 2020 before it gradually trended downwards to a low of S$0.40 on 30 November 2020;

(b) we note that the Shares closed at between S$0.595 and S$0.645 per Share for the period between 18 October 2019 and 31 December 2019, prior to the fluctuations stated in the paragraph above; and

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(c) the closing price of the Shares gradually trended upwards since June 2022 and there were market purchases of 1,286,800 Shares at an average consideration of S$0.4374 per Share and 213,200 Shares at an average consideration of S$0.44 per Share by Mr Gordon Tang on 8 June 2022 and 9 June 2022 respectively.

8.1.2 Trading statistics of the Shares

We tabulate below selected statistical information on the share price and trading liquidity of the Shares during the Reference Period:

	VWAP (1) (S$)	Premium / (Discount) of Final Offer Consideration to VWAP (%)	Highest trading price (S$)	Lowest trading price (S$)	Average daily traded volume (2)	Average daily traded volume as percentage of free float (3) (%)
Periods prior to and including 7 September 2022 (being the Holding Announcement Date)						
Since 18 October 2019	0.513	46.20	0.720	0.400	700,943	0.20
Last 24 months	0.499	50.30	0.720	0.400	753,489	0.22
Last 12 months	0.526	42.59	0.720	0.405	1,024,460	0.30
Last 6 months	0.561	33.69	0.720	0.410	1,496,004	0.44
Last 3 months	0.593	26.48	0.720	0.435	2,294,250	0.67
Last 1 month	0.663	13.12	0.720	0.610	2,017,905	0.59
Holding Announcement Date	0.703	6.69	0.720	0.680	7,143,500	2.09
Period after the Holding Announcement Date to the Offer Announcement Date						
8 September 2022 to 24 November 2022, both dates inclusive	0.716	4.75	0.750	0.675	2,423,635	0.71
Offer Announcement Date	0.725	3.45	0.730	0.720	1,530,200	0.45

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	VWAP (1)	Premium / (Discount) of Final Offer Consideration to VWAP	Highest trading price	Lowest trading price	Average daily traded volume (2)	Average daily traded volume as percentage of free float (3)
	(S$)	(%)	(S$)	(S$)		(%)
Periods after the Offer Announcement Date						
25 November 2022 to the Latest Practicable Date, both dates inclusive	0.730	2.74	0.755	0.710	8,991,293	2.63
5 December 2022 (day after Offer Consideration Revision Date) to the Latest Practicable Date, both dates inclusive	0.751	(0.13)	0.755	0.745	3,352,689	0.98
The Latest Practicable Date	0.751	(0.13)	0.755	0.750	2,563,900	0.75

Source: Bloomberg L.P.

Notes:

(1) "VWAP" means volume weighted average price and is rounded to three (3) decimal places in the above table.

(2) The average daily traded volumes of the Shares are calculated based on the total number of Shares traded (excluding Shares transacted under married deals) and the total days where the Shares were traded ("**Trading Days**") during those periods.

(3) Calculated based on the difference between (i) the total number of 784,224,776 issued Shares; and (ii) the 413,410,632 Shares held by the Offeror and the Offeror's Concert Parties and the 28,316,150 Shares held by the Directors (excluding Mrs Celine Tang) and their associates as at the Latest Practicable Date.

We note the following with regards to the trading prices of the Shares:

(a) the Final Offer Consideration is higher than the highest trading price of the Shares for the periods prior to and including the Holding Announcement Date as set out in the table above. The highest trading price of S$0.72 per Share for the aforesaid period occurred on 7 September 2022, being the Holding Announcement Date. The Final Offer Consideration represents a premium of 4.2% to this highest trading price per Share;

(b) the Final Offer Consideration is the same as the highest trading price of the Shares for the period after the Holding Announcement Date up to and including the Offer

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Announcement Date. The highest trading price of S$0.75 per Share for the aforesaid period occurred on 8 September 2022, being the day immediately after the Holding Announcement Date;

(c) the Final Offer Consideration represents premia of more than 10% (specifically, between 13.1% and 50.3%) to the VWAPs of the Shares for the 24-month, 12-month, 6-month, 3-month and 1-month periods prior to and including the Holding Announcement Date which ranged between S$0.499 and S$0.663 per Share;

(d) the Shares traded between a narrower range of between S$0.675 and S$0.75 per Share for the period after the Holding Announcement Date up to the Offer Announcement Date;

(e) the share price appears to be supported by the Offer after the Offer Announcement Date. This could also be attributable to market acquisitions by the Offeror and the Offeror's Concert Parties during the aforesaid period. The Offeror and the Offeror's Concert Parties collectively acquired 93,383,400 Shares during the aforesaid period. Excluding market acquisitions by the Offeror and the Offeror's Concert Parties, the VWAP of the Shares for the period after the Offer Announcement Date up to the Latest Practicable Date would be S$0.738 per Share; and

(f) the Shares traded at between S$0.745 and S$0.755 per Share for the period after Offer Consideration Revision Date up to the Latest Practicable Date.

We note the following on the trading liquidity of the Shares:

(i) save for the Holding Announcement Date, the average daily traded volumes of the Shares for all the periods prior to and including the Holding Announcement Date represent less than 0.70% of the free float. Average daily traded volume of the Shares for the aforesaid periods was less than 2,300,000 Shares;

(ii) the average daily traded volume of the Shares for the period after the Holding Announcement Date up to the Offer Announcement Date increased to slightly more than 2,400,000 Shares;

(iii) the average daily traded volume of the Shares for the period after the Offer Announcement Date up to the Latest Practicable Date further increased to more than 8,900,000 Shares. This could also be attributable to market acquisitions by the Offeror and the Offeror's Concert Parties during the aforesaid period. The Offeror and the Offeror's Concert Parties collectively acquired 93,383,400 Shares during the aforesaid period. Excluding market acquisitions by the Offeror and the Offeror's Concert Parties, the average daily traded volume of the Shares for the period after the Offer Announcement Date up to the Latest Practicable Date would be 2,321,050 Shares; and

(iv) save for 2 December 2022 where trading of the Shares was halted pending the announcement of the Final Offer Consideration by the Offeror, the Shares were

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traded daily on all the market days which the SGX-ST were open for trading for the Reference Period.

Based on the information presented in paragraphs above, while the Shares traded represented less than 0.70% of the free float for the periods prior to and including the Offer Announcement Date, the Shares were traded daily on 100% of the market days which the SGX-ST were open for trading. Hence, the trading prices of the Share can be considered as relatively fair representation of the value of the Shares.

Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will maintain at the level for the period after the Offer Announcement Date up to the Latest Practicable Date after the close or lapse of the Offer.

Shareholders are also advised that the past trading performance of the Shares should not, in any way, be relied upon as an indication or promise of its future trading performance.

8.2 THE FINANCIAL POSITION OF THE GROUP

8.2.1 Net asset value ("NAV") per Share

We note from the results announcements of the Company that its property development segment, which is in the business of developing properties and management of development projects, is the key revenue and profit driver of the Group for the financial years ended 31 December ("**FY**") 2019, FY2020 and FY2021 as well as the first half financial period ended 30 June ("**HY**") 2022. Please refer to paragraph 8.3 of this IFA Letter for our review of the recent financial performance of the Group.

In addition, we also note the latest composition of the Group's NAV as at 30 June 2022 by business segments as follows:

	Segmental NAV as at 30 June 2022 S$'000	**As a percentage of Group's NAV as at 30 June 2022**
- Property development	576,070	72.2
- Construction	79,161	9.9
- Property investment	183,241	22.9
- Hospitality	665	0.1
- Education	63,534	8.0
- Corporate and others	(104,632)	(13.1)
	798,039	100.0

Given that property development segment is a key revenue and profit driver of the Group for FY2021 (being the latest audited financial results) and the last 12 months ended 30 June ("**LTM**") 2022, and the segmental NAV of the property development segment accounted for

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more than 70% of the Group's NAV as at 30 June 2022, the asset-based approach (such as price-to-NAV ("**P/NAV**") ratio and price-to-revalued NAV ("**P/RNAV**") ratio) would most relevant in our evaluation of the Offer.

The NAV of the Group refers to the aggregate value of all the assets in their existing condition net of all liabilities of the Group. The NAV approach may provide an estimate of the value of the Group assuming the hypothetical sale of all their assets over a reasonable period of time, the proceeds of which would be first used to settle all liabilities of the Group, and the balance proceeds, if any, be distributed to all shareholders. Therefore, the NAV is perceived as providing support for the value of the Shares.

Based on the total number of 784,224,776 issued Shares as at the Latest Practicable Date and the NAV attributable to Shareholders of approximately S$776.86 million (which excludes non-controlling interests of approximately S$21.18 million), the NAV per Share is approximately S$0.9906. The Final Offer Consideration represents a discount of approximately S$0.2406 or 24.29% to the NAV per Share, or a P/NAV ratio of approximately 0.76 times.

8.2.2 Trailing P/NAV ratio of the Shares

We compare the P/NAV ratio implied by the Final Offer Consideration with the trailing P/NAV ratio of the Shares (calculated based on the historical closing price and NAV per Share announced by the Company) during the Reference Period as follows:

As depicted in the chart above, the trailing P/NAV ratios of the Shares for the period between 18 October 2019 and the Holding Announcement Date, both dates inclusive, were below the

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P/NAV ratio implied by the Final Offer Consideration. The gap narrows after the Holding Announcement Date.

8.2.3 Revalued NAV ("RNAV") per Share

In our evaluation of the NAV of the Group, we have considered whether there are any assets which should be valued at an amount that is materially different from that which was recorded in the financial positions of the Group as presented in the table above and whether there are any factors in recent announcements made by the Company that are likely to impact the NAV per Share. We set out in the table below the material assets which accounted for more than 5% of the NAV of the Group as at 30 June 2022:

	Unaudited as at 30 June 2022	
	S$'000	**As a percentage of the Group's NAV**
Current assets - Development properties	479,755	60.1
Current assets - Cash and short-term deposits	330,396	41.4
Current assets - Trade and other receivables	308,240	38.6
Current assets - Contract assets	184,613	23.1
Non-current assets - Property, plant and equipment	541,992	67.9
Non-current assets - Investment properties	193,495	24.2
Non-current assets - Investments in joint ventures and associates	90,615	11.4
Non-current assets - Intangible assets	44,503	5.6

As set out in the table above, the Group's material assets are mainly its property-related assets which comprised the development properties, property, plant and equipment, investment properties and investments in joint ventures and associates.

These property-related assets had total net book value of approximately S$1.31 billion as at 30 June 2022.

For the purposes of the Offer, the Company has appointed the Independent Valuers to conduct independent valuations of some of the Group's development properties, property, plant and equipment and investment properties (being the "**CES Properties**" as defined in the Circular) which had total net book value of approximately S$1,076.69 million, representing approximately 82.45% of the total property-related assets of the Group, as at 30 June 2022. As we are not experts in the evaluation or appraisal of such assets, we have not made any independent evaluation or appraisal of such assets, and have relied solely on the independent valuations on these CES Properties (the Valuation Reports and/or

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Certificates of which are set out as Appendix F to the Circular). Shareholders are advised to refer to the respective Valuation Reports and/or Certificates for details of the valuation.

We have also referred to valuation commissioned by the Company on its CES Centre at 171 Chin Swee Road ("**CES Centre**", which the Group occupies for its own use and lease part of the premise for rental income) as at 28 June 2022 for its accounting and financing purposes. The net book value of CES Centre amounted to approximately S$157.9 million, representing approximately 12.09% of the total property-related assets of the Group, as at 30 June 2022. For the avoidance of doubt, the report for the valuation of CES Centre is not commissioned in relation to the Offer and does not form part of the Circular.

In addition, we also note that the Company announced on 15 December 2022 that its wholly-owned subsidiaries have entered into a call option deed to grant options to unrelated third parties for the sale by the Group and the purchase by these unrelated third parties for the Group's properties in Mandurah, Western Australia (the "**Mandurah Properties**") at an aggregate purchase price of A$18.0 million (the "**Call Option**"). While there is no assurance that these unrelated third parties will exercise the Call Option, the aggregate purchase price under the Call Option provides an indicative value to the Mandurah Properties which had a net book value of A$14.81 million as at 30 June 2022.

Based on the above, we compute the Group's RNAV as follows:

	S$'000
Unaudited NAV attributable to Shareholders as 30 June 2022	776,857
Add: Revaluation surplus arising from the revaluation of the CES Properties (1) (2)	303,133
Less: Revaluation surplus attributable to non-controlling interests	(12,085)
Less: Potential tax liabilities arising from the hypothetical disposal of the CES Properties at the valuation ascribed to them in the Valuation Certificates (3)	(23,700)
Add: Revaluation surplus arising from the revaluation of CES Centre	2,108
Add: Revaluation surplus arising from the indicative aggregate purchase consideration for the Mandurah Properties, net of tax	1,684
RNAV	1,047,997

Notes:

(1) The Independent Valuers have adopted the following approaches for the CES Properties:

(a) Development properties comprise mainly the Group's development properties in Singapore, namely the unsold and uncompleted units in Parc Komo and Kopar @ Newton as at 30 June

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2022 are valued based on gross development value and residual land value approach. We have adopted the gross development value in our calculations of the revaluation surplus of these properties by deducting the Group's total estimated project cost from these gross development value then multiple by the balance by the latest available percentage of completion as at the Latest Practicable Date and further deduct the profits already recognised by the Group as at 30 June 2022;

(b) The properties under the Group's property, plant and equipment and investment properties (other than the commercial units in Parc Komo) are valued based on the income approach. We calculate the revaluation surplus of these properties by deducting the net book values of such properties from the market values determined by the Independent Valuers as well as material expenses incurred or to be incurred by the Group in relation to such properties since 1 July 2022. For Parc Komo, we have further adjusted the revaluation surplus based on the latest available percentage of completion of Parc Komo as at the Latest Practicable Date;

(c) the main property under the Group's investments in joint ventures and associates is its 40% interest in Maxwell Commercial Pte. Ltd. and Maxwell Residential Pte. Ltd. which are incorporated to re-develop Maxwell House. The Group and its joint venture partners (SingHaiyi Investments Pte. Ltd. and Chuan Investments Pte. Ltd.) completed the enbloc acquisition of the Maxwell House in November 2021 following the successful tender for the enbloc acquisition of Maxwell House for S$276.8 million in May 2021. As at the Latest Practicable Date, Maxwell Commercial Pte. Ltd. and Maxwell Residential Pte. Ltd. have not received the written permission from the relevant authorities including the Singapore Land Authority to extend the leasehold tenure on Maxwell House and have not commenced to demolish the existing structure for future development. Accordingly, we calculate the revaluation surplus by deducting the Group's cost of investment from the proportion of market value determined by the Valuer.

(2) Properties with valuation in Australian dollars ("**A$**"), New Zealand dollars ("**NZ$**") and United States dollars ("**US$**") are translated to Singapore dollars based on the exchange rates of S$1.00 to A$1.0842; NZ$1.1504 and US$0.7415 respectively as at the Latest Practicable Date, as extracted from the website of the Monetary Authority of Singapore.

(3) As set out in paragraph 12.2 of Appendix B to the Circular.

In addition to the above, we also review the Group's other material assets as follows:

(i) Cash and short-term deposits

While cash and short-term deposits accounted for 41.4% of the Group's NAV, the Group had loans and borrowings aggregating approximately S$1.0 billion as at 30 June 2022 which is more than three (3) times of the Group's cash and short-term deposits as at 30 June 2022.

(ii) Trade and other receivables

Trade and other receivables relate mainly to the Group's trade receivables from the sale of development properties and the percentage completion of its construction contracts.

(iii) Contract assets

Contract assets relate primarily to the Group's right to consideration for work completed but not yet billed at reporting date for the sale of development properties

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and revenue from construction contracts. Contract assets are transferred to receivables when the rights become unconditional.

(iv) Non-current assets - Intangible assets

Intangible assets relate primarily to goodwill arising from the Group's business combinations. The management performs impairment assessment of such goodwill and other intangible assets annually.

Save for revaluation surplus set out above, the Company confirms that, to the best of their knowledge and based on information made available to them, as at the Latest Practicable Date:

(1) there is no event subsequent to 30 June 2022 which would materially affect the NAV of the Group;

(2) there are no material contingent liabilities, unrecorded earnings or expenses or assets or liabilities that may have a material impact on the NAV of the Group as at 30 June 2022; and

(3) there is no material change to the accounting policies and methods of computation which may materially affect the NAV of the Group as at 30 June 2022.

Based on the total number of 784,224,776 issued Shares as at the Latest Practicable Date and the RNAV of approximately S$1.05 billion, the RNAV per Share is approximately S$1.3363. The Final Offer Consideration represents a discount of approximately S$0.5863 or 43.88% to the RNAV per Share, or a P/RNAV ratio of approximately 0.56 times.

8.3 FINANCIAL PERFORMANCE OF THE GROUP

We set out the summary financial results of the Group for the last three audited financial years and latest interim periods as follows:

S$'000	Audited FY2019	Audited FY2020	Audited FY2021	Unaudited HY2021	Unaudited HY2022	Unaudited LTM2022
Revenue	1,055,639	674,633	1,115,399	622,421	636,267	1,129,245
Profit/(Loss) before tax	44,057	(77,401)	(12,610)	10,897	47,458	23,951
Profit/(Loss) attributable to owners of the Company	33,320	(81,067)	(31,486)	99	38,505	6,920

Source: Annual reports and results announcements of the Company.

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Revenue

We set out the segmental revenue information of the Group as follows:

S$'000	FY2019	FY2020	FY2021	HY2021	HY2022	LTM2022
- Property development	791,951	464,169	648,112	419,085	294,971	523,998
- Construction	164,405	144,592	379,495	164,644	288,370	503,221
- Property investment	7,281	5,291	5,026	2,628	1,955	4,353
- Hospitality	78,181	34,634	46,058	18,782	28,374	55,650
- Education	13,811	25,938	36,698	17,282	22,587	42,003
- Corporate and others	10	9	10	-	10	20
	1,055,639	674,633	1,115,399	622,421	636,267	1,129,245

The Company attributed the decrease in the Group's revenue from approximately S$1.06 billion in FY2019 to approximately S$674.63 million in FY2020 to the COVID-19 pandemic. The Group's construction works for its development properties in Singapore came to a standstill and its construction projects experienced stoppage during the circuit breaker period.

The Company attributed the increase in revenue from approximately S$674.63 million in FY2020 to approximately S$1.12 billion in FY2021 to the gradual resumption of business with the recovery from COVID-19 pandemic in FY2021.

The Company attributed the increase in revenue from approximately S$622.42 million in HY2021 to approximately S$636.27 million in HY2022 due to the improved performance of the Group's construction, hospitality and education segments, partially offset by lower revenue from its property development segment. Despite the lower revenue from the Group's property development segment for HY2022 as compared to HY2021, the Group's property development segment contributed most (in terms of percentage) to the Group's revenue at approximately 75.0%, 68.8%, 58.1% and 46.4% respectively for FY2019, FY2020, FY2021 and HY2022, respectively.

Profit/(Loss) before tax

We set out the segmental profit/(loss) information of the Group as follows:

S$'000	FY2019	FY2020	FY2021	HY2021	HY2022	LTM2022
- Property development	55,742	15,898	52,008	35,632	48,518	64,894
- Construction	26	(35,010)	(3,488)	3,113	16,294	9,693
- Property investment	6,429	(3,690)	(7,982)	(6,203)	1,070	(709)
- Hospitality	1,616	(11,531)	1,779	(2,894)	(3,756)	917
- Education	(15,563)	(40,554)	(48,897)	(17,983)	(13,136)	(44,050)

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S$'000	FY2019	FY2020	FY2021	HY2021	HY2022	LTM2022
- Corporate and others	(4,193)	(2,514)	(6,030)	(768)	(1,532)	(6,794)
	44,057	(77,401)	(12,610)	10,897	47,458	23,951

We note from the table above that the Group's property development segment consistently contributed profits to the Group throughout the above financial years/periods although the profit for FY2020 was lower due to the COVID-19 pandemic.

The Company attributed the loss before tax of the Group's construction segment for FY2020 to work stoppage and subsequent slow resumption of work at its construction sites due to the COVID-19 pandemic in FY2020 which resulted in delay to project schedules, hampered workers' productivity and consequently, increased project costs. The Group's construction segment turnaround with the gradual resumption of business with the recovery from COVID-19 pandemic in FY2021 and HY2022.

We also note from the above table that the Group's education segment negatively affected the Group's profit/(loss) before tax for the abovementioned financial periods by reporting losses throughout the above financial periods.

8.3.1 Earnings per Share and price-to-earnings ("P/E") ratio

Based on the profit attributable to owners of the Company of S$6.92 million for LTM2022 and the total number of 784,224,776 issued Shares as at the Latest Practicable Date, the earnings per Share is S$0.0088. The P/E ratio of the Company implied by the Final Offer Consideration is 85.00 times.

The high P/E ratio of the Company could be attributed to the losses incurred by the Group's education segment during the aforesaid period. If the losses incurred by the Group's education segment are excluded, the P/E ratio of the Company implied by the Final Offer Consideration (based on the earnings for LTM2022 without adjusting for tax expenses relating to the Group's education segment) would be 11.54 times.

8.3.2 Earnings before interest, tax, depreciation and amortisation ("EBITDA") and enterprise value ("EV")-to-EBITDA ("EV/EBITDA") ratio

We calculate the EBITDA of the Group as follows:

S$'000	Audited FY2019	Audited FY2020	Audited FY2021	Unaudited HY2021	Unaudited HY2022	Unaudited LTM2022
Profit before tax	44,057	(77,401)	(12,610)	10,897	47,458	23,951
Add: Depreciation	25,115	37,422	41,582	20,238	21,121	42,465
Add: Amortisation	511	2,479	4,962	1,481	1,801	5,282
Add: Finance cost	58,890	39,370	30,655	15,669	16,043	31,029

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S$'000	Audited FY2019	Audited FY2020	Audited FY2021	Unaudited HY2021	Unaudited HY2022	Unaudited LTM2022
Less: Interest income	(6,920)	(2,432)	(1,248)	(260)	(1,355)	(2,343)
EBITDA	121,653	(562)	63,341	48,025	85,068	100,384

The EBITDA is usually adopted to calculate the EV/EBITDA ratio of a company. EV is defined as the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts less its cash and cash equivalents.

We calculate the EV of the Group as follows:

	S$'000
Value of the Company as implied by the Final Offer Consideration	588,169
Add: Borrowings (1)	1,009,987
Add: Non-controlling interests	21,182
Less: Cash and cash equivalents (1)	(282,196)
EV	1,337,142

Note:

(1) Based on the Group's cash and cash equivalents of S$330.40 million as at 30 June 2022 and cash outlay of S$48.2 million between 1 July 2022 and the Latest Practicable Date in relation to the material ongoing projects set out in paragraph 8.3.3 of this IFA Letter.

Based on the above calculations, the EV/EBITDA ratio of the Group implied by the Final Offer Consideration is 13.32 times.

Shareholders may wish to note that the EV of the Group as set out above has not fully accounted for the cash outlays related to the material ongoing projects set out in paragraph 8.3.3 of this IFA Letter. The Group's EV and EV/EBITDA ratio will be materially higher if the cash outlay materialises as at the Latest Practicable Date.

8.3.3 Material ongoing projects of the Group

We note from the Company's announcements that:

(a) The Group has two major ongoing development projects in Singapore, namely Parc Komo and Kopar @ Newton. The sales of these projects, based on options to purchase issued amounted to 99.3% for Parc Komo and 82.8% for Kopar @ Newton as at 31 July 2022.

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(b) The Group has 40% interest in Maxwell Commercial Pte. Ltd. and Maxwell Residential Pte. Ltd. (the "**Maxwell JV Companies**") which completed the enbloc acquisition of the Maxwell House in November 2021 following the successful tender for the enbloc acquisition of Maxwell House for S$276.8 million by the Group and its joint venture partners (SingHaiyi Investments Pte. Ltd. and Chuan Investments Pte. Ltd.) in May 2021. As at the Latest Practicable Date, the Maxwell JV Companies have not received the written permission from the relevant authorities including the Singapore Land Authority to extend the leasehold tenure on Maxwell House and have not commenced to demolish the existing structure for future development. On 28 October 2022, the Company announced that the Group and its joint venture partners have entered into an agreement to increase the loan facility granted to the Maxwell JV Companies to S$147 million according to their respective shareholding percentages in Maxwell JV Companies, to fund the ongoing working capital requirements in connection with the development project.

(c) On 3 December 2021, the Company announced that its wholly-owned subsidiary and its joint venture partners have successfully made an offer for the enbloc acquisition of the development known as Peace Centre / Peace Mansion (the "**Sophia Property**") at the offer price of S$650 million. The Group and its joint venture partners intend to redevelop the Sophia Property into a mixed-use commercial and residential development. The Group has 40% interest in this development. As at the Latest Practicable Date, the completion of the acquisition of the Sophia Property is pending the fulfilment of the conditions precedent set out in the announcement. The Company has also announced on 15 December 2021 that the Group and its joint venture partners will extend loan facility of up to S$350 million to the project development company according to their respective shareholding percentages.

(d) On 28 July 2022, the Company announced that its wholly-owned subsidiary and its joint venture partners have successfully tendered for the enbloc acquisition of the development known as Park View Mansions (the "**Park View Property**") at the tender price of S$260 million. The Group and its joint venture partners intend to redevelop the Park View Property into a residential development with up to 440 residential units. The Group has 40% interest in this development. As at the Latest Practicable Date, the completion of the acquisition of the Park View Property is pending the fulfilment of the conditions precedent set out in the announcement. The Company has also announced on 5 August 2022 that the Group and its joint venture partners will extend loan facility aggregating S$230 million to the project development company according to their respective shareholding percentages.

(e) On 8 November 2022, the Company announced that its tender for the purchase of the property located at 12 Tai Seng Link, Singapore 534233 (the "**Tai Seng Property**"), together with plant and equipment thereon to be sold together with the Tai Seng Property at the purchase price of S$35 million has been accepted by the vendor. The Group intends to refurbish the Tai Seng Property into a fully-equipped facility to house the Group's corporate and business units as well as industrial-related activities. As at the Latest Practicable Date, the completion of the acquisition of the

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Tai Seng Property is pending the fulfilment of the conditions precedent set out in the announcement.

8.4 DIVIDEND TRACK RECORD OF THE COMPANY

As mentioned in previous paragraph, the most recent material change to the Company's share capital was in October 2019 when the Company issued 156,503,515 Rights Shares. Accordingly, for a more meaningful comparison, we set out the dividend declared and paid by the Company since FY2019:

Dividends declared and paid by the Company	Singapore cents
FY2019 final dividend	4.0
FY2020 final dividend	2.0
FY2021 final dividend	2.0
TOTAL	**8.0**

The Company has a consistent dividend track record for the past three financial years including FY2020 and FY2021 when the Group reported losses due mainly to the COVID-19 pandemic.

Based on the above dividend track record, we calculate the annualised dividend per Share to be 2.67 Singapore cents, which represents a dividend yield of 3.56% based on the Final Offer Consideration.

For the purpose of analysing the Offer, we have considered that the Shareholders who accept the Offer may re-invest the proceeds from the Offer in selected alternative investments such as a broad Singapore market index instrument such as the STI Exchange-Traded Fund ("**STI ETF**") or Singapore treasury bills as follows:

	%
Trailing 12-month dividend yield of the STI ETF as at the Latest Practicable Date	4.10
Cut-off yield for 6-month Singapore Government Securities (SGS) treasury bill closed on 8 December 2022	4.40

This suggests that Shareholders who accept the Offer may potentially have better returns if they reinvest the proceeds from the Offer in the above-mentioned alternative investments.

We wish to highlight that the above dividend track record analysis only serves as an illustrative guide and is not an indication of the Company's future dividend pay-out nor an

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indication of the performance of STI ETF or cut-off yield of future SGS treasury bills. There is no assurance that the Company will continue the dividend pay-out or STI ETF and SGS treasury bills will continue to generate such returns out in the future.

In addition, the Offer has been declared unconditional on 14 December 2022. This implies that the Offeror has acquired statutory control over the Company which entitles it to pass all resolutions on matters in which the Offeror and its associates do not have an interest at general meetings of Shareholders including future resolutions on dividend payments by the Company.

8.5 COMPARISON OF THE VALUATION RATIOS OF THE COMPANY IMPLIED BY THE FINAL OFFER CONSIDERATION AGAINST THOSE OF COMPARABLE COMPANIES

The property development segment of the Group is the key revenue and profit driver of the Group for the past three financial years as well as LTM2022. The Group's construction segment also contributed a significant percentage of the Group's revenue and profit for FY2021, HY2022 and LTM2022. Comparison is therefore made to companies listed on the SGX-ST with property development and/or construction business segments (the "**Comparable Companies**") to assess the Final Offer Consideration in relation to the valuation of the Comparable Companies as implied by their last traded prices as at the Latest Practicable Date. For a more meaningful comparison, we have shortlisted profitable companies with market capitalisation between S$100 million and S$1 billion.

We wish to highlight that the list of Comparable Companies is not exhaustive and none of the Comparable Companies is identical to the Group in terms of business activities, scale of operations, geographical markets, asset base, risk profile, track record, future prospects and other relevant criteria. Comparisons may also be affected, *inter alia*, by differences in the accounting policies adopted by companies from various countries. Our analysis has not adjusted for such differences. In view of the above, it should be noted that any comparison made with respect to the Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Company as at the Latest Practicable Date.

For the comparison of Comparable Companies, we have referred to various valuation measures to provide an indication of current market expectations with regard to the valuation of these companies as below:

Valuation measure	General description
P/E	P/E ratio illustrates the ratio of the market price of a company's share relative to its historical consolidated earnings per share. The P/E ratio is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.

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Valuation measure	General description
EV/EBITDA	EV/EBITDA ratio is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
P/NAV	P/NAV ratio illustrates the ratio of the market capitalisation of a company relative to its NAV as stated in its financial statements. Comparisons of companies using their NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

We set out in the table below the list of Comparable Companies, together with a brief description of their business activities:

Property Development Comparable Companies

Property Development Comparable Companies	Business Activities
Oxley Holdings Ltd. ("**Oxley**")	Oxley Holdings Ltd. develops real estate. The company develops residential and commercial projects in accessible locations. Oxley also develops light industrial buildings that include swimming pools and other recreational amenities.
SLB Development Ltd. ("**SLB**")	SLB Development Ltd. operates as a property development company. The company develops industrial, commercial, and retail properties.
Sing Holdings Ltd. ("**SHL**")	Sing Holdings Ltd. develops real estate. The company develops residential, commercial, and industrial properties and retains a stake in certain properties.

Source: Bloomberg L.P. and the respective website of the Comparable Companies.

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Construction Comparable Companies

Construction Comparable Companies	Business Activities
KSH Holdings Limited ("**KSH**")	KSH Holdings Limited constructs, develops, and manages various properties in Singapore, Malaysia, and the People's Republic of China.
Lian Beng Group Limited ("**Lian Beng**")	Lian Beng Group Limited provides building construction and civil engineering services for both the private and public sectors. The Group also sells, leases, and maintains construction machinery and equipment, and develops and invests in properties.
Wee Hur Holdings Ltd ("**Wee Hur**")	Wee Hur Holdings Ltd provides building construction services and acts as the management or main contractor in construction projects for both private and public sectors. The company's clients from the private sector include property owners and developers, and those from the public sector comprise government bodies and statutory boards.

We set out in the table below the financial ratios of the Comparable Companies as at the Latest Practicable Date:

Comparable Companies	Market Capitalisation [(1)] (S$'m)	Revenue [(2)] (S$'m)	Profit attributable to equity holders [(2)] (S$'m)	P/E ratio (times)	EV/EBITDA ratio (times)	P/NAV ratio (times)
Property Development Comparable Companies						
Oxley	629.3	925.9	3.2	195.19 [(3)]	20.96	0.62
SLB	102.3	92.8	26.2	3.90	5.24	0.51
SHL	150.4	117.1	12.2	12.34	18.24	0.48
Construction Comparable Companies						
KSH	194.4	268.2	24.4	7.96	10.79	0.58
Lian Beng	254.8	788.3	43.5	5.86	9.74	0.33
Wee Hur	188.4	232.5	25.0	7.53	11.44	0.42

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Comparable Companies	Market Capitalisation [1] (S$'m)	Revenue [2] (S$'m)	Profit attributable to equity holders [2] (S$'m)	P/E ratio (times)	EV/EBITDA ratio (times)	P/NAV ratio (times)
Average						
Property Development Comparable Companies				8.12 [3]	14.80	0.54
Construction Comparable Companies				7.12	10.66	0.44
Overall				7.52 [3]	12.73	0.49
The Company (at the Final Offer Consideration)	588.2	1,129.2 (including 524.0 from property development and 503.2 from construction)	6.9	85.00 [4] 11.54 (if losses from the Group's education segment are excluded) [4]	13.32 [4]	0.76 [4] (P/NAV) 0.56 [4] (P/RNAV)

Source: Bloomberg L.P., annual reports and/or announcements of the respective companies.

Notes:

(1) Based on last traded prices of the respective counters as at the Latest Practicable Date.

(2) Based on latest available 12 months or full year revenue/profits attributable to equity holders as announced by the respective Comparable Companies.

(3) Excludes the P/E ratio of Oxley as statistical outlier.

(4) Please refer to paragraphs 8.2 and 8.3 of this IFA Letter for our calculations of the Company's ratios implied by the Final Offer Consideration.

For illustrative purpose only, based on the above ratio analysis, we note that:

(a) excluding the P/E ratio of Oxley as statistical outlier, the P/E ratio and P/NAV ratio of the Company as implied by the Final Offer Consideration are higher than the range of the corresponding ratios of the Comparable Companies. If the P/E ratio of Oxley has not been excluded as statistical outlier, the mean P/E ratios of the Property Development Comparable Companies and the Comparable Companies would be 70.48 times and 38.80 times respectively and the P/E ratio of the Company as implied by the Final Offer Consideration is within the range and above the mean P/E ratios of the Property Development Comparable Companies and the Comparable Companies;

(b) if the losses of the Group's education segment are excluded from the calculations of the P/E ratio of the Company as implied by the Final Offer Consideration, the P/E ratio of the Company (after excluding losses of the Group's education segment) is higher than the mean P/E ratios of the Comparable Companies (excluding Oxley);

(c) the EV/EBITDA ratio of the Company as implied by the Final Offer Consideration is within the range, lower than the mean and median EV/EBITDA ratios of the Property Development Comparable Companies but higher than the mean and median EV/EBITDA ratios of the Construction Comparable Companies. On an overall basis, the EV/EBITDA ratio of the Company as implied by the Final Offer Consideration is within the range and higher than the mean EV/EBITDA ratios of the Comparable Companies;

(d) the P/NAV ratio of the Company as implied by the Final Offer Consideration is higher than the P/NAV ratios of the Comparable Companies; and

(e) we have included the P/RNAV ratio of the Company as implied by the Final Offer Consideration for reference. The P/RNAV ratio of the Company as implied by the Final Offer Consideration is within the range and higher than the mean and median P/NAV ratios of the Comparable Companies which have not taken into account RNAV adjustments, if any.

8.6 COMPARISON OF THE VALUATION RATIOS OF THE COMPANY IMPLIED BY THE FINAL OFFER CONSIDERATION WITH RECENTLY COMPLETED SIMILAR TRANSACTIONS FOR COMPANIES LISTED ON THE SGX-ST

As disclosed in paragraph 9 of the Offer Document under the Offeror's rationale for the Offer, the Offeror is making the Offer with a view to acquire majority interest in the Company, and if entitled, exercise its rights of compulsory acquisition to privatise and delist the Company from the SGX-ST.

Therefore, in our assessment on the fairness and reasonableness of the Final Offer Consideration, we have compared the valuation statistics implied by the Final Offer Consideration with the following:

(a) where the offeror has triggered the obligation to undertake a general offer with the acquisition of a majority stake in the offeree company (the "**Non-Privatisation Transactions**"), which were announced since 1 January 2020 and completed as at the Latest Practicable Date; and

(b) where the offeror has indicated its intention to privatise and delist the offeree company (the "**Privatisation Transactions**"). These Privatisation Transactions are carried out either by way of voluntary delisting exit offers under Rule 1307 of the listing manual of the SGX-ST (the "**Listing Manual**"), offers being made by way of a scheme of arrangement under Section 210 of the Companies Act 1967 of Singapore or general takeover offers under the Code where the offeror has stated its intentions to delist the listed company from the SGX-ST, whether in cash or otherwise, which were announced since 1 January 2021 and successfully privatised as at the Latest Practicable Date.

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The comparison serves as a general indication of the premium/discount over the last transacted prices and VWAPs paid by the offerors to acquire a majority stake or the entire stake in the offeree companies without having regard to their specific industry characteristics or other considerations.

We wish to highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target's business and assets, size of consideration and existing and desired level of control in the target. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies below. Further, the list of target companies involved in the Privatisation Transactions set out in the analysis below are not directly comparable with the Group in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the Offer with the Privatisation Transactions set out below is for illustration purposes only. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Group.

8.6.1 Non-Privatisation Transactions

The statistics of the Non-Privatisation Transactions are as follows:

			Premium / (Discount) of offer price over/(to):				
Name of companies	**Date of announce-ment [1]**	**Circumstances giving rise to the offer**	**Last transacted price (%)**	**1-month VWAP (%)**	**3-month VWAP (%)**	**6-month VWAP (%)**	**Offer price-to-NAV or RNAV [2] (times)**
Darco Water Technologies Limited	5-May-20	The offeror increased its stake in offeree company from 29% to 43%	30.8	33.3	30.6	(15.9)	0.40
TEE International Limited	7-Jul-20	The offeror acquired 36.8% in offeree company	12.7	13.8	26.6	(9.9)	0.95
Lum Chang Holdings Limited	17-Nov-20	The offeror increased its stake in offeree company to 51.8%	8.6	8.6	8.7	8.8	0.52

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Premium / (Discount) of offer price over/(to):

Name of companies	Date of announcement (1)	Circumstances giving rise to the offer	Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price-to-NAV or RNAV (2) (times)
Penguin International Limited	21-Jan-21	The offeror announced a voluntary offer then increased its stake in offeree company to 30.1% and triggered the mandatory general offer	30.0	35.4	42.5	44.4	0.70
Lian Beng Group Ltd	14-Jun-21	The offeror increased its stake in offeree company by 1.1%	6.4	7.1	1.6	6.6	0.33
Keong Hong Holdings Limited	21-Jan-22	The offeror increased its stake in offeree company from 27% to 46%	3.8	7.9	11.1	11.0	0.50
Procurri Corporation Limited	20-May-22	The offeror increased its stake in offeree company by 1.3% to 30.8%	-	3.3	9.4	17.3	2.19

Maximum	30.8	35.4	42.5	44.4	2.19
Minimum	-	3.3	1.6	(15.9)	0.33
Mean	13.2	15.6	18.6	8.9	0.80
Median	8.6	8.6	11.1	8.8	0.52

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Name of companies	Date of announce-ment [1]	Circumstances giving rise to the offer	Premium / (Discount) of offer price over/(to): Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price-to-NAV or RNAV [2] (times)
The Company	**24-Nov-22**	**Offeror announced VGO then increased its stake in offeree company by more than 1% and triggered MGO**	**5.6**	**13.1**	**26.5**	**33.7**	**0.56 [3]**

Notes:

(1) Date of announcement refer to the date of first announcement, including holding announcement, of offers.

(2) Based on the NAV per share or the adjusted NAV or RNAV per share, where available, as published in the independent financial adviser's letter set out in respective circular of the companies.

(3) Based on the P/RNAV ratio set out in paragraph 8.2.3 of this IFA Letter.

The premia of the Final Offer Consideration over the last transacted price, 1-month VWAP, 3-month VWAP, 6-month VWAP and RNAV are all within the range of the corresponding premia of the Non-Privatisation Transactions and the premia of the Final Offer Consideration over the 3-month VWAP and 6-month VWAP are higher than the corresponding mean and median premia of the Non-Privatisation Transactions.

The P/RNAV ratio of the Company implied by the Final Offer Consideration is within the range but lower than the mean P/NAV (or P/RNAV) ratio of the Non-Privatisation Transactions.

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Takeover statistics of comparable companies

Some of the above Non-Privatisation Transactions involves the takeovers of property development companies. We set out the takeover statistics of these property development companies (the "**Property Takeover Transactions**") as follows:

			Premium of offer price over:				
Name of companies	**Date of announce-ment** (1)	**Circumstances**	**Last transacted price (%)**	**1-month VWAP (%)**	**3-month VWAP (%)**	**6-month VWAP (%)**	**Offer price-to-NAV or RNAV** (2) **(times)**
Lum Chang Holdings Limited	17-Nov-20	The offeror increased its stake in offeree company to 51.8%	8.6	8.6	8.7	8.8	0.52
Lian Beng Group Ltd	14-Jun-21	The offeror increased its stake in offeree company by 1.1%	6.4	7.1	1.6	6.6	0.33
Keong Hong Holdings Limited	21-Jan-22	The offeror increased its stake in offeree company from 27% to 46%	3.8	7.9	11.1	11.0	0.50
The Company	**24-Nov-22**	**Offeror announced VGO then increased its stake in offeree company by more than 1% and triggered MGO**	**5.6**	**13.1**	**26.5**	**33.7**	**0.56** (3)

Notes:

(1) Date of announcement refer to the date of first announcement, including holding announcement, of offers.

(2) Based on the NAV per share or adjusted NAV or RNAV per share, where available, as published in the independent financial adviser's letter set out in respective circular of the companies.

The premia of the Final Offer Consideration over the 1-month VWAP, 3-month VWAP, 6-month VWAP and RNAV are higher than the corresponding premia of the Property Takeover Transactions.

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8.6.2 **Privatisation Transactions**

The statistics of the Privatisation Transactions are as follows:

Name of companies	Date of announce-ment [1]	Type[2]	Premium / (Discount) of offer price over/(to): Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price-to-NAV or RNAV [3] (times)
Asian Healthcare Specialists Limited	6-Oct-22	VGO	17.5	18.3	21.3	22.3	2.07
Moya Holdings Asia Limited	14-Sep-22	VD	41.5	43.8	48.4	48.4	1.39
Memories Group Ltd	12-Sep-22	VD	34.3	67.3	72.2	74.7	1.02
Silkroad Nickel Ltd.	9-Sep-22	VGO	2.4	5.4	5.1	(5.5)	5.07
GYP Properties Limited	09-Jul-22	VGO	34.2	37.9	33.3	28.2	0.69
Allied Technologies Limited	17-Jun-22	VGO	n.a. [4]	n.a. [4]	n.a. [4]	n.a. [4]	0.35
T T J Holdings Limited	20-May-22	VGO	36.1	33.6	28.8	28.0	0.63
Hwa Hong Corporation Limited	17-May-22	VGO	37.9	36.1	32.0	22.0	0.79
Excelpoint Technology Ltd	13-Apr-22	SOA	21.4	36.6	31.3	45.9	1.58
Singapore O&G Ltd	7-Mar-22	VGO	18.0	14.8	12.2	11.3	3.55
Shinvest Holding Ltd.	16-Feb-22	VGO	12.9	8.5	10.2	10.1	0.66
Koufu Group Limited	29-Dec-21	VGO	15.8	14.5	13.6	15.1	3.21
Roxy-Pacific Holdings Limited	15-Dec-21	VGO	19.8	21.0	23.5	30.3	0.64
United Global Limited	10-Dec-21	VGO	12.5	16.7	16.7	16.2	1.06
Starburst Holdings Limited	10-Nov-21	VGO	5.8	3.9	9.2	12.8	1.84
SingHaiyi Group Ltd.	9-Nov-21	VGO	8.3	7.0	10.7	18.3	0.60
Fragrance Group Limited	9-Jul-21	VGO	16.9	19.0	19.0	20.0	0.70
Dutech Holdings Limited	28-May-21	VGO	74.0	73.3	74.7	73.7	0.74

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Name of companies	Date of announce-ment [1]	Type[2]	Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price-to-NAV or RNAV [3] (times)
			Premium / (Discount) of offer price over/(to):				
Cheung Woh Technologies Limited	6-May-21	VGO	90.0	90.0	92.6	109.6	1.10
Top Global Limited	30-Apr-21	VGO	122.9	133.6	146.8	148.7	0.32
Sin Ghee Huat Corporation Ltd	20-Apr-21	VGO	25.6	68.2	68.2	68.8	0.57
Singapore Press Holdings Limited	30-Mar-21	SOA	57.3	71.5	80.3	94.8	1.05
Neo Group Limited	30-Mar-21	VGO	20.0	17.9	14.5	15.4	1.22
Singapore Reinsurance Corporation Limited	19-Mar-21	VGO	17.8	20.6	20.8	21.8	0.79
World Class Global Limited	12-Mar-21	SOA	112.1	107.9	107.9	89.2	0.83
International Press Softcom Limited	28-Jan-21	VGO	12.5	25.4	32.0	21.6	1.08
GL Limited	15-Jan-21	VGO	42.9	46.6	52.4	45.8	0.74
CEI Limited	11-Jan-21	VGO	15.0	18.1	20.5	23.6	1.89
Maximum			122.9	133.6	146.8	148.7	5.07
Minimum			2.4	3.9	5.1	(5.5)	0.32
Mean			34.3	39.2	40.7	41.2	1.29
Median			20.0	25.4	28.8	23.6	0.93
The Company	**24-Nov-22**	**MGO**	**5.6**	**13.1**	**26.5**	**33.7**	**0.56** [5]

Source: Offeree circulars of the respective companies.

Notes:

(1) Date of announcement refer to the date of first announcement, including holding announcement, of offers.

(2) VD – Voluntary Delisting; VGO – Voluntary General Offer; SOA – Scheme of Arrangement; and MGO – Mandatory General Offer.

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(3) Based on the NAV per share or adjusted NAV or RNAV per share, where available, as published in the independent financial adviser's letter set out in respective circular of the companies.

(4) "n.a." means not applicable as the shares of Allied Technologies Limited were suspended for more than three years prior to its offer.

(5) Based on the P/RNAV ratio set out in paragraph 8.2.3 of this IFA Letter.

Based on the above, we note that:

(a) the premia of the Final Offer Consideration over the last transacted price, 1-month VWAP and 3-month VWAP are within the range of the corresponding premia but lower than the mean and median corresponding premia of the Privatisation Transactions;

(b) the premium of the Final Offer Consideration over the 6-month VWAP is within the range of the corresponding premia, lower than the mean but higher than the median corresponding premia of the Privatisation Transactions; and

(c) the P/RNAV ratio of 0.56 times of the Company implied by the Final Offer Consideration is within range of the corresponding ratios, but lower than the mean and median P/NAV (or P/RNAV) ratios of the Privatisation Transactions.

The premia of offer price over the market prices and NAV (or RNAV) of the Privatisation Transactions are generally higher than those of the Non-Privatisation Transactions as set out in paragraph 8.6.1 of this IFA Letter.

<u>Privatisation statistics of comparable companies</u>

Similarly, some of the above Privatisation Transactions involves the privatisation of property development companies. We set out the privatisation statistics of these property development companies (the "**Property Privatisation Transactions**") as follows:

			Premium / (Discount) of offer price over/(to):				
Name of companies	**Date of announce-ment**	**Type**	**Last transacted price (%)**	**1-month VWAP (%)**	**3-month VWAP (%)**	**6-month VWAP (%)**	**Offer price-to-NAV or RNAV (times)**
GYP Properties Limited	09-Jul-22	VGO	34.2	37.9	33.3	28.2	0.69
Roxy-Pacific Holdings Limited	15-Dec-21	VGO	19.8	21.0	23.5	30.3	0.64
SingHaiyi Group Ltd.	9-Nov-21	VGO	8.3	7.0	10.7	18.3	0.60
Fragrance Group Limited	9-Jul-21	VGO	16.9	19.0	19.0	20.0	0.70
Top Global Limited	30-Apr-21	VGO	122.9	133.6	146.8	148.7	0.32

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Name of companies	Date of announce-ment	Type	Premium / (Discount) of offer price over/(to): Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price-to-NAV or RNAV (times)
World Class Global Limited	12-Mar-21	SOA	112.1	107.9	107.9	89.2	0.83
Maximum			122.9	133.6	146.8	148.7	0.83
Minimum			8.3	7.0	10.7	18.3	0.32
Mean			52.4	54.4	56.9	55.8	0.63
Median			27.0	29.5	28.4	29.3	0.67
The Company	**24-Nov-22**	**MGO**	**5.6**	**13.1**	**26.5**	**33.7**	**0.56**

Source: Offeree circulars of the above-mentioned companies.

The premia of the Final Offer Consideration over the last transacted price, 1-month VWAP and 3-month VWAP are within the range but lower than the mean and median corresponding premia of the Property Privatisation Transactions.

The Company's P/RNAV ratio, which is the more appropriate statistics for property development companies, is also within the range but lower than the mean and median corresponding premia of the Property Privatisation Transactions.

We also wish to highlight that the SOA of World Class Global Limited involved no cash outlay as shareholders of World Class Global Limited will be issued new ordinary shares in the capital of the offeror which remains listed on the SGX-ST. Accordingly, excluding the P/RNAV ratio of World Class Global Limited, the P/RNAV ratios of the Property Privatisation Transactions will range from 0.32 times to 0.70 times, with an average P/RNAV ratio of 0.59 times.

8.7 ESTIMATED RANGE OF VALUES OF THE SHARES

We have analysed the market prices of the Shares, the financial performance and financial position of the Group in the preceding paragraphs of this IFA Letter.

As set out in previous paragraphs, the property development segment of the Group is the key revenue and profit driver of the Group for the past three financial years as well as LTM2022 and the segmental NAV of the property development segment accounted for more than 70% of the Group's NAV as at 30 June 2022. The Group's construction segment also contributed a significant percentage of the Group's revenue and profit for FY2021, HY2022 and LTM2022.

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Accordingly, we have considered the asset-based ratios, namely P/NAV ratio and P/RNAV ratio for the property development segment and considered the earnings-based ratios, namely P/E ratio and EV/EBITDA in our consideration of the estimated range of values of the Shares.

However, given that the Group's P/NAV ratio is higher than its Comparable Companies and its P/E ratio and EV/EBITDA ratio are higher than the overall mean and median corresponding ratios of the Comparable Companies and the Construction Comparable Companies, we believe that the trading prices of the Shares serves as a minimum indicator of the estimated range of values of the Shares. Taking into consideration the trading prices of the Shares for the 1-month period prior to the Holding Announcement Date (which would have taken into account the latest published results of the Group whereby the Group reported a turnaround in its financial performance from a loss of S$31.49 million for FY2021 to a net profit of S$38.51 million for HY2022), the minimum value of Shares should be S$0.67, being the trading prices for the highest percentage volume of Shares traded in the 1-month period prior to the Holding Announcement Date. As a reference, 6,431,000 Shares, or approximately 14.5% of the total volume of Shares were traded in the aforesaid period.

In determining the maximum value of the Shares, we have applied the highest P/NAV ratio of the Comparable Companies to the Group's RNAV of its property development, property investment and hospitality segments and the highest P/E ratio of the Construction Comparable Companies to the Group's estimated net profit after tax for its construction segment for LTM2022 (assuming a 17% tax rate), then deduct the negative NAV for the remaining business segments, and obtained a sum-of-part value of S$0.82 per Share.

The Final Offer Consideration is within the estimated values of the Shares of between S$0.67 and S$0.82 as set out above.

8.8 OTHER CONSIDERATIONS

8.8.1 Offer declared unconditional on 14 December 2022

UOB announced, for and on behalf of the Offeror, that the Offeror has, as at 6.00 p.m. (Singapore time) on 14 December 2022, received valid acceptances in respect of such Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties, results in the Offeror and its Concert Parties holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company.

ACCORDINGLY, THE OFFER HAS BECOME UNCONDITIONAL AS TO ACCEPTANCES AND IS HEREBY DECLARED UNCONDITIONAL IN ALL RESPECTS ON 14 DECEMBER 2022.

This implies that the Offeror has acquired statutory control over the Company which entitles it to pass all resolutions on matters in which the Offeror and its associates do not have an interest at general meetings of Shareholders including future resolutions on dividend payments by the Company.

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8.8.2 **Offeror's intention relating to the listing status of the Company**

As set out in paragraph 11.3 of the Offer Document, the Offeror, if and when entitled, intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to support or take any step (including the placing out of Shares by the Offeror) for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the total number of issued Shares (excluding any Shares held in treasury) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

8.8.3 **No revision of Final Offer Consideration**

As set out in paragraph 2.2 of the Offer Document, the Offeror does not intend to revise the Final Offer Consideration, save that the Offeror reserves the right to do so in a competitive situation.

8.8.4 **Alternative takeover offer**

The Directors confirm that (a) no other third parties have approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Offeror, no other third party has made a firm offer for the Company as at the Latest Practicable Date.

8.8.5 **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 incurring any transaction costs as opposed to the sale of the Shares in the open markets which will incur expenses such as brokerage commission and/or other trading costs.

8.8.6 **Limitation on subsequent offers by the Offeror**

As the Offer is unconditional in all respects and the Offeror together with the Offeror's Concert Parties hold Shares carrying more than 50.0% of the voting rights of the Company, Shareholders should note that under Rule 33.2 of the Code, neither the Offeror nor any person acting in concert with it may (except with the consent of the SIC), within six (6) months from the close of the Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Offer.

Further, the Offeror and the Offeror's Concert Parties will be free to increase their shareholding in the Company after the close of the Offer without incurring any take-over obligation under Rule 14 of the Code as long as the Offeror and the Offeror's Concert Parties continue to hold more than 49% of the voting rights of the Company.

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9. EVALUATION OF THE OPTIONS PROPOSAL

We note that the Option Price is calculated on a "see-through" basis, where the Option Price in relation to any Company Option is the amount of the excess of the Final Offer Consideration over the exercise price of that Company Option. Where the exercise price of a Company Option is equal to or higher than the Final Offer Consideration, the Option Price for each Company Option will be fixed at a nominal amount of S$0.001.

This means that:

(a) Option Holders who have Company Options with exercise price below the Final Offer Consideration would receive the same consideration regardless of whether the Option Holders accept the Options Proposal or they exercise their Company Options and accept the Offer; and

(b) Option Holders who have Company Options with exercise price equal to or higher than the Final Offer Consideration would receive a nominal amount of S$0.001 for each Company Option. Option Holders who have such Company Options will receive lower proceeds if they exercise such Company Options and accept the Offer as compared to accepting the Options Proposal.

As the Option Price is calculated on a "see-through" basis, our evaluation of and the recommendation on the Offer as set out in this IFA Letter is also relevant to Option Holders. Please refer to paragraph 8 of this IFA Letter on our evaluation of the Offer and paragraph 10.1 of this IFA Letter for our opinion and recommendation relating to the Offer.

10. OUR ADVICE

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deemed essential and balanced them before arriving at our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

10.1 THE OFFER

We set out below a summary of the key factors we have taken into our consideration when assessing the "**fairness**" of the Offer:

Factors for the Final Offer Consideration

(a) the Final Offer Consideration is higher than the highest trading price of the Shares for the periods prior to and including the Holding Announcement Date as set out in the table in paragraph 8.1 of this IFA Letter;

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(b) the Final Offer Consideration represents premia of more than 10% (specifically, between 13.1% and 50.3%) to the VWAPs of the Shares for the 24-month, 12-month, 6-month, 3-month and 1-month periods prior to and including the Holding Announcement Date which ranged between S$0.499 and S$0.663 per Share;

(c) the P/NAV ratio implied by the Final Offer Consideration is higher than the trailing P/NAV ratio of the Shares for the period between 18 October 2019 and the Holding Announcement Date, both dates inclusive;

(d) while the Final Offer Consideration is at a discount to the NAV per Share, the P/NAV ratio implied by the Final Offer Consideration is higher than the P/NAV ratios of the Comparable Companies;

(e) the P/RNAV ratio implied by the Final Offer Consideration is higher than the range of P/RNAV ratio of the Property Takeover Transactions;

(f) the P/E ratio of the Group (after excluding losses of the Group's education segment) is higher than the mean P/E ratios of the Comparable Companies (excluding Oxley);

(g) the EV/EBITDA ratio of the Company as implied by the Final Offer Consideration is within the range and higher than the mean EV/EBITDA ratios of the Comparable Companies; and

(h) the Final Offer Consideration is within the estimated range of values of the Shares set out in paragraph 8.7 of this IFA Letter. The estimated range of values of the Shares has considered the trading prices of the Shares for the period after the announcement of the Group's HY2022 results on 5 August 2022 where the Group reported improved financial performance from a net loss of S$31.49 million for FY2021 to a net profit of S$38.51 million for HY2022.

Factors against the Final Offer Consideration

(A) the Final Offer Consideration is below the highest closing price and VWAP of the Shares for the period between the Offer Consideration Revision Date and the Latest Practicable Date;

(B) the P/RNAV ratio of the Company implied by the Final Offer Consideration is lower than the mean P/NAV (or P/RNAV) ratio of the Non-Privatisation Transactions; and

(C) the valuation ratios implied by the Final Offer Consideration are lower than the mean corresponding ratios of the Privatisation Transactions as well as the Property Privatisation Transactions.

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We set out below a summary of the key factors we have taken into our consideration when assessing the "**reasonableness**" of the Offer:

Factors for the Final Offer Consideration

(i) the Shares were traded daily on 100% of the market days which the SGX-ST were open for trading. Hence, the trading prices of the Share can be considered as relatively fair representation of the value of the Shares;

(ii) Shareholders who accept the Offer may potentially have better returns if they reinvest the proceeds from the Offer in the alternative investments set out in paragraph 8.4 of this IFA Letter; and

(iii) other considerations set out in paragraph 8.8 of this IFA Letter, in particular, that the Offer has been declared unconditional in all respects and the Offeror has acquired statutory control over the Company.

Factors against the Final Offer Consideration

None.

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

10.2 THE OPTIONS PROPOSAL

The evaluation factors for the Options Proposal are set out in paragraph 9 of this IFA Letter.

The Option Price is computed on a "see-through" basis. An Option Holder who exercises the Company Options and receive new Shares then accept the Offer will receive the same consideration from accepting the Options Proposal.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Options Proposal, on balance, are similarly fair and reasonable. Accordingly, we advise the Recommending Directors to recommend the Option Holders to ACCEPT the Options Proposal.

This IFA Letter is addressed to the Recommending Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Offer, and the recommendation made by them to the Shareholders shall remain their responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors or the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Offer, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

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This opinion 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
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG EXECUTIVE DIRECTOR	PAULINE SIM POI LIN HEAD OF CORPORATE FINANCE

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ADDITIONAL INFORMATION ON THE COMPANY

1. DIRECTORS

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

Name	Address	Designation
Mrs Celine Tang	c/o 171 Chin Swee Road #12-01, CES Centre, Singapore 169877	Non-Executive Chairman, Non-Independent and Non-Executive Director
Mr Chia Lee Meng Raymond	c/o 171 Chin Swee Road #12-01, CES Centre, Singapore 169877	Executive Director and Group Chief Executive Officer
Mr Tan Tee How	c/o 171 Chin Swee Road #12-01, CES Centre, Singapore 169877	Executive Director
Mr Yam Ah Mee	c/o 171 Chin Swee Road #12-01, CES Centre, Singapore 169877	Executive Director
Mr Abdul Jabbar Bin Karam Din	c/o 171 Chin Swee Road #12-01, CES Centre, Singapore 169877	Lead Independent Director
Mr Lock Wai Han	c/o 171 Chin Swee Road #12-01, CES Centre, Singapore 169877	Independent Director
Professor Low Teck Seng	c/o 171 Chin Swee Road #12-01, CES Centre, Singapore 169877	Independent Director
Dr Neo Boon Siong	c/o 171 Chin Swee Road #12-01, CES Centre, Singapore 169877	Independent Director
Professor Yaacob Bin Ibrahim	c/o 171 Chin Swee Road #12-01, CES Centre, Singapore 169877	Independent Director

2. PRINCIPAL ACTIVITIES

The Company is an established homegrown property development and construction group headquartered in Singapore. The Group currently has five core businesses: (i) property development, (ii) construction, (iii) hospitality, (iv) property investment, and (v) education, with geographical outreach in 15 economies. The Company was listed on the Mainboard of the SGX-ST on 24 November 1999.

3. SHARES IN ISSUE

3.1 Issued Shares

As at the Latest Practicable Date, there is only one class of shares in the Company, comprising the Shares.

As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S$178,287,924.10 comprising 784,224,776 Shares (excluding 39,793,900 treasury Shares).

3.2 Rights of the Shareholders in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are set out in the Constitution. The relevant provisions of the Constitution relating to the same have been extracted and reproduced in **Appendix E** to this Circular.

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

No Shares have been issued by the Company since 31 December 2021, being the end of the last financial year of the Company, up to the Latest Practicable Date.

4. THE COMPANY'S CONVERTIBLE SECURITIES

At the Latest Practicable Date, the Company has outstanding Company Options in respect of 30,000,000 Shares granted under the Company Option Scheme. Pursuant to the Company Option Scheme, the maximum number of Shares issuable or to be transferred by the Company under the Company Option Scheme, when aggregated with the aggregate number of Shares over which options or awards granted under any other share option schemes or schemes of the Company, will be 15% of the Company's total number of Shares (excluding treasury Shares) from time to time.

Save as disclosed above, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, Shares or securities which carry voting rights in the Company, as at the Latest Practicable Date.

5. DISCLOSURE OF INTERESTS

5.1 Interests of the Company in Offeror Shares and Offeror Convertible Securities

Neither the Company nor its subsidiaries have any direct or indirect interests in Offeror Shares and Offeror Convertible Securities as at the Latest Practicable Date.

5.2 Dealings in Offeror Shares and Offeror Convertible Securities by the Company

Neither the Company nor its subsidiaries have dealt in Offeror Shares and Offeror Convertible Securities during the period commencing six months prior to 7 September 2022, being the Holding Announcement Date, and ending on the Latest Practicable Date.

5.3 Interests of Directors in Offeror Shares and Offeror Convertible Securities

As at the Latest Practicable Date, and save as disclosed below and in this Circular, none of the Directors has an interest, direct or indirect, in Offeror Shares and Offeror Convertible Securities as at the Latest Practicable Date.

Name	Direct Interest		Deemed Interest	
	No. of Offeror Shares	%(1)	No. of Offeror Shares	%(1)
Mrs Celine Tang	30	30.00	70(2)	70.00

Notes:

(1) Based on the total issued and paid-up capital of 100 Offeror Shares as at the Latest Practicable Date.

(2) Mrs Celine Tang is deemed to have an interest in the 70 Offeror Shares which are held by her spouse, Mr Gordon Tang.

5.4 Dealings in Offeror Shares and Offeror Convertible Securities by Directors

Save as disclosed below, none of the Directors has dealt in Offeror Shares and Offeror Convertible Securities during the period commencing six months prior to 7 September 2022, being the Holding Announcement Date, and ending on the Latest Practicable Date.

Name	Date	No. of Shares Dealt	Transaction Price Per Offeror Share (S$)	Nature of Transaction
Mrs Celine Tang	10 October 2022	30	S$1.00	Allotment and subscription of Offeror Shares

5.5 Interests of Directors in Company Securities and Company Convertible Securities

Save as disclosed below, as at the Latest Practicable Date, none of the Directors has an interest, direct or indirect, in Company Securities and Company Convertible Securities.

Name	Direct Interest		Deemed Interest		Outstanding Company Options granted pursuant to the Company Option Scheme
	No. of Shares	%(1)	No. of Shares	%(1)	
Mrs Celine Tang	377,112,503(2)	48.09	16,055,800(4)	2.05	–
Mr Chia Lee Meng Raymond	15,406,250	1.96	12,127,500(5)	1.55	25,000,000(8)
Mr Tan Tee How	300,000	0.04	–	–	5,000,000(9)
Mr Yam Ah Mee	70,000(3)	n.m.(6)	20,000(7)	n.m.(6)	–

Name	Direct Interest		Deemed Interest		Outstanding Company Options granted pursuant to the Company Option Scheme
	No. of Shares	%(1)	No. of Shares	%(1)	
Mr Abdul Jabbar Bin Karam Din	292,400	0.04	–	–	–
Professor Yaacob Bin Ibrahim	100,000	0.01	–	–	–

Notes:

(1) Percentage interest is rounded to two decimal places, and based on 784,224,776 Shares (excluding 39,793,900 treasury Shares) in issue as at the Latest Practicable Date.

(2) Held jointly with her spouse, Mr Gordon Tang. As at the Latest Practicable Date, Mrs Celine Tang and Mr Gordon Tang have accepted the Offer in respect of the 377,112,503 Shares that are held in their joint names.

(3) Held jointly with his spouse, Mdm Goh Wee Lee.

(4) Mrs Celine Tang is deemed to have an interest in the (a) 9,100,000 Shares which are held by her spouse, Mr Gordon Tang, directly in his personal account and (b) 6,955,800 Shares which are held by the Offeror as she is entitled to exercise or control the exercise of 20% or more of the voting power in the Offeror. As at the Latest Practicable Date, Mr Gordon Tang has accepted the Offer in respect of the 9,100,000 Shares that are held in his personal account.

(5) Mr Chia Lee Meng Raymond is deemed to have an interest in the 12,127,500 Shares which are held by his spouse, Mdm Lim Sock Joo.

(6) n.m. means not meaningful.

(7) Mr Yam Ah Mee is deemed to have an interest in the 20,000 Shares which are held by his spouse, Mdm Goh Wee Lee, jointly with their sons.

(8) The Company Options granted to Mr Chia Lee Meng Raymond pursuant to the Company Option Scheme in respect of 25,000,000 Shares.

(9) The Company Options granted to Mr Tan Tee How pursuant to the Company Option Scheme in respect of 5,000,000 Shares.

5.6 Dealings in Company Securities and Company Convertible Securities by Directors

Save as disclosed below, none of the Directors has dealt in Company Securities and Company Convertible Securities during the period commencing six months prior to 7 September 2022, being the Holding Announcement Date, and ending on the Latest Practicable Date.

Name	Date	No. of Shares Dealt	Transaction Price Per Share (S$)	Nature of Transaction
Mrs Celine Tang	8 June 2022	1,286,800(1)	0.4374	Acquisition of Shares via market transaction
	9 June 2022	213,200(1)	0.44	Acquisition of Shares via market transaction

Name	Date	No. of Shares Dealt	Transaction Price Per Share (S$)	Nature of Transaction
	25 November 2022	70,725,000[(2)]	0.72	45,497,500 Shares were acquired via market transactions while 25,227,500 Shares were acquired via a married deal
	5 December 2022	1,578,300[(2)]	0.75	Acquisition of Shares via market transaction
	6 December 2022	4,697,300[(2)]	0.75	Acquisition of Shares via market transaction
	7 December 2022	7,632,400[(2)]	0.75	Acquisition of Shares via market transaction
	8 December 2022	1,794,600[(2)]	0.75	Acquisition of Shares via market transaction
	9 December 2022	682,000[(3)]	0.75	Acquisition of Shares via market transaction
	12 December 2022	858,200[(3)]	0.75	Acquisition of Shares via market transaction
	13 December 2022	1,927,700[(3)]	0.75	Acquisition of Shares via market transaction
	14 December 2022	1,275,800[(3)]	0.75	Acquisition of Shares via market transaction
	15 December 2022	2,212,100[(3)]	0.75	Acquisition of Shares via market transaction
Mr Abdul Jabbar Bin Karam Din	13 May 2022	292,400	0.42	Acquisition of Shares via market transaction

Notes:

(1) The Shares were acquired by Mr Gordon Tang. Mr Gordon Tang is the spouse of Mrs Celine Tang and as such, Mrs Celine Tang is deemed to have an interest in these Shares which were acquired by her spouse.

(2) Held jointly with her spouse, Mr Gordon Tang.

(3) The Shares were acquired by the Offeror. Mrs Celine Tang is deemed to have an interest in these Shares which were acquired by the Offeror as she is entitled to exercise or control the exercise of 20% or more of the voting power in the Offeror.

5.7 Interests of the IFA in Company Securities and Company Convertible Securities

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, own or control any Company Securities and Company Convertible Securities as at the Latest Practicable Date.

5.8 Dealings in Company Securities and Company Convertible Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, has dealt for value in the Company Securities and Company Convertible Securities during the period commencing six months prior to 7 September 2022, being the Holding Announcement Date, and ending on the Latest Practicable Date.

5.9 Directors' Intentions in relation to the Offer and the Options Proposal

In respect of the Directors who have a beneficial interest in Shares and in respect of the Directors who are Eligible Option Holders:

5.9.1 Mrs Celine Tang has accepted the Offer;

5.9.2 Mr Chia Lee Meng Raymond intends to accept the Offer and the Options Proposal;

5.9.3 Mr Tan Tee How intends to accept the Offer and the Options Proposal;

5.9.4 Mr Yam Ah Mee intends to accept the Offer;

5.9.5 Mr Abdul Jabbar Bin Karam Din has instructed his SRS Agent Bank to accept the Offer; and

5.9.6 Professor Yaacob Bin Ibrahim intends to accept the Offer.

6. ARRANGEMENTS AFFECTING DIRECTORS

6.1 Directors' Service Contracts

As at the Latest Practicable Date:

(a) there are no service contracts between any Director or proposed Director with the Company or any of the Company's subsidiaries with more than 12 months to run and which cannot be terminated by the Company within the next 12 months without paying any compensation; and

(b) there are no such service contracts entered into or amended between any Director or proposed Director with the Company during the period between the start of six months prior to 7 September 2022, being the Holding Announcement Date, and ending on the Latest Practicable Date.

6.2 No Payment or Benefit to Directors

There is no agreement, arrangement or understanding for any payment or other benefit to 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 as at the Latest Practicable Date.

6.3 No Agreement Conditional upon Outcome of Offer

As disclosed in the Offer Document, the Sponsors (including Mrs Celine Tang) have executed irrevocable undertakings (the "**Irrevocable Undertakings**") in favour of the Offeror, pursuant to which each of the Sponsors has undertaken to, *inter alia*, (a) accept the Offer in respect of all Shares held or controlled by each of them; (b) accept the Offer in respect of any other Shares or securities in the capital of the Company that each of them may acquire, or which may be allocated and issued to each of them on or after the date of the Irrevocable Undertakings; and (c) waive their rights to receive any settlement or payment of their acceptance of the Offer within the time period prescribed under Rule 30 of the Code.

Save as disclosed in this Circular, 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 as at the Latest Practicable Date.

6.4 Material Contracts Entered into by Offeror

Save that Mrs Celine Tang is a shareholder and director of the Offeror, there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect, as at the Latest Practicable Date.

7. FINANCIAL INFORMATION ON THE GROUP

7.1 Consolidated Statement of Total Return

Set out below is certain financial information extracted from the audited consolidated financial statements of the Group for FY2019, FY2020 and FY2021 and the HY2022 Financial Results Announcement.

The financial information for FY2019, FY2020 and FY2021 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the Annual Reports for FY2019, FY2020 and FY2021 respectively.

The financial information for HY2022 should be read in conjunction with the HY2022 Financial Results Announcement.

The audited consolidated financial statements of the Group for FY2021 are set out in **Appendix D** to this Circular.

	Unaudited HY2022 S$'000	**Audited FY2021** S$'000	**Audited FY2020** S$'000	**Audited FY2019** S$'000
Revenue	636,267	1,115,399	674,633	1,055,639
Net profit/(loss) before tax	47,458	(12,610)	(77,401)	44,057
Net profit/(loss) after tax	38,459	(21,630)	(78,490)	32,557
Non-controlling interests	(46)	9,856	2,577	(763)
Net earnings/(loss) per Share (cents)	4.91	(4.02)	(10.35)	5.06
Net dividends per Share (cents)	NIL	2	2	4

7.2 Statements of Assets and Liabilities of the Group

A summary of the audited consolidated balance sheet of the Group as at 31 December 2021 and the unaudited consolidated balance sheet of the Group as at 30 June 2022 is set out below.

The audited consolidated balance sheet of the Group as at 31 December 2021 should be read in conjunction with the audited consolidated financial statements of the Group for FY2021 and the accompanying notes as set out in the Annual Report for FY2021.

The unaudited consolidated balance sheet of the Group as at 30 June 2022 should be read in conjunction with the HY2022 Financial Results Announcement.

	Group **Unaudited as at 30 June 2022** S$'000	**Group** **Audited as at 31 December 2021** S$'000
Non-current assets		
Property, plant and equipment	541,992	551,603
Investment properties	193,495	193,434
Intangible assets	44,503	46,038
Investments in joint ventures and associates	90,615	45,018
Deferred tax assets	8,906	6,803
Trade and other receivables	59,029	56,994
	938,540	899,890

	Group Unaudited as at 30 June 2022 S$'000	Group Audited as at 31 December 2021 S$'000
Current assets		
Development properties	479,755	648,284
Inventories	5,331	5,323
Prepayments	7,976	7,670
Trade and other receivables	308,240	641,403
Contract assets	184,613	73,494
Deferred contract costs	19,761	20,209
Cash and cash equivalents	330,396	505,888
	1,336,072	1,902,271
Assets held for sale	–	27,042
Total assets	**2,274,612**	**2,829,203**
Current liabilities		
Loans and borrowings	387,024	500,250
Trade and other payables	168,805	248,008
Contract liabilities	24,793	47,024
Provision	7,779	8,557
Other liabilities	116,855	124,758
Income tax payable	10,459	11,550
	715,715	940,147
Net current assets	**620,357**	**989,166**
Non-current liabilities		
Loans and borrowings	622,963	956,984
Trade and other payables	22,188	33,208
Other liabilities	92,698	96,826
Deferred tax liabilities	23,009	22,015
	760,858	1,109,033
Total liabilities	**1,476,573**	**2,049,180**
Net assets	**798,039**	**780,023**
Equity attributable to owners of the Company		
Share capital	175,978	175,978
Treasury shares	(28,779)	(28,779)
Retained earnings	647,417	623,394
Other reserves	(17,759)	(11,584)
	776,857	759,009
Non-controlling interests	21,182	21,014
Total equity	**798,039**	**780,023**

Copies of the Annual Reports for FY2019, FY2020 and FY2021 and the HY2022 Financial Results Announcement are available for inspection at the office of the Company at 171 Chin Swee Road, #12-01, CES Centre, Singapore 169877, during normal business hours for the period which the Offer remains open for acceptance.

8. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in any other information on the Group which is publicly available (including without limitation, the announcements released by the Group on the SGX-ST), there have been no material changes in the financial position of the Company since 31 December 2021, being the date of the last audited accounts of the Company laid before the Shareholders in general meeting.

9. ACCOUNTING POLICIES

The significant accounting policies of the Group which are disclosed in Note 2 of the audited consolidated financial statements of the Group for FY2021 are reproduced in **Appendix D** to this Circular. Save as disclosed in this Circular and any other information on the Group which is publicly available (including without limitation, the audited consolidated financial statements of the Group for FY2021), there were no significant accounting policies or any points from the notes to the financial statements of the Group which are of major relevance for the interpretation of the accounts.

There are no changes in the accounting policy of the Group which will cause the figures disclosed in paragraph 7 of this **Appendix B** to not be comparable to a material extent as at the Latest Practicable Date.

10. MATERIAL CONTRACTS WITH INTERESTED PERSONS

A summary of each material contract with Interested Persons (other than in the ordinary course of business) entered into by the Company or the Company's subsidiaries during the period beginning three years before 7 September 2022, being the Holding Announcement Date, and ending on the Latest Practicable Date is set out at **Appendix B1** to this Circular.

Save as disclosed in **Appendix B1** to this Circular, the Annual Reports for FY2019, FY2020 and FY2021 and any other information on the Company or the Company's subsidiaries which is publicly available (including without limitation, the announcements released by the Company on the website of the SGX-ST at www.sgx.com), neither the Company nor any of the Company's subsidiaries have entered into any material contracts with Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three years before 7 September 2022, being the Holding Announcement Date, and ending on the Latest Practicable Date.

11. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of the Company's subsidiaries are engaged in any material litigation or arbitration proceedings as plaintiff or defendant, which might materially and adversely affect the financial position of the Group as a whole. As at the Latest Practicable Date, the Directors are not aware of any litigation, claim, arbitration or other proceedings pending or threatened against the Company or any of the Company's subsidiaries or of any facts likely to give rise to any such proceedings which might materially or adversely affect the financial position of the Group taken as a whole.

12. VALUATION OF CES PROPERTIES

12.1 Independent Valuers

The Company has appointed the Independent Valuers to conduct independent valuations of the CES Properties. A copy of the Valuation Reports and/or Certificates (each of which includes the basis of the valuation) is set out in **Appendix F** to this Circular. Save for such Valuation Reports and/or Certificates and the consent letters issued by the respective Independent Valuers, the Independent Valuers do not accept any responsibility for any part of this Circular or any other document issued by or on behalf of the Company in connection with the Offer.

12.2 Potential Tax Liability

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 CES Properties are located in Singapore, Australia, New Zealand and Maldives. The Company is a long-term investor in its properties. Accordingly, the Company is of the view that:

(a) in respect of the Alexandra Road Hotel and Units, the potential tax liabilities that may be incurred by the Group on such hypothetical disposal is nil as any gains would be capital in nature and there is no capital gains tax in Singapore; and

(b) in respect of the other CES Properties (excluding, for the avoidance of doubt, the Alexandra Road Hotel and Units), the potential tax liabilities that may be incurred by the Group on such hypothetical disposal is approximately S$23,700,000. The aforesaid liability will not crystalise unless and until the Group disposes of its interests in such CES Properties (excluding, for the avoidance of doubt, the Alexandra Road Hotel and Units).

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 Transfer Restrictions

There is no restriction in the Constitution on the right to transfer any Shares, which has the effect of requiring holders of the Offer Shares, before transferring them, to offer them for purchase to Shareholders or to any other person.

13.3 Consents

(a) The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the IFA Letter set out in **Appendix A** to this Circular, and all references to its name in the form and context in which they appear in this Circular.

(b) The Independent Valuers have given and have not withdrawn their respective written consents to the issue of this Circular with the inclusion herein of their respective Valuation Reports and/or Certificates as set out in **Appendix F** to this Circular, and all references to its name in the form and context in which they appear in this Circular.

(c) Ernst & Young LLP, named as auditors of the Company, has given and not withdrawn its written consent to the issue of this Circular with the inclusion herein of the independent auditor's report in relation to the audited consolidated financial statements of the Group for FY2021 as set out in **Appendix D** to this Circular, and all references to its name 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 Company at 171 Chin Swee Road, #12-01, CES Centre, Singapore 169877, during normal business hours for the period which the Offer remains open for acceptance:

(a) the Constitution;

(b) the Annual Reports for FY2019, FY2020 and FY2021;

(c) the HY2022 Financial Results Announcement;

(d) the IFA Letter;

(e) the valuation reports, valuation certificates and/or valuation summaries (including the Valuation Reports and/or Certificates) in respect of the CES Properties issued by the Independent Valuers; and

(f) the letters of consent referred to in paragraph 13.3 above.

MATERIAL CONTRACTS WITH INTERESTED PERSONS

The following sets out a summary of each material contract with Interested Persons (other than in the ordinary course of business) entered into by the Company or the Company's subsidiaries during the period beginning three years before 7 September 2022, being the Holding Announcement Date, and ending on the Latest Practicable Date.

1. CONTRACT FOR SERVICES WITH MR YAM AH MEE

In connection with the acquisition of CES_SDC by the Company's wholly-owned subsidiary, Chip Eng Seng Construction Pte. Ltd., the Group had entered into a contract for services with Mr Yam Ah Mee (at that time, a Non-Executive and Non-Independent Director of the Company), pursuant to which Mr Yam Ah Mee provided CES_SDC with certain management and supervisory services. Such contract for services took effect on 12 December 2019 and was terminated on 4 July 2022 upon Mr Yam Ah Mee's appointment as an Executive Director of the Company. For further details, please refer to:

(a) the Annual Reports for FY2019, FY2020 and FY2021; and

(b) the announcement dated 12 December 2019 titled "*Completion of the Acquisition of Sembcorp Design and Construction Pte. Ltd.*".

2. EXCHANGE OFFER

In connection with the Exchange Offer announced by the Company and CTPL on 16 November 2021:

(a) Mrs Celine Tang and Mr Gordon Tang received an exchange fee for exchanging all of the Series 004 Notes collectively held by them for new Series 005 Notes;

(b) S$27,750,000 in aggregate principal amount of Series 005 Notes were issued to Mrs Celine Tang and Mr Gordon Tang in exchange for the S$27,750,000 in aggregate principal amount of Series 004 Notes collectively held by them;

(c) Mr Chia Lee Meng Raymond (Executive Director and Group Chief Executive Officer of the Company), his spouse (Mdm Lim Sock Joo) and his daughter (Ms Chia Lynn) received an exchange fee for exchanging all of the Series 003 Notes and Series 004 Notes collectively held by them for new Series 005 Notes; and

(d) S$4,000,000 in aggregate principal amount of Series 005 Notes were issued to Mr Chia Lee Meng Raymond, Mdm Lim Sock Joo and Ms Chia Lynn in exchange for the S$4,000,000 in aggregate principal amount of Series 003 Notes and Series 004 Notes collectively held by them.

The exchange fee was paid on 6 December 2021 to all holders of the Series 003 Notes and Series 004 Notes who had exchanged their notes for Series 005 Notes. As at the Latest Practicable Date, the Series 005 Notes remain outstanding. For further details, please refer to:

(a) the Annual Report for FY2021;

(b) the notice of the Exchange Offer dated 16 November 2021;

(c) the announcement dated 29 November 2021 in relation to the announcement of results as at the expiration deadline for the Exchange Offer;

(d) the announcement dated 6 December 2021 titled "*Interested Person Transactions Pursuant to Rule 905(2) of the Listing Manual – Exchange of Controlling Shareholders' Existing Notes for New Notes*";

(e) the announcement dated 6 December 2021 in relation to the completion of the Exchange Offer and the issue of the Series 005 Notes; and

(f) the Form 1 (Notification Form for Director/Chief Executive Officer in respect of Interests in Securities) announced on 6 December 2021 in respect of Mr Chia Lee Meng Raymond.

3. ADDITIONAL SERIES 005 NOTES

In addition to the Exchange Offer, CTPL launched and priced on 30 November 2021 an additional S$48,750,000 in aggregate principal amount of Series 005 Notes. In connection with the issue of these additional Series 005 Notes:

(a) Mr Yam Ah Mee (at that time, a Non-Executive and Non-Independent Director of the Company) and his spouse (Mdm Goh Wee Lee) jointly subscribed for S$500,000 in principal amount of the Series 005 Notes;

(b) Mr Abdul Jabbar Bin Karam Din (Lead Independent Director of the Company) and his spouse (Mdm Mazlita Binti Mohamed Ali) jointly subscribed for S$250,000 in principal amount of the Series 005 Notes;

(c) Mr Lock Wai Han (Independent Director of the Company) subscribed for S$250,000 in principal amount of the Series 005 Notes;

(d) Professor Low Teck Seng (Independent Director of the Company) subscribed for S$1,000,000 in principal amount of the Series 005 Notes; and

(e) Mdm Lim Sock Joo (spouse of Mr Chia Lee Meng Raymond, Executive Director and Group Chief Executive Officer of the Company) subscribed for S$2,500,000 in principal amount of the Series 005 Notes in her own name and S$500,000 in principal amount of the Series 005 Notes jointly with her father.

As at the Latest Practicable Date, the Series 005 Notes remain outstanding. For further details, please refer to:

(a) the Annual Report for FY2021;

(b) the announcement dated 30 November 2021 titled "*Pricing of the S$48,750,000 6.50 Per Cent. Notes Due 2024 to be issued by CES Treasury Pte. Ltd. ("CTPL") Pursuant to the S$750,000,000 Multicurrency Debt Issuance Programme (the "Programme") of Chip Eng Seng Corporation Ltd. ("CESC") and CTPL, Unconditionally and Irrevocably Guaranteed by CESC*"; and

(c) the announcement dated 6 December 2021 in relation to the completion of the Exchange Offer and the issue of the Series 005 Notes.

4. MAXWELL PROJECT

4.1 In relation to the acquisition and redevelopment of the Maxwell Property (the "**Maxwell Project**"):

4.1.1 Background.

(a) On 6 May 2021, CEL, SingHaiyi Investments Pte. Ltd. ("**SHIPL**") and Chuan Investments Pte. Ltd. ("**CIPL**", and together with CEL and SHIPL, the "**Maxwell JV Partners**") jointly submitted a tender to the sale committee of the Maxwell Property to acquire the Maxwell Property at a tender price of S$276,800,000. The tender was awarded to the Maxwell JV Partners on 7 May 2021. The acquisition of the Maxwell Property was completed on 10 November 2021.

(b) On 19 May 2021, the Maxwell JV Partners incorporated two joint venture companies, Maxwell Residential Pte. Ltd. and Maxwell Commercial Pte. Ltd. (collectively, the "**Maxwell JV Cos**"), to jointly undertake the Maxwell Project (the "**Maxwell Joint Venture**"). The participation interests of the Maxwell JV Partners in the Maxwell Joint Venture are as follows:

CEL – 40%

SHIPL – 30%

CIPL – 30%

(the "**Maxwell Participation Proportions**").

(c) As the Latest Practicable Date, each of the Maxwell JV Cos has an issued and paid-up share capital of S$3,000,000.

4.1.2 Interested Persons. SHIPL and the Maxwell JV Cos are Interested Persons as they are associates of Mrs Celine Tang and Mr Gordon Tang. CIPL is not an Interested Person.

4.2 The following constitute material contracts with Interested Persons entered into by the Company or the Company's subsidiaries:

4.2.1 The participation by CEL and SHIPL in the Maxwell Joint Venture.

In accordance with their respective Maxwell Participation Proportions, CEL, SHIPL and CIPL contributed and hold 40%, 30% and 30% respectively in the share capital of each of the Maxwell JV Cos. On 8 November 2021, the Maxwell JV Partners entered into a shareholders' agreement with each of the Maxwell JV Cos (collectively, the "**Maxwell Shareholders' Agreements**"). Under the terms of the Maxwell Shareholders' Agreements, the rights and obligations of the Maxwell JV Partners in the Maxwell Joint Venture for the acquisition, development and dealing of the Maxwell Property are borne by the Maxwell JV Partners in their respective Maxwell Participation Proportions. On 7 September 2022, the Maxwell JV Partners capitalised a portion of the shareholders' loans provided to the Maxwell JV Cos amounting to an aggregate of S$2,999,990 for each JV Company, in accordance with their respective Maxwell Participation Proportions. The respective shareholding percentages of the Maxwell JV Partners in the Maxwell JV Cos remain unchanged after the capitalisation.

4.2.2 The provision of shareholders' loans by CEL and SHIPL to the Maxwell JV Cos.

On 19 May 2021, the Maxwell JV Partners entered into a shareholders' loan agreement with the Maxwell JV Cos to provide shareholders' loans in the aggregate principal amount of S$22,138,600 to the Maxwell JV Cos collectively. Such loans were extended by the Maxwell JV Partners in accordance with their respective Maxwell Participation Proportions and on the same terms and conditions. On 24 August 2021, the Maxwell JV Partners entered into another shareholders' loan agreement with the Maxwell JV Cos (the "**Maxwell Shareholders' Loan Facility Agreement**"), pursuant to which the Maxwell JV Partners agreed to provide to the Maxwell JV Cos collectively a loan facility of up to an aggregate principal amount of S$120,000,000 (the "**Original Loan Facility**"). Each shareholders' loan to be drawn down under the Original Loan Facility shall be provided by the Maxwell JV Partners according to their respective shareholding percentages in the Maxwell JV Cos. Such shareholders' loans will also be extended by each of the Maxwell JV Partners on the same terms and conditions. On 28 October 2022, the Maxwell JV Partners entered into an agreement to amend the Maxwell Shareholders' Loan Facility Agreement to increase the Original Loan Facility to S$147,000,000. Save for the foregoing, there is no change to the terms of the Maxwell Shareholders' Loan Facility Agreement.

4.2.3 The provision of certain services by CEL to the Maxwell JV Cos.

On 8 November 2021, CEL entered into the following agreements with the Maxwell JV Cos:

(a) a developer management agreement, pursuant to which the Maxwell JV Cos appointed CEL as the project manager to provide project management consultancy services for the Maxwell Project, including design management, management of the construction and construction process of the Maxwell Project and (after the temporary occupation permit for the Maxwell Project is obtained) property management services for the Maxwell Project. CEL will receive from the Maxwell JV Cos a fee which is based on an agreed percentage of the total construction costs for the Maxwell Project;

(b) a marketing management agreement, pursuant to which the Maxwell JV Cos appointed CEL as the marketing manager to provide certain marketing services, including services relating to administering the sale and lease of the residential and commercial units comprised in the Maxwell Project and the marketing of the Maxwell Project. CEL will receive from the Maxwell JV Cos a fee which is based on an agreed percentage of the net sales revenue for the residential and commercial units comprised in the Maxwell Project; and

(c) a corporate services agreement in respect of each of the Maxwell JV Cos, pursuant to which each of the Maxwell JV Cos appointed CEL as the corporate services manager to provide certain administrative services, including accounting services, tax-related services and financing services. CEL will receive from each of the Maxwell JV Cos a fixed monthly fee for the provision of such services.

4.2.4 The provision of corporate guarantees by the Company and SingHaiyi.

On 8 November 2021, the Maxwell JV Cos entered into a facility agreement with certain financing banks, pursuant to which such banks agreed to provide the Maxwell JV Cos a secured loan in the aggregate principal amount of up to S$387,240,000 (the "**Maxwell Bank Loan**"). In connection with the provision of the Maxwell Bank Loan, the shareholder(s) of each of the Maxwell JV Partners are required to, on a several basis, guarantee the Maxwell Bank Loan based on their respective Maxwell Participation Proportions. Accordingly, the Company provided a guarantee of up to 40% of the Maxwell Bank Loan while SingHaiyi provided a guarantee of up to 30% of the Maxwell Bank Loan. The shareholder(s) of each of the Maxwell JV Partners also provided the guarantee on the same terms.

4.3 For further details, please refer to:

4.3.1 the Annual Report for FY2021;

4.3.2 the announcement dated 7 May 2021 titled "*Enbloc Acquisition of Maxwell House through Joint Tender*";

4.3.3 the announcement dated 19 May 2021 titled "*Acquisition of Maxwell House – Interested Person Transactions – Incorporation of Joint Venture Companies and Provision of Shareholders' Loans to Joint Venture Companies*";

4.3.4 the announcement dated 24 August 2021 titled "*Interested Person Transaction – Provision of Shareholders' Loans to Joint Venture Companies*";

4.3.5 the announcement dated 8 November 2021 titled "*Interested Person Transactions – Entry into Agreements Relating to the Maxwell House Redevelopment Project*";

4.3.6 the announcement dated 10 November 2021 titled "*Completion of Enbloc Acquisition of Maxwell House*";

4.3.7 the announcement dated 28 October 2022 titled "*Interested Person Transaction – Provision of Shareholders' Loans to Joint Venture Companies*"; and

4.3.8 the announcement dated 8 November 2022 titled "*Interested Person Transaction – Capitalisation of Shareholders' Loans to Joint Venture Companies*".

5. PCPM PROJECT

5.1 In relation to the acquisition and redevelopment of the PCPM Property (as defined below) (the "**PCPM Project**"):

5.1.1 Background.

(a) On 2 December 2021, CEL, Sing-Haiyi Crystal Pte. Ltd. ("**SHCPL**") and Ultra Infinity Pte. Ltd. ("**UIPL**", and together with CEL and SHCPL, the "**PCPM JV Partners**") jointly submitted an offer to the collective sale committee of the development known as Peace Centre/Peace Mansion (the "**PCPM Property**") to acquire the PCPM Property by way of private treaty at a price of S$650,000,000. The offer was accepted on 3 December 2021. As at the Latest Practicable Date, the acquisition of the PCPM Property is still ongoing and has not completed.

(b) On 14 December 2021, the PCPM JV Partners incorporated two joint venture companies, Sophia Residential Pte. Ltd. and Sophia Commercial Pte. Ltd. (collectively, the "**PCPM JV Cos**"), to jointly undertake the PCPM Project (the "**PCPM Joint Venture**"). Each of the PCPM JV Cos has an initial issued and paid-up share capital of S$10. Under the terms of a binding memorandum of understanding entered into amongst the PCPM JV Partners, the participation interests of the PCPM JV Partners in the PCPM Joint Venture shall be as follows:

CEL – 40%

SHCPL – 30%

UIPL – 30%

(the "**PCPM Participation Proportions**").

5.1.2 **Interested Persons.** SHCPL and the PCPM JV Cos are Interested Persons as they are associates of Mrs Celine Tang and Mr Gordon Tang. UIPL is not an Interested Person.

5.2 The following constitute material contracts with Interested Persons entered into by the Company or the Company's subsidiaries:

5.2.1 **The participation by CEL and SHCPL in the PCPM Joint Venture.**

In accordance with their respective PCPM Participation Proportions, CEL, SHCPL and UIPL contributed and hold 40%, 30% and 30% respectively in the share capital of each of the PCPM JV Cos.

5.2.2 **The provision of shareholders' loans by CEL and SHCPL to the PCPM JV Cos.**

On 15 December 2021, the PCPM JV Partners entered into a shareholders' loan agreement with the PCPM JV Cos, pursuant to which the PCPM JV Partners agreed to provide to the PCPM JV Cos collectively a loan facility of up to an aggregate principal amount of S$350,000,000. Each shareholders' loan to be drawn down under the loan facility shall be provided by the PCPM JV Partners in proportion to their respective shareholding percentages in the PCPM JV Cos. The shareholders' loans will also be extended by each of the PCPM JV Partners on the same terms and conditions.

5.3 For further details, please refer to:

5.3.1 the Annual Report for FY2021;

5.3.2 the announcement dated 3 December 2021 titled "*Enbloc Acquisition of Peace Centre/Peace Mansion through Private Treaty*"; and

5.3.3 the announcement dated 15 December 2021 titled "*Acquisition of Peace Centre/ Peace Mansion – Interested Person Transactions – Incorporation of Joint Venture Companies and Provision of Shareholders' Loan to Joint Venture Companies*".

6. CES-ARIVA JV

6.1 In relation to the CES-Ariva JV (as defined below):

6.1.1 Background.

(a) On 31 January 2022, the Company's wholly-owned subsidiary, CES Hospitality Pte. Ltd. ("**CESH**") and Ariva Hospitality Pte. Ltd. ("**AHPL**") entered into a joint venture to primarily undertake the business of the provision of management services to hotels and serviced residences and in connection therewith, the provision of technical consultancy and advisory services to the owners of such hotels and serviced residences, marketing services for such hotels and serviced residences and training for staff who are hired to manage the day to day operations of such hotels and serviced residences (the "**CES-Ariva JV**").

(b) The activities of the CES-Ariva JV are conducted through a joint venture company, CES-Ariva Hospitality Pte. Ltd. (the "**CES-Ariva JV Co**").

6.1.2 Interested Persons. AHPL, the CES-Ariva JV Co and MHPL (as defined below) are Interested Persons as they are associates of Mrs Celine Tang and Mr Gordon Tang.

6.2 The following constitute material contracts with Interested Persons entered into by the Company or the Company's subsidiaries:

6.2.1 The participation by CESH and AHPL in the CES-Ariva JV.

The Group holds 70% of the issued and paid-up share capital of the CES-Ariva JV Co, while AHPL holds the remaining 30%. In connection with the formation of the CES-Ariva JV, CESH, AHPL and the CES-Ariva JV Co entered into a joint venture agreement to regulate the affairs of the CES-Ariva JV Co. Pursuant to the terms of the joint venture agreement, the rights and obligations of CESH and AHPL in the CES-Ariva JV relating to shareholder funding obligations are to be borne by each of them in their respective shareholding percentages in the CES-Ariva JV Co.

6.2.2 The provision of shareholders' loans by CESH and AHPL to the CES-Ariva JV Co.

On 31 January 2022, CESH, AHPL and the CES-Ariva JV Co entered into a shareholders' loan agreement, pursuant to which CESH and AHPL agreed to collectively make available to the CES-Ariva JV Co a loan facility in an aggregate principal amount of up to S$10,000,000. Each shareholders' loan to be drawn down under the loan facility shall be provided by CESH and AHPL according to their respective shareholding percentages in the CES-Ariva JV Co. The shareholders' loans will also be extended by each of CESH and AHPL on the same terms and conditions.

6.2.3 The provision of corporate services by CESH to the CES-Ariva JV Co.

On 31 January 2022, CESH entered into a corporate services agreement with the CES-Ariva JV Co, pursuant to which the CES-Ariva JV Co appointed CESH as the corporate services manager to provide certain administrative support, accounting, human resources and information technology services to the CES-Ariva JV Co. CESH will receive from the CES-Ariva JV Co a fixed monthly fee for the provision of such services.

6.2.4 **The proposed provision of management services to Momentus Hotel Alexandra.**

On 27 July 2022, the Company announced that Momentus Hotel Alexandra will, after its refurbishment, be managed by Momentus Hospitality Pte. Ltd. ("**MHPL**"), which is wholly-owned by the CES-Ariva JV Co. As the CES-Ariva JV Co is an Interested Person, its wholly-owned subsidiary is likewise an Interested Person. As at the Latest Practicable Date, no definitive hotel management agreement has been entered into between the Group and MHPL.

6.3 For further details, please refer to:

6.3.1 the announcement dated 31 January 2022 titled "*Interested Person Transactions – Entry into Agreements relating to a Joint Venture with Ariva Hospitality Pte. Ltd.*"; and

6.3.2 the announcement dated 27 July 2022 titled "*Rebranding of Hotel at 323 Alexandra Road, Singapore*".

7. 8SW PROPERTY

7.1 In relation to the Group's interest in the property at 8 Shenton Way, Singapore (the "**8SW Property**"):

7.1.1 **Background.**

(a) On 29 April 2022, the Company announced the completion of the acquisition by its wholly-owned subsidiary, CEL Shenton Pte. Ltd. ("**CEL Shenton**"), of shares representing 21% of the issued share capital in PRE 13 Pte. Ltd. ("**PRE 13**"), following which PRE 13 became an associated company of the Company.

(b) Sing-Haiyi Emerald Pte. Ltd. ("**SHEPL**") had, on 29 April 2022, also completed its acquisition of shares representing 21% of the issued share capital in PRE 13.

7.1.2 **Interested Person.** SHEPL is an Interested Person as it is an associate of Mrs Celine Tang and Mr Gordon Tang. The other shareholders of PRE 13 are not Interested Persons.

7.2 The following constitute material contracts with Interested Person entered into by the Company or the Company's subsidiaries:

7.2.1 **The entry by CEL Shenton and SHEPL into a shareholders' agreement.**

On 29 April 2022, CEL Shenton and SHEPL, as shareholders of PRE 13, entered into a shareholders' agreement with PRE 13 and the other shareholders of PRE 13 (the "**PRE 13 Shareholders' Agreement**"). Pursuant to the terms of the PRE 13 Shareholders' Agreement, the rights and obligations of the shareholders of PRE 13 for matters relating to PRE 13 and the redevelopment of the 8SW Property are borne by the shareholders of PRE 13 in their respective shareholding proportions in PRE 13.

7.2.2 **The provision of shareholders' loans by CEL Shenton and SHEPL to PRE 13.**

On 29 April 2022, CEL Shenton and SHEPL entered into a shareholders' loan agreement with the other shareholders of PRE 13 (as lenders) and PRE 13 (as borrower). Under the terms of such agreement, CEL Shenton and the other shareholders of PRE 13 will lend to PRE 13 such amount of shareholders' loans proportionate to their respective shareholding percentages in PRE 13, not exceeding the funding amount committed in the PRE 13 Shareholders' Agreement. CEL Shenton's proportionate committed amount of shareholders' loans is approximately S$188,200,000. The shareholders' loans will also be extended by each of the shareholders of PRE 13 on the same terms and conditions.

7.3 For further details, please refer to:

7.3.1 the announcement dated 5 April 2022 titled "*Proposed Acquisition of Minority Interest in Property at 8 Shenton Way*"; and

7.3.2 the announcement dated 29 April 2022 titled "*Completion of Proposed Acquisition of Minority Interest in Property at 8 Shenton Way – Interested Person Transactions – Entry into Shareholders' Agreement and Shareholders' Loan Agreement*".

8. PVM PROJECT

8.1 In relation to the acquisition and redevelopment of the PVM Property (as defined below) (the "**PVM Project**"):

8.1.1 **Background.**

(a) On 27 July 2022, CEL, Sing-Haiyi Pearl Pte. Ltd. ("**SHPPL**") and TK 189 Development Pte. Ltd. ("**TK189**", and collectively with CEL and SHPPL, the "**PVM JV Partners**") jointly submitted a tender to the collective sale committee of the development known as Park View Mansions (the "**PVM Property**") (as varied by the Supplemental Letter dated 28 July 2022 enclosing the revised Invitation to Tender (as amended)) to acquire the PVM Property at a tender price of S$260,000,000. The tender was awarded to the PVM JV Partners on 28 July 2022. As at the Latest Practicable Date, the acquisition of the PVM Property is still ongoing and has not completed.

(b) On 4 August 2022, the PVM JV Partners incorporated a joint venture company, Lakeside Residential Pte. Ltd. (the "**PVM JV Co**"), to undertake the PVM Project (the "**PVM Joint Venture**"). The PVM JV Co has an initial issued and paid-up share capital of S$10. Under the terms of a binding memorandum of understanding entered into amongst the PVM JV Partners, the participation interests of the PVM JV Partners in the PVM Joint Venture shall be as follows:

CEL – 40%

SHPPL – 30%

TK189 – 30%

(the "**PVM Participation Proportions**").

8.1.2 **Interested Persons**. SHPPL and the PVM JV Co are Interested Persons as they are associates of Mrs Celine Tang and Mr Gordon Tang. TK189 is not an Interested Person.

8.2 The following constitute material contracts with Interested Persons entered into by the Company or the Company's subsidiaries:

8.2.1 The participation by CEL and SHPPL in the PVM Joint Venture.

In accordance with their respective PVM Participation Proportions, CEL, SHPPL and TK189 contributed and hold 40%, 30% and 30% respectively in the share capital of the PVM JV Co.

8.2.2 The provision of shareholders' loans by CEL and SHPPL to the PVM JV Co.

On 5 August 2022, the PVM JV Partners entered into a shareholders' loan agreement with the PVM JV Co, pursuant to which the PVM JV Partners agreed to provide to the PVM JV Co a loan facility of up to an aggregate principal amount of S$230,000,000. Each shareholders' loan to be drawn down under the loan facility shall be provided by the PVM JV Partners in proportion to their respective shareholding percentages in the PVM JV Co. The shareholders' loans will also be extended by each of the PVM JV Partners on the same terms and conditions.

8.3 For further details, please refer to the:

8.3.1 the announcement dated 28 July 2022 titled "*Enbloc Acquisition of Park View Mansions through Joint Tender*"; and

8.3.2 the announcement dated 5 August 2022 titled "*Enbloc Acquisition of Park View Mansions – Interested Person Transactions – Incorporation of Joint Venture Company and Provision of Shareholders' Loans to Joint Venture Company*".

9. 12TSL PROPERTY

On 5 September 2022, the Company's wholly-owned subsidiary, CES Properties (Tai Seng) Pte. Ltd. submitted a tender to OKH (Woodlands) Pte. Ltd. ("**OKHWPL**") for the purchase of the property located at 12 Tai Seng Link, Singapore 534233 (the "**12TSL Property**"), together with the plant and equipment thereon. The tender was accepted by OKHWPL on 8 November 2022. OKHWPL is an Interested Person as it is an associate of Mrs Celine Tang and Mr Gordon Tang. The purchase price for the 12TSPL Property is S$35,000,000. As at the Latest Practicable Date, the acquisition is still ongoing and has not completed.

For further details, please refer to the announcement dated 8 November 2022 titled "*Award of Tender for the Property Located at 12 Tai Seng Link, Singapore 534233*".

INFORMATION ON THE OFFEROR

1. THE OFFEROR

The following information on the Offeror has been extracted from Appendix I to the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document:

"***1. DIRECTORS OF THE OFFEROR***

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

Name	***Address***	***Description***
Mr. Tang Yigang @ Gordon Tang	*c/o 9 Temasek Boulevard #35-01 Suntec Tower Two Singapore 038989*	*Director*
Ms. Chen Huaidan @ Celine Tang	*c/o 9 Temasek Boulevard #35-01 Suntec Tower Two Singapore 038989*	*Director*

2. REGISTERED OFFICE OF THE OFFEROR

The registered office of the Offeror is at 9 Temasek Boulevard, #35-01, Suntec Tower Two, Singapore 038989.

3. PRINCIPAL ACTIVITY OF THE OFFEROR

The principal activity of the Offeror is that of an investment holding company.

4. NO FINANCIAL STATEMENTS

As the Offeror was recently incorporated on 10 October 2022, the Offeror has not prepared any financial statements since the date of its incorporation.

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for (a) the making and financing of the Offer and (b) any publicly available information on the Offeror, there have been no known material changes in the financial position of the Offeror since its incorporation.

6. SIGNIFICANT ACCOUNTING POLICIES

As at the Latest Practicable Date, no audited financial statements of the Offeror have been prepared since its incorporation and accordingly, there are no significant accounting policies to be noted."

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

The audited consolidated financial statements of the Group for FY2021 set out below have been reproduced from the Annual Report for FY2021.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of Chip Eng Seng Corporation Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

1. Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet, and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

2. Directors

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

Celine Tang	(Non-Executive and Non-Independent Chairman)
Chia Lee Meng Raymond	(Executive Director and Group Chief Executive Officer)
Tan Tee How	(Executive Director)
Yam Ah Mee	(Non-Executive and Non-Independent Director)
Abdul Jabbar Bin Karam Din	(Independent Director)
Lock Wai Han	(Independent Director)
Low Teck Seng	(Independent Director)
Neo Boon Siong	(Independent Director)
Yaacob Bin Ibrahim	(Independent Director)

3. Arrangements to enable directors to acquire shares and debentures

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

4. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares, share options and debentures of the Company as stated below:

DIRECTORS' STATEMENT

4. **Directors' interests in shares and debentures (cont'd)**

	Direct interest			Deemed interest		
Name of Director	**At 01.01.2021**	**At 31.12.2021**	**At 21.01.2022**	**At 01.01.2021**	**At 31.12.2021**	**At 21.01.2022**
The Company *(No. of ordinary shares)*						
Celine Tang	284,454,903 [1]	290,684,903 [1]	290,684,903 [1]	–	1,400,000	7,600,000
Chia Lee Meng Raymond	14,406,250	15,406,250	15,406,250	12,127,500	12,127,500	12,127,500
Tan Tee How	–	300,000	300,000	–	–	–
Yam Ah Mee	20,000 [1]	70,000 [1]	70,000 [1]	–	20,000	20,000
Yaacob Bin Ibrahim	–	–	100,000	–	–	–
Options to acquire ordinary shares of the Company at 1 share for each option under the Chip Eng Seng Employee Share Option Scheme						
Chia Lee Meng Raymond	45,000,000	35,000,000	35,000,000	–	–	–
Tan Tee How	5,000,000	5,000,000	5,000,000	–	–	–
4.75% fixed rate notes due 14 June 2021 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013						
Chia Lee Meng Raymond [1]	$2,000,000	–	–	–	–	–
4.90% fixed rate notes due 19 May 2022 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013						
Chia Lee Meng Raymond [1]	$3,000,000	–	–	–	–	–
Subsidiary - CES Treasury Pte. Ltd.						
6.00% fixed rate notes due 15 March 2022 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013						
Celine Tang	$26,500,000 [1]	–	–	$1,250,000	–	–
Chia Lee Meng Raymond	–	–	–	$1,000,000	–	–
Tan Tee How	$1,000,000	$1,000,000	$1,000,000	–	–	–

(1) held jointly with spouse

DIRECTORS' STATEMENT

4. **Directors' interests in shares and debentures (cont'd)**

	Direct interest			Deemed interest		
Name of Director	**At 01.01.2021**	**At 31.12.2021**	**At 21.01.2022**	**At 01.01.2021**	**At 31.12.2021**	**At 21.01.2022**
Subsidiary – CES Treasury Pte. Ltd.						
6.50% fixed rate notes due 6 December 2024 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013						
Celine Tang	–	$26,500,000 [1]	$26,500,000 [1]	–	$1,250,000	$1,250,000
Chia Lee Meng Raymond	–	$3,000,000 [1]	$3,000,000 [1]	–	$3,000,000	$3,000,000
Yam Ah Mee [1]	–	$500,000	$500,000	–	–	–
Abdul Jabbar Bin Karam Din [1]	–	$250,000	$250,000	–	–	–
Lock Wai Han	–	$250,000	$250,000	–	–	–
Low Teck Seng	–	$1,000,000	$1,000,000	–	–	–

[1] held jointly with spouse

By virtue of Section 7 of the Companies Act 1967 of Singapore, Mrs Celine Tang is deemed to have an interest in the ordinary shares of all the subsidiaries of the Company, at the beginning and at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, at the end of the financial year, or on 21 January 2022.

5. **Share Plans**

The Company has the Chip Eng Seng Employee Share Option Scheme 2013 (the "ESOS") and Chip Eng Seng Performance Share Plan (the "CES Share Plan") which are administered by the Remuneration Committee comprising three directors namely Abdul Jabbar Bin Karam Din (Chairman), Yaacob Bin Ibrahim (Member) and Low Teck Seng (Member) (collectively, the "Scheme Committee"). Details of the ESOS and CES Share Plan are as follows:

(a) ESOS

The ESOS was approved at an Extraordinary General Meeting held on 25 April 2013. The following persons are eligible to participate in the ESOS at the discretion of the Remuneration Committee:

(i) Confirmed employees who have attained the age of 21 years and hold such rank as may be designated by the Scheme Committee from time to time and who, in the opinion of the Scheme Committee, have contributed or will contribute to the success of the Group and/or associated companies;

(ii) Executive directors;

(iii) Non-executive directors; and

(iv) Persons who are Controlling Shareholders or their Associates are permitted to participate in the ESOS (subject to them meeting the eligibility criteria set out above).

DIRECTORS' STATEMENT

5. Share Plans (cont'd)

(a) ESOS (cont'd)

No options were granted during the current and preceding financial years.

Details of options granted in previous financial years were set out in the Directors' Statement for the respective years.

The details of options granted to the Executive Directors of the Company under the ESOS are as follows:

Name of participant	Options granted during financial year under review (including terms)	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options lapsed since commencement of scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Chia Lee Meng Raymond	–	50,000,000	5,000,000	10,000,000	35,000,000
Tan Tee How	–	5,000,000	–	–	5,000,000

The persons to whom the options have been granted do not have the right to participate by virtue of the options in any share issue of any other company in the Group.

Save as disclosed above, no options have been granted to controlling shareholders or their associates, and no employee has received 5% or more of the total options available under the ESOS.

The number of unissued ordinary shares of the Company under option in relation to ESOS at the end of financial year was as follows:

	No. of options	Exercise price	Option period
2016 Options	25,000,000	$0.5542	03.06.2016 – 02.06.2024
2019 Options	15,000,000	$0.7619	09.04.2019 – 08.04.2027

(b) CES Share Plan

Objectives

The CES Share Plan was approved at an Extraordinary General Meeting held on 26 April 2017. The CES Share Plan is to motivate participants to maintain a high level of performance and contribution and to attract and maintain a group of key executives and directors whose contributions are important to the long-term growth and profitability of the Group. In addition, it is to give recognition to the contribution made or to be made by the non-executive directors to the success of the Group.

DIRECTORS' STATEMENT

5. **Share Plans (cont'd)**

(b) CES Share Plan (cont'd)

Eligibility

The following persons shall be eligible to participate in the CES Share Plan subject to the absolute discretion of the Remuneration Committee:

(i) All full-time employees of the Group, including a director of the Company and/or its subsidiaries who perform an executive function and have attained the age of 21 years;

(ii) Non-executive directors of the Company;

(iii) Any employee who have attained the age of 21 years of an associated company (a company which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries and over whose management the Company has control); and

(iv) Controlling Shareholders of the Company and their Associates within the above categories are eligible to participate in the CES Share Plan. Specific approval of Independent Shareholders is required for the participation of Controlling Shareholders of the Company and their associates as well as the actual number of shares to be awarded under the CES Share Plan.

Awards

Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or had a significant contribution to the Group.

Size of the CES Share Plan

The total number of shares available to eligible Controlling Shareholders and their Associates under the CES Share Plan shall not exceed twenty-five per cent. (25%) of the shares in respect of which the Company may grant under the CES Share Plan. In addition, the total number of shares available to each Controlling Shareholder or his Associate shall not exceed ten per cent. (10%) of the number of shares in respect of which the Company may grant under the CES Share Plan.

The total number of shares to be awarded pursuant to the CES Share Plan when added to the number of shares issued and issuable under such other share-based incentive schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of shares of the Company on the day preceding the relevant Award Date.

Grant of the CES Share Plan

The grant of Awards under the CES Share Plan may be made from time to time during the year when the CES Share Plan is in force.

During the year, 1,000,000 (2020: 500,000) and 300,000 (2020: Nil) performance shares were granted to Mr. Chia Lee Meng Raymond and Mr. Tan Tee How respectively under the CES Share Plan, of which all were vested on the date of grant.

No performance shares were granted conditionally under the CES Share Plan in the previous financial year.

The details of Awards granted to the Executive Director of the Company under the CES Share Plan are as follows:

Name of participant	Awards granted during financial year under review (including terms)	Aggregate Awards granted since commencement of scheme to end of financial year under review	Aggregate Awards vested since commencement of scheme to end of financial year under review	Aggregate Awards outstanding as at end of financial year under review
Chia Lee Meng Raymond	1,000,000	1,500,000	1,500,000	–
Tan Tee How	300,000	300,000	300,000	–

DIRECTORS' STATEMENT

6. Audit and Risk Committee

The Audit and Risk Committee (the "ARC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, including the following:

- reviewed the financial statements and engaged Management, the Chief Financial Officer and the external auditor in discussions on the significant accounting policies, judgements and estimates applied by Management in preparing these financial statements; and recommended to the Board for approval of the financial statements on satisfaction with its review;
- reviewed all announcements relating to the Group's financial performance; and recommended to the Board for approval of these announcements on satisfaction with its review;
- reviewed the audit plan and audit report of the internal auditor and external auditor and assessed the adequacy of the Internal Control and Risk Management Systems as well as the level of the co-operation given by Management to the internal auditor and external auditor;
- recommended to the Board for re-appointment of Ernst & Young LLP as the external auditor for the ensuing year;
- undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees awarded to them;
- reviewed the nature and extent of non-audit services provided by the external auditor;
- reviewed the reports and findings from the internal auditor in respect of the adequacy of the Internal Control and Risk Management Systems;
- reviewed the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders;
- reviewed the performance of material environmental, social and corporate governance factors/targets and the scope of the Company's sustainability report for the current financial year; and
- reviewed and received updates on risk and compliance matters relating to whistle blowing, anti-bribery and corruption, personal data protection policy and enterprise risk management framework.

The ARC convened ten meetings during the year with full attendance from all members. The ARC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARC are disclosed in the Corporate Governance Report.

7. Auditor

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

On behalf of the board of directors:

Chia Lee Meng Raymond Executive Director and Group Chief Executive Officer	Tan Tee How Executive Director

Singapore
25 March 2022

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021
Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Chip Eng Seng Corporation Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) (the "SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (the "SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (the "ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Accounting for construction contracts and development properties under construction

The Group is involved in both construction and property development projects. The Group recognises revenue over time for its construction and residential property development projects in Singapore using the input method based on actual costs incurred to-date to the total budgeted costs for each project. If the unavoidable costs of meeting the obligations under a contract exceeds the economic benefits expected to be received under it, a provision for onerous contract is recognised. The uncertainty and subjectivity involved in determining the budgeted cost and progress towards completion may have a significant impact on the amount of revenue recognised and the results of the Group, including the provision for onerous contracts. As such, we determined this to be key audit matter.

As part of our audit procedures, we obtained an understanding and reviewed management's internal costing and budgeting processes in estimating contract revenues, total budgeted costs and profit margin on a sample basis. We reviewed the contractual terms and conditions and verified the costs incurred against underlying supporting documents. We assessed the appropriateness of inputs, amongst others, materials, subcontractor and labour costs used by management in their estimation of the total costs to complete and obtained supporting documentation on the major inputs. In addition, we assessed the reasonableness of the key assumptions used by management in estimating the total budgeted cost for the projects. We checked whether the revenue was recognised according to the input method of each project measured by reference to contract costs incurred for work performed to date to the estimated total budgeted cost. We perused customers' and subcontractors' correspondences and discussed the progress of the projects with the Group's various project management personnel for signs of any potential disputes, variation order claims, known technical issues, delays, penalties, overrun or significant events that could impact the estimated total budgeted costs. We evaluated the adequacy of the disclosures of significant accounting policies for construction contracts, development properties under construction, provision for onerous contracts and contract balances and their related disclosures in Notes 4, 17 and 22 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021
Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

KEY AUDIT MATTERS (cont'd)

Valuation of investment properties and investment property under construction

The Group owns a portfolio of investment properties and investment property under construction, comprising commercial properties located in Singapore and Australia. As at 31 December 2021, the carrying amounts of investment properties and investment property under construction were $193,434,000. The Group records its investment properties and investment property under construction at their fair values based on independent external valuations using the following approaches:

- Market comparable approach where significant management judgements are applied on analysing information from transacted price of comparable properties adjusted to account for differences such as location, size, tenure, age and condition of the investment properties

- Capitalisation approach which involved estimation uncertainties on the capitalisation rate used

- Discounted cash flow approach which involved estimation uncertainties on the discount rate and terminal yield rate use

- Residual value approach which involved significant judgement and estimation uncertainties in the application of assumptions in determining the gross development value and estimated cost to completion

The valuation is significant to our audit due to the magnitude and complexity of the valuation and is highly sensitive to changes in the key assumptions applied, particularly those relating to transacted price of comparable properties, capitalisation rate, discount rate, terminal yield rate, gross development value, and estimated cost to completion. Accordingly, we determined this as a key audit matter.

As part of our audit procedures, we considered the objectivity, independence and expertise of the external valuation specialists. With the assistance of our internal property valuation specialist, we held discussions with the management and the external specialists to understand and obtained explanations to support the selection of the valuation methodologies and the basis for the key assumptions and inputs used, including key valuation adjustments made in response to the market and economic conditions and the overall results of the valuations. We assessed the reasonableness of these key assumptions and inputs by comparing them to actual financial performance and/or available market data while taking into consideration the specific nature and highest and best use of these properties. In addition, we assessed the reliability of the property related data used by the management and the external specialists in the estimation process, and the movements in fair value of the investment properties and investment property under construction. We also evaluated the adequacy of the related disclosures in Notes 11 and 30 to the financial statements relating to the investment properties and investment property under construction and the assumptions used, given the estimation uncertainty and sensitivity of the valuations.

Impairment consideration of hotel assets

The Group owns several hotel assets in Australia, Maldives and Singapore which are classified as property, plant and equipment in the financial statements. The Group's policy is to carry these hotel assets at cost less accumulated depreciation and any accumulated impairment losses. Management reviews the carrying value of hotel assets and assesses if there is any indication of impairment in its hotel assets by considering individual hotel asset's operating performance and development plan for the properties. Hotel assets with indicator of impairment were tested for impairment. Management then estimates the recoverable amount of the hotel assets with the support of independent external valuations. Such estimates focus predominantly on future hotel operating performance, which is, amongst others, dependent on the expected occupancy rates, revenue growth rates and the competitive landscape in local markets.

As at 31 December 2021, the net carrying amount of hotel assets were $340,682,000 and net write back of impairment loss amounting to $3,180,000 on the hotel assets was recorded in this financial year. The impairment assessment was significant to our audit due to the carrying amount of the hotel assets which represents 38% of total non-current assets as at 31 December 2021, and also the significant judgement involved in making various assumptions to the underlying valuation used in the impairment assessment due to implications from the ongoing COVID-19 pandemic. Accordingly, we determined this as a key audit matter.

As part of our audit procedures, we obtained an understanding of management's impairment assessment process to identify indicators for potential impairment and any material changes in the carrying amount of hotel assets. We validated the key cash flow assumptions used in the valuations by management and external valuation specialist, and corroborated these key assumptions by comparing them to internal forecasts and long term and strategic plans that were approved by management as well as historical trend analyses. We also involved our internal valuation specialist to evaluate the reasonableness of the key assumptions utilised in the forecasts, particularly capitalisation rate, discount rate and terminal yield rate. We evaluated the adequacy of the related disclosures in Note 10 to the financial statements relating to the hotel assets within property, plant and equipment.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021
Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

KEY AUDIT MATTERS (cont'd)

Impairment assessment of goodwill and other intangible assets

As at 31 December 2021, the Group has goodwill and other intangible assets arising from business combinations amounting to $45,229,000. On an annual basis, management performs impairment assessment of goodwill and other intangible assets based on estimates of value-in-use arising from the cash generating unit's (the "CGU")'s expected future cash flows. Management incorporates various assumptions and inputs into the CGU's cash flow projections, which are, amongst others, growth rate, weighted average cost of capital and terminal yield rate. We considered audit of these cash flow projections to be a key audit matter as these involved significant management judgements in estimating the underlying assumptions and inputs to the cash flow projections.

As part of our audit procedures, we assessed and tested the key assumptions and inputs such as annual growth rate, weighted average cost of capital rate and terminal growth rate used in the cash flow projections, and the methodologies and data used by management by comparing them to historical performance of the CGU or other comparable companies. We assessed whether these cash flows projections were based on the budget approved by the management of respective entities. We performed sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions and assess the impact on the headroom over the carrying value. We also assessed the adequacy of the disclosure concerning those key assumptions in Note 12 to the financial statements.

Impairment assessment of investments in associates and joint ventures

As at 31 December 2021, the Group has investments in associates and joint ventures amounting to $6,484,000 and $38,534,000 respectively and impairment loss amounting to $14,359,000 on investment in joint ventures was recorded in this financial year. Certain associates and joint ventures were acquired and their carrying value includes goodwill. With the impairment loss recorded in 2021, the goodwill arose upon acquisition has been fully impaired. On an annual basis, management assesses the impairment of the investment in associates and joint ventures based on estimates of their fair values using discounted cashflow model. Management incorporates various assumptions and inputs into the discounted cash flow, which are, amongst others, growth rate, weighted average cost of capital and terminal yield rate.

We considered this as a key audit matter because the interests in associates and joint ventures and the share of their results are material to the Group's balance sheet and profit and loss respectively, and significant management judgements and estimation are required in determining the underlying assumptions and inputs to the discounted cash flows computation.

As part of our audit procedures, we assessed and tested key assumptions and inputs to the discounted cash flow computation, the methodologies and data used by management by comparing them to historical performance of the CGU or other comparable companies. We performed sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions and assess the impact on the headroom over the carrying values. We also assessed the adequacy of the disclosures in Note 14 to 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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021
Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

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 the SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021
Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Low Bek Teng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
25 March 2022

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2021

	Note	2021	2020
		$'000	$'000
Revenue	4	1,115,399	674,633
Cost of sales		(976,178)	(609,393)
Gross profit		139,221	65,240
Other (losses)/gains net and other income	5	(5,338)	1,789
Other items of expense			
Marketing and distribution		(5,739)	(9,666)
Administrative expenses		(102,383)	(93,914)
Finance costs	6	(30,655)	(39,370)
Share of results of associates and joint ventures		(7,716)	(1,480)
Loss before tax	7	(12,610)	(77,401)
Income tax expense	8	(9,020)	(1,089)
Loss for the year		(21,630)	(78,490)
Attributable to:			
Owners of the Company		(31,486)	(81,067)
Non-controlling interests		9,856	2,577
		(21,630)	(78,490)
Loss per share attributable to owners of the Company (cents per share)			
Basic and diluted	9	(4.02)	(10.35)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	2021	2020
	$'000	$'000
Loss for the year	(21,630)	(78,490)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Share of gain on property revaluation of an associate	218	178
	218	178
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	(2,427)	9,089
Share of foreign currency translation of associates and joint ventures	(250)	384
	(2,677)	9,473
Other comprehensive income for the year, net of tax	(2,459)	9,651
Total comprehensive income for the year	(24,089)	(68,839)
Attributable to:		
Owners of the Company	(33,582)	(71,848)
Non-controlling interests	9,493	3,009
Total comprehensive income for the year	(24,089)	(68,839)

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

BALANCE SHEETS
As at 31 December 2021

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	10	551,603	535,695	1,438	2,166
Investment properties	11	193,434	296,759	–	–
Intangible assets	12	46,038	49,880	301	363
Investments in subsidiaries	13	–	–	124,617	124,192
Investments in joint ventures and associates	14	45,018	39,273	650	650
Deferred tax assets	23	6,803	5,672	–	–
Trade and other receivables	16	56,994	32,972	336,301	289,710
		899,890	960,251	463,307	417,081
Current assets					
Development properties	17	648,284	1,094,181	–	–
Inventories	18	5,323	2,851	–	–
Prepayments		7,670	5,515	12	77
Trade and other receivables	16	641,403	419,241	55,401	86,412
Contract assets	4	73,494	329,211	–	–
Deferred contract costs	4	20,209	15,121	–	–
Cash and cash equivalents	19	505,888	374,040	76,556	4,439
		1,902,271	2,240,160	131,969	90,928
Assets held for sale	11	27,042	–	–	–
		1,929,313	2,240,160	131,969	90,928
Total assets		2,829,203	3,200,411	595,276	508,009
Current liabilities					
Loans and borrowings	20	500,250	197,608	15,000	13,000
Trade and other payables	21	248,008	91,890	86,603	28,045
Contract liabilities	4	47,024	59,385	–	–
Provision	22	8,557	8,098	–	–
Other liabilities	22	124,758	120,491	2,788	2,008
Income tax payable		11,550	12,995	177	586
		940,147	490,467	104,568	43,639
Net current assets		989,166	1,749,693	27,401	47,289

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

BALANCE SHEETS

As at 31 December 2021

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Non-current liabilities					
Loans and borrowings	20	956,984	1,600,122	–	25,250
Trade and other payables	21	33,208	159,271	252,963	253,243
Other liabilities	22	96,826	107,050	70	293
Deferred tax liabilities	23	22,015	26,216	31	16
		1,109,033	1,892,659	253,064	278,802
Total liabilities		2,049,180	2,383,126	357,632	322,441
Net assets		780,023	817,285	237,644	185,568
Equity attributable to owners of the Company					
Share capital	24(a)	175,978	175,978	175,978	175,978
Treasury shares	24(b)	(28,779)	(29,719)	(28,779)	(29,719)
Retained earnings		623,394	669,361	86,832	34,349
Other reserves	25	(11,584)	(6,247)	3,613	4,960
		759,009	809,373	237,644	185,568
Non-controlling interests		21,014	7,912	–	–
Total equity		780,023	817,285	237,644	185,568

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

2021			Attributable to owners of the Company					
	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 24(a))	Treasury shares (Note 24(b))	Retained earnings	Other reserves (Note 25)	Non-controlling interests
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2021	817,285	809,373	175,978	(29,719)	669,361	(6,247)	7,912
(Loss)/Profit for the year	(21,630)	(31,486)	–	–	(31,486)	–	9,856
Other comprehensive income							
Foreign currency translation	(2,427)	(2,064)	–	–	–	(2,064)	(363)
Share of other comprehensive income of associates and joint ventures	(32)	(32)	–	–	–	(32)	–
Other comprehensive income for the year, net of tax	(2,459)	(2,096)	–	–	–	(2,096)	(363)
Total comprehensive income for the year	(24,089)	(33,582)	–	–	(31,486)	(2,096)	9,493
Contributions by and distributions to owners							
Share-based compensation expenses (Note 25)	780	780	–	–	–	780	–
Expiry of share option (Note 25)	–	–	–	–	1,187	(1,187)	–
Treasury shares reissued pursuant to performance share plan (Note 24)	–	–	–	940	–	(940)	–
Dividends paid on ordinary shares (Note 34)	(15,668)	(15,668)	–	–	(15,668)	–	–
Total contributions by and distributions to owners	(14,888)	(14,888)	–	940	(14,481)	(1,347)	–
Changes in ownership interests in subsidiaries							
Capital contribution from non-controlling interests	4,415	–	–	–	–	–	4,415
Acquisition of non-controlling interest (Note 13)	(2,700)	(1,894)	–	–	–	(1,894)	(806)
Total changes in ownership interest in subsidiaries	1,715	(1,894)	–	–	–	(1,894)	3,609
Total transactions with owners in their capacity as owners	(13,173)	(16,782)	–	940	(14,481)	(3,241)	3,609
Closing balance at 31 December 2021	780,023	759,009	175,978	(28,779)	623,394	(11,584)	21,014

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

		Attributable to owners of the Company					
2020	**Equity, total**	**Equity attributable to owners of the Company, total**	**Share capital (Note 24(a))**	**Treasury shares (Note 24(b))**	**Retained earnings**	**Other reserves (Note 25)**	**Non-controlling interests**
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2020	947,271	918,269	175,978	(30,034)	781,745	(9,420)	29,002
(Loss)/Profit for the year	(78,490)	(81,067)	–	–	(81,067)	–	2,577
Other comprehensive income							
Foreign currency translation	9,089	8,657	–	–	–	8,657	432
Share of other comprehensive income of associates and joint ventures	562	562	–	–	–	562	–
Other comprehensive income for the year, net of tax	9,651	9,219	–	–	–	9,219	432
Total comprehensive income for the year	(68,839)	(71,848)	–	–	(81,067)	9,219	3,009
Contributions by and distributions to owners							
Share-based compensation expenses (Note 25)	1,217	1,217	–	–	–	1,217	–
Share buy-back (Note 24)	(47)	(47)	–	(47)	–	–	–
Treasury shares reissued pursuant to performance share plan (Note 24)	–	–	–	362	–	(362)	–
Dividends paid on ordinary shares (Note 34)	(31,317)	(31,317)	–	–	(31,317)	–	–
Dividends paid to non-controlling interest of subsidiary	(28,000)	–	–	–	–	–	(28,000)
Total contributions by and distributions to owners	(58,147)	(30,147)	–	315	(31,317)	855	(28,000)
Changes in ownership interests in subsidiaries							
Capital contribution to non-wholly owned subsidiary	–	(4,864)	–	–	–	(4,864)	4,864
Acquisition of non-controlling interest (Note 13)	(3,000)	(2,037)	–	–	–	(2,037)	(963)
Total changes in ownership interest in subsidiaries	(3,000)	(6,901)	–	–	–	(6,901)	3,901
Total transactions with owners in their capacity as owners	(61,147)	(37,048)	–	315	(31,317)	(6,046)	(24,099)
Closing balance at 31 December 2020	817,285	809,373	175,978	(29,719)	669,361	(6,247)	7,912

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

2021	Total	Share capital (Note 24(a))	Treasury shares (Note 24(b))	Retained earnings	Other reserves (Note 25)
Company	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2021	185,568	175,978	(29,719)	34,349	4,960
Profit for the year, representing total comprehensive income for the year	66,964	–	–	66,964	–
Contributions by and distributions to owners					
Share-based compensation expenses (Note 25)	780	–	–	–	780
Treasury shares reissued pursuant to performance share plan (Note 24)	–	–	940	–	(940)
Expiry of share option (Note 25)	–	–	–	1,187	(1,187)
Dividends paid (Note 34)	(15,668)	–	–	(15,668)	–
Total contributions by and distributions to owners	(14,888)	–	940	(14,481)	(1,347)
Closing balance at 31 December 2021	237,644	175,978	(28,779)	86,832	3,613
2020					
Company					
Opening balance at 1 January 2020	196,918	175,978	(30,034)	46,869	4,105
Profit for the year, representing total comprehensive income for the year	18,797	–	–	18,797	–
Contributions by and distributions to owners					
Share-based compensation expenses (Note 25)	1,217	–	–	–	1,217
Share buy-back (Note 24)	(47)	–	(47)	–	–
Treasury shares reissued pursuant to performance share plan (Note 24)	–	–	362	–	(362)
Dividends paid (Note 34)	(31,317)	–	–	(31,317)	–
Total contributions by and distributions to owners	(30,147)	–	315	(31,317)	855
Closing balance at 31 December 2020	185,568	175,978	(29,719)	34,349	4,960

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2021

	Note	2021	2020
		$'000	$'000
Operating activities			
Loss before tax		(12,610)	(77,401)
Adjustments for:			
Interest income	5	(1,248)	(2,432)
Gain on disposal of property, plant and equipment	5	(266)	(132)
Gain on disposal of investment properties	5	(810)	–
Gain on disposal of joint venture	5	(3,647)	–
Loss on disposal of intangible assets		–	22
Finance costs	6	30,655	39,370
Property, plant and equipment written off	5	3,572	6,969
Provision for onerous contracts	7	4,706	7,163
Provision for restructuring costs	5	1,810	–
Depreciation of property, plant and equipment	7	41,582	37,422
(Writeback of impairment)/Impairment loss on property, plant and equipment	5	(3,808)	5,304
Fair value loss on investment properties	5	6,507	11,043
Fair value loss on investment security	5	–	2,347
Amortisation of intangible assets	7	4,962	2,479
Impairment loss on trade and other receivables, net	5	1,956	2,297
Impairment loss on investments in joint ventures	5	14,359	–
Share-based compensation expenses	26	780	1,217
Share of results of associates and joint ventures		7,716	1,480
Recognition of deferred contract costs	4	21,229	12,242
Rent concessions from landlords	5	(649)	(1,062)
Unrealised exchange differences		1,224	(5,038)
Operating cash flows before changes in working capital		118,020	43,290
Changes in working capital:			
Development properties		443,072	289,665
Deferred contract costs	4	(26,334)	(12,947)
Inventories		(2,470)	(19)
Prepayments		(2,162)	(681)
Trade and other receivables and contract assets		32,551	(152,575)
Trade and other payables and contract liabilities		21,427	14,614
Other liabilities		(358)	22,190
Cash flows generated from operations		583,746	203,537
Interest paid		(32,428)	(43,495)
Interest received		415	1,631
Income taxes paid		(16,421)	(21,367)
Net cash flows generated from operating activities		535,312	140,306

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2021

	Note	2021	2020
		$'000	$'000
Investing activities			
Net cash outflow on acquisition of subsidiaries	13	–	(57)
Purchase of property, plant and equipment	10	(11,931)	(50,361)
Proceeds from disposal of property, plant and equipment		906	251
Proceeds from disposal of investment properties		32,810	–
Proceeds from disposal of joint venture		11,052	–
Proceeds from liquidation of an associate		365	–
Investments in joint ventures		(9,459)	(6,752)
Return on capital from a joint venture		3,808	–
Advances to joint ventures		(52,739)	–
Additions to intangible assets		(508)	–
Additions to investment properties	11	(2,988)	(911)
Net cash flows used in investing activities		(28,684)	(57,830)
Financing activities			
Repayment of loans and borrowings		(450,100)	(132,648)
Proceeds from loans and borrowings		72,852	133,055
Proceeds from issuance of term notes		48,750	–
Redemption of term notes		(13,000)	–
Contribution from non-controlling interest		450	–
Acquisition of non-controlling interests		(2,700)	(3,000)
Dividends paid on ordinary shares	34	(15,668)	(31,317)
Dividends paid to non-controlling interest		–	(28,000)
Purchase of treasury shares	24(b)	–	(47)
Decrease in short-term deposits pledged	19	154	–
Payment of principal portion of lease liabilities		(15,047)	(25,631)
Net cash flows used in financing activities		(374,309)	(87,588)
Net increase/(decrease) in cash and cash equivalents		132,319	(5,112)
Effect of exchange rate changes on cash and cash equivalents		(317)	665
Cash and cash equivalents at beginning of the year		369,784	374,231
Cash and cash equivalents at end of the year	19	501,786	369,784

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

1. **Corporate information**

Chip Eng Seng Corporation Ltd. is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 171 Chin Swee Road, #12-01 CES Centre, Singapore 169877.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed below.

Details of the subsidiaries, associates, joint ventures and joint operations as at 31 December 2021 are:

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2021	2020
<u>Subsidiaries</u>				
Held by the Company				
CEL Development Pte. Ltd.	Singapore	Property developer and property investor	100	100
Chip Eng Seng Construction Pte. Ltd.	Singapore	Investment holding	100	100
CES Capital Holdings Pte. Ltd.	Singapore	Investment holding	100	100
CES Hospitality Pte. Ltd.	Singapore	Investment holding	100	100
Sing-Ed Global Schoolhouse Pte. Ltd.	Singapore	Investment holding	100	100
CES Treasury Pte. Ltd.	Singapore	Provision of financial and treasury services to members of the Chip Eng Seng group of companies	100	100
Eura Construction Supply Pte. Ltd.	Singapore	Wholesale of construction materials, hardware, plumbing and heating equipment and supplies	55	100
Held by subsidiaries				
CES_Salcon Pte. Ltd. (f.k.a. Boustead Salcon Water Solutions Pte. Ltd.)	Singapore	Construction and supply of equipment for water and wastewater treatment plant	100	100
Chip Eng Seng Contractors (1988) Pte Ltd	Singapore	General building contractor	100	100
CES Engineering & Construction Pte. Ltd.	Singapore	General building contractor	100	100
CES-Precast Pte. Ltd.	Singapore	Manufacturing and trading of precast products	100	100
CES Building and Construction Pte. Ltd.	Singapore	General building and related services	100	100
CES_INNOVFAB Pte. Ltd.	Singapore	Modular building construction (3D printing)	100	100

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

1. Corporate information (cont'd)

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2021	2020
	Subsidiaries (cont'd)				
	Held by subsidiaries (cont'd)				
	CES_SDC Pte. Ltd.	Singapore	Building construction and construction project management	100	100
	CES_Lodge Pte. Ltd.	Singapore	Acquisition of portable containers/ structure to rent out as workers' dormitory and provision of related services	100	100
!!	CESI (Myanmar) Company Limited (f.k.a. SDCI (Myanmar) Company Limited)	Myanmar	General building contractor and project management	100	100
	CEL-Changi Pte. Ltd.	Singapore	Property developer	100	100
	Fernvale Development Pte. Ltd.	Singapore	Property developer	60	60
	CEL Property Pte. Ltd.	Singapore	Property developer and investment holding	100	100
	CEL-Yishun (Residential) Pte. Ltd.	Singapore	Property developer	100	100
	CEL-Yishun (Commercial) Pte. Ltd.	Singapore	Property developer	100	100
	CEL Real Estate Development Pte. Ltd.	Singapore	Property developer and investment holding	100	100
	CEL-Simei Pte. Ltd.	Singapore	Liquidated	–	100
	CEL-Fort Pte. Ltd.	Singapore	Property developer	100	100
	CEL Property Development Pte. Ltd.	Singapore	Property developer	100	100
~	CEL Technology Development (Taicang) Co., Ltd.	China	Investment holding	100	100
	CEL Newton Pte. Ltd.	Singapore	Property developer	100	100
	CEL Unique Pte. Ltd.	Singapore	Investment holding	60	60
	CEL Unique Holdings Pte. Ltd.	Singapore	Investment holding	60	60
	CEL Unique Development Pte. Ltd.	Singapore	Property developer	60	60

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

1. **Corporate information (cont'd)**

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2021	Proportion (%) of ownership interest 2020
	Subsidiaries (cont'd)				
	Held by subsidiaries (cont'd)				
	CEL Property Investment (Australia) Pte. Ltd.	Singapore	Investment holding	100	100
	CEL Property Investment Pte. Ltd.	Singapore	Property investor	100	100
	Evervit Development Pte Ltd	Singapore	Property investor	100	100
	CES Property Investment (New Zealand) Pte. Ltd.	Singapore	Investment holding	100	100
	CES-Vietnam Holdings Pte. Ltd.	Singapore	Investment holding	100	100
	CES-NB Pte. Ltd.	Singapore	Investment holding	100	100
	CES-VH Holdings Pte. Ltd.	Singapore	Investment holding	100	100
#	CES Investment (Vietnam) Pte. Ltd.	Singapore	Investment holding	100	100
#	CES Management (Vietnam) Pte. Ltd.	Singapore	Investment holding	100	100
	CES Hotels (Australia) Pte. Ltd.	Singapore	Investment holding	100	100
	CEL-Alexandra Pte. Ltd.	Singapore	Hotel owner and property investor	100	100
	CES Park (Maldives) Pte. Ltd.	Singapore	Investment holding	70	70
	CES Hotels (Maldives) Pte. Ltd.	Singapore	Investment holding	100	100
	CES Tropical (Maldives) Pte. Ltd.	Singapore	Investment holding	70	70
^^	Samarafushi Pvt Ltd	Maldives	Resort owner	70	70
^^	CEL Australia Pty Ltd	Australia	Investment holding	100	100
	CES Glenelg Pty Ltd	Australia	Liquidated	–	100
^^	CES-Queen (VIC) Pty Ltd	Australia	Property developer	100	100
^^	CES Properties (AUS) Pty Ltd	Australia	Property investor	100	100
^^	CES-Northcote (VIC) Pty Ltd	Australia	Property developer	100	100

1. **Corporate information (cont'd)**

	Name of Company	**Country of incorporation/ operations**	**Principal activities**	**Proportion (%) of ownership interest 2021**	**2020**
	Subsidiaries (cont'd)				
	Held by subsidiaries (cont'd)				
^^	CES-Gladstone (VIC) Pty Ltd	Australia	Property developer	100	100
^^	CES South Perth (WA) Pty Ltd	Australia	Investment holding	100	100
^^	CES Sirona Lyall (WA) Pty Ltd	Australia	Property developer	70	70
#	CEL Real Estate Pty Ltd	Australia	Property developer	100	100
^^	CES Grosvenor (SA) Pty Ltd	Australia	Property investor	100	100
^^	CES Grosvenor Hotel (SA) Pty Ltd	Australia	Hotel owner	100	100
^^	CES Mandurah Hotel (WA) Pty Ltd	Australia	Hotel owner	100	100
^^	CES Pirie Hotel (SA) Pty Ltd	Australia	Hotel owner	100	100
#	CES Hotel Investment Pty Ltd	Australia	Investment holding	100	100
++	CES Properties (NZ) Pty Limited	New Zealand	Investment holding	100	100
^^	CES-Precast Sdn. Bhd.	Malaysia	Manufacturing of precast concrete components	100	100
*	CES Horizon Sdn. Bhd.	Malaysia	International school education provider	100	100
^^	CES Park Kodhipparu Private Limited	Maldives	Resort owner	70	70
^^	Viet Investment Link Joint Stock Company	Vietnam	Provision of management services	99	99
	CES MAIC Management (Vietnam) Co., Ltd	Vietnam	Disposed	–	70
	CES ASG Pte. Ltd.	Singapore	Investment holding	100	100
	Sing-Ed Asia Pte. Ltd.	Singapore	Investment holding	100	100
	Sing-Ed Junior Schools Pte. Ltd.	Singapore	Childcare and related services	100	100
	Penn Junior Academy Pte. Ltd.	Singapore	Provision of early childhood enrichment education	100	100
	CES Greenville Pte. Ltd.	Singapore	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. **Corporate information (cont'd)**

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest	
				2021	**2020**
	Subsidiaries (cont'd)				
	Held by subsidiaries (cont'd)				
~	Greenville Consultancy & Management (Shanghai) Co., Ltd.	China	Provision of early childhood enrichment education	100	100
#	Magna Education Pte. Ltd.	Singapore	Investment holding	100	100
	The Perse School (Singapore) Pte. Ltd.	Singapore	International school education provider	100	100
	CES WL Pte. Ltd.	Singapore	Investment holding	100	100
	CES Edutech Pte. Ltd.	Singapore	Investment holding	100	100
	Sing-Ed (China) Pte. Ltd. (f.k.a. CES Education (China) Pte. Ltd.)	Singapore	Investment holding	100	100
	Invictus Junior Schools Pte. Ltd. (f.k.a. White Lodge Education Group Services Pte. Ltd.)	Singapore	Investment holding	100	70
	Invictus BT Pte. Ltd. (f.k.a. White Lodge, Bukit Timah Pte. Ltd.)	Singapore	Kindergarten and related services	100	70
	White Lodge, Upper Bukit Timah Pte. Ltd.	Singapore	Kindergarten and related services	100	70
	Invictus EC Pte. Ltd. (f.k.a. White Lodge Kindergarten, East Coast Pte. Ltd.)	Singapore	Kindergarten and related services	100	70
	Invictus UEC Pte. Ltd. (f.k.a. White Lodge, Upper East Coast Pte. Ltd.)	Singapore	Kindergarten and related services	100	70
	Primus PP Pte. Ltd. (f.k.a. White Lodge Kindergarten, Phoenix Park Pte. Ltd.)	Singapore	Kindergarten and related services	100	70
	Invictus WC Pte. Ltd. (f.k.a. White Lodge, West Coast Pte. Ltd.)	Singapore	Kindergarten and related services	100	70
	White Lodge School of Arts, Loewen Gardens Pte. Ltd.	Singapore	Kindergarten and related services	100	70

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. **Corporate information (cont'd)**

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2021	2020
	Subsidiaries (cont'd)				
	Held by subsidiaries (cont'd)				
	Primus RV Pte. Ltd. (f.k.a. White Lodge Preschool River Valley Pte. Ltd.)	Singapore	Childcare and related services	100	70
@	White Lodge Education Services (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	70
@	White Lodge Bangsar South Childcare Centre Sdn. Bhd.	Malaysia	Childcare and related services	100	70
@	White Lodge Mont Kiara Childcare Centre Sdn. Bhd.	Malaysia	Childcare and related services	100	70
	Invictus International School Pte. Ltd.	Singapore	International school education provider	100	93
	Invictus World Schools Pte. Ltd.	Singapore	Investment holding	100	93
	Swallows and Amazons Pte. Ltd.	Singapore	Nursery, kindergarten and related services	100	93
ß	Invictus (Cambodia) Co., Ltd.	Cambodia	International school education provider	100	93
@@	Invictus International School (Hong Kong) Limited	Hong Kong	International school education provider	100	93
@@	Invictus Kindergarten (Hong Kong) Limited	Hong Kong	International kindergarten service provider	100	93
@@	Invictus School (Chai Wan) Limited	Hong Kong	International school education provider	100	93
#	Penn Junior (Aus) Pty Ltd	Australia	Investment holding	100	100
#	Penn Junior Tarneit West (Vic) Pty Ltd	Australia	Childcare and related services	100	100
	Sing-ED (Malaysia) Pte. Ltd. (f.k.a. CES Education (Malaysia) Pte. Ltd.)	Singapore	Investment holding and the provision of education, consultancy and training management services	100	100
^^	CES Eduset Sdn. Bhd.	Malaysia	Investment holding and the provision of education, consultancy and training management services	100	100
^^	CES Repmal Sdn Bhd	Malaysia	International school education provider	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. **Corporate information (cont'd)**

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2021	Proportion (%) of ownership interest 2020
	Associates				
	Held by the Company				
**	Ardille Pte Ltd	Singapore	Investment holding	38	38
	Held by subsidiaries				
^	Pasir Ris EC Pte. Ltd.	Singapore	Under liquidation	40	40
^^	Phu An Sinh Real Estate Investment Co., Ltd	Vietnam	Investment holding	50	50
	Held by associates				
**	ACP Metal Finishing Pte Ltd	Singapore	Provision of custom electro-plating and surface treatment services	38	38
	ACP Poland Spolka Z Ograniczona Odpowiedzialnoscia	Poland	Liquidated	–	38
	Joint ventures				
	Held by subsidiaries				
++	Roxy-CES (NZ) Limited	New Zealand	Property investor	50	50
~~	Amdon Consulting Pte. Ltd.	Singapore	Science education and digital teaching resources	42	38
##	Zeus EduTech Group (Cayman)	Cayman Islands	Investment holding	35	35
	Cybint International Pte. Ltd.	Singapore	Disposed	–	33
	H+E Technologies Pte. Ltd.	Singapore	Process and industrial plant engineering design and consultancy services	55	55
!!!	Jiduohao Education Technology (Shenzhen) Co., Ltd.	China	Education related services	60	60
	Maxwell Commercial Pte. Ltd.	Singapore	Property investor	40	–
	Maxwell Residential Pte. Ltd.	Singapore	Property developer	40	–
	Sophia Commercial Pte. Ltd.	Singapore	Property developer	40	–
	Sophia Residential Pte. Ltd.	Singapore	Property developer	40	–

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

1. **Corporate information (cont'd)**

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2021	2020
	Joint ventures (cont'd)				
	Held by joint ventures				
!	Guangzhou Zhou Zhi Si Co., Ltd.	China	Investment holding	35	35
!	Guangzhou Yuanda Information Development Co., Ltd.	China	Education provider	35	35
~~	Werkz Asia Pte Ltd	Singapore	Development of interactive digital media	42	38
~~	Werkz Technologies Co., Ltd.	Myanmar	Development of educational software	42	38
##	Werkz Publishing, Inc.	United States	Marketing of educational products	42	38
##	Zeus EduTech Group Limited (BVI)	British Virgin Islands	Investment holding	35	35
!	Zeus Edutech Group Limited (HK)	Hong Kong	Investment holding	35	35
	Cybint Solutions Ltd	Israel	Disposed	–	33
	Cybint Solutions Inc	United States	Disposed	–	33
	Joint operations				
	Held by subsidiary				
+	Sinohydro - CES_SDC Joint Venture	Singapore	Building construction and construction project management	50	50
	Hock Lian Seng Infrastructure - CES_SDC JV	Singapore	Provision of civil engineering works	40	40

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

1. Corporate information (cont'd)

All subsidiaries, associates, joint ventures and joint operations are audited by Ernst & Young LLP, Singapore except those disclosed below:-

#	Not required to be audited as these companies are considered dormant and exempted from audit under the Singapore Companies Act or relevant statutory laws in the respective country of incorporation.
##	Not required to be audited by law in country of incorporation.
^	Not required to be audited as the company is under liquidation during the year.
^^	Audited by member firms of EY Global.
^^^	Audited by KBH Integra PAC.
*	Audited by KTP & Company PLT, Malaysia.
**	Audited by RSM Chio Lim LLP, Singapore.
+	Audited by member firms of KPMG Global.
++	Audited by HLB Mann Judd, Auckland.
@	Audited by BDO, Malaysia.
@@	Audited by Fung, Yu & Co CPA.
~	Audited by EunaCon Perfect Alliance CPA.
~~	Audited by Ken Wong & Co.
~~	Audited by Thaung Aye & Associates.
!	Audited by ST Lo & Co. Certified Public Accounting.
!!	Audited by Khin Su Htay & Associates Limited.
!!!	Audited by Shenzhen Shi Hua Tu Kuai Ji Shi Wu Suo.
ß	Audited by Fides Services Cambodia.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

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

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ("$'000"), except when otherwise indicated.

2.2 *Changes in accounting policies and disclosures*

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The adoption of these amendments did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current financial year.

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective***

The Group has not adopted the following standard applicable to the Group that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to SFRS(I) 3: *Business Combinations - Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16: *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37: *Onerous Contracts – Costs of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I) 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The Group expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 ***Basis of consolidation and business combinations***

(a) Basis of consolidation

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

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of 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 net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Goodwill is recorded within "Intangible assets" line of the Group's balance sheet.

2.5 ***Transactions with non-controlling interests***

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 ***Foreign currency***

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

(a) Transactions and balances

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

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

2. Summary of significant accounting policies (cont'd)

2.6 ***Foreign currency (cont'd)***

(b) Consolidated financial statements

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

2.7 ***Property, plant and equipment***

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

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

Leasehold land	-	23 to 99 years
Freehold and leasehold buildings	-	5 to 50 years
Container office, building and construction equipment	-	5 to 10 years
Motor vehicles	-	5 years
Computer and office equipment	-	2 to 5 years
Furniture, fixtures and fittings	-	2 to 10 years

Freehold land has an unlimited useful life and therefore is not depreciated.

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

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

2.8 ***Investment properties***

Investment properties are properties that are either owned by the Group or right-of-use assets that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.9 ***Intangible assets***

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

Club membership

Club membership was acquired separately and is amortised on a straight line basis over its estimated finite useful life of 10 years.

Intellectual property

The cost of intellectual property is its fair value at acquisition date. Intellectual property has estimated finite useful life of 4 to 6 years and is stated at cost less accumulated amortisation and accumulated impairment losses.

Order backlog

The cost of order backlog is its fair value at acquisition date. Order backlog is stated at cost less accumulated amortisation and accumulated impairment losses. The amortisation of order backlog is over the estimated period that the backlog is expected to be fulfilled.

Brands

The brands were acquired in business combinations. The useful lives of the brands are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group. Brands are stated at cost less accumulated impairment.

2.10 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

2. Summary of significant accounting policies (cont'd)

2.11 ***Subsidiaries***

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

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

2.12 ***Joint ventures and associates***

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. Joint ventures are entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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

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

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

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

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

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

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

2.13 ***Joint operations***

A joint operation is an arrangement in which the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

The Group recognises in its financial statements, its interest in the joint operations as follows: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the share of its output arising from the joint operations; its share of the revenue from the sale of the output by the joint operations; and its expenses, including its share of any expenses incurred jointly.

2. Summary of significant accounting policies (cont'd)

2.14 ***Financial instruments***

(a) Financial assets

Initial recognition and measurement

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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investments in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

<u>Investments in equity instruments</u>

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

De-recognition

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.14 ***Financial instruments (cont'd)***

(b) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

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

Current/Non-current classification of loans and borrowings

Loans and borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date. When an entity breaches an undertaking under a long-term loan agreement on or before the reporting date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

Where the entity expects, and has the discretion, to re-finance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility with the same lender, the liability is classified as non-current.

2.15 ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.15 ***Impairment of financial assets (cont'd)***

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.16 ***Cash and cash equivalents***

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, deposits with financial institutions and net of bank overdrafts (if any).

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.17 ***Development properties***

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.18 ***Inventories***

Inventories comprise mainly hotel supplies such as food and beverages, linen, glassware and sundry supplies, and precast building materials such as reinforcement steel, welded mesh and concrete.

Hotel supplies are stated at the lower of cost (first-in-first-out method) and net realisable value.

Precast building materials are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.19 ***Assets held for sale***

The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.19 ***Assets held for sale (cont'd)***

Assets classified as held for sale are presented separately as current items in the balance sheet.

2.20 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

2.21 ***Government grants***

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grant related to expense item is presented as a credit in profit or loss as "Other income".

2.22 ***Financial guarantee***

A financial guarantee 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 in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.15 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.23 ***Borrowing costs***

Borrowing costs 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 expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.24 ***Employee benefits***

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Share-based payments

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

2. Summary of significant accounting policies (cont'd)

2.25 ***Leases***

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term lease and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term ranging from 2 to 46 years.

The Group's right-of-use assets are included in 'Property, plant and equipment'.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.10.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercise by the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (eg. Changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

The Group's lease liabilities are included in 'Other liabilities' (see Note 22).

(c) Short-term leases and leases of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.26(d). Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.26 ***Revenue***

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Construction revenue

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised over time by measuring the progress towards complete satisfaction of performance obligations. The stage of completion is typically assessed by reference to either surveys of work performed (output method), or the cost incurred to date relative to total estimated cost (input method) depending on which method commensurate with the pattern of transfer of control to the customer. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

Contract revenue and contract costs are recognised as revenue by reference to the stage of completion of the contract activity at the end of the reporting period over time, when the outcome of a construction contract can be estimated reliably.

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

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

In applying the over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs or with reference to surveys of work performed or on a milestone payment schedule.

(b) Sale of development properties

The Group develops and sells residential and commercial properties before completion of construction of the properties. Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Deferred contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the deferred contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

2. Summary of significant accounting policies (cont'd)

2.26 ***Revenue (cont'd)***

(c) Revenue from hotel operations

Revenue from the rental of hotel rooms and other facilities is recognised when the services are rendered. Revenue from the sale of food and beverage is recognised when the goods are delivered to the customer.

(d) Rental income

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

(e) School fees

School fees are recognised when the services are rendered.

(f) Interest income

Interest income is recognised using the effective interest method.

2.27 ***Taxes***

(a) Current income tax

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

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

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.27 ***Taxes (cont'd)***

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.28 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.29 ***Treasury shares***

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.30 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 ***Judgements made in applying accounting policies***

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

(a) Sale of development properties

For the sale of development properties, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgement made in determining the enforceability of the right to payment under the legal environment of the jurisdictions where the contracts were subjected.

(b) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The periods covered by renewal options are included as part of the lease term only when they are reasonably certain to be exercised.

Refer to Note 28 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Significant accounting judgements and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged real estate valuation experts to assess fair value as at 31 December 2021. The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

The fair values of investment properties are determined by independent real estate valuation experts using either market comparable approach, capitalisation approach, discounted cash flow approach or residual land value approach.

The determination of the fair values of the investment properties requires the use of estimates on yield adjustments such as location, size, tenure, age and condition, and also involved estimation uncertainties on the capitalisation rate used.

The key assumptions used to determine the fair value of the investment properties are further explained in Notes 11 and 30(c)(i).

(b) Revenue from construction contracts, contract assets and contract liabilities

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. In applying the over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs. Significant assumptions are required to estimate contract cost. In making these estimates, management has relied on past experience and knowledge of management.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 4(c). If the estimated total contract cost had been 2% higher than management's estimate, contract assets and contract liabilities would have been $19,518,000 lower and $3,779,000 higher respectively (2020: $15,568,000 lower and $10,063,000 higher).

(c) Revenue recognition on development properties under construction

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total estimated costs to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to estimate amounts to be incurred.

The carrying amounts of assets and liabilities as well as the revenue from sale of development properties (recognised on over time basis) are disclosed in Note 17 and Note 4 respectively. If the estimated total development cost had been 2% higher than management's estimate, the carrying amount of the development properties under construction would have been $2,626,000 (2020: $11,013,000) higher and revenue would have been $4,264,000 (2020: $15,559,000) lower.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

3. Significant accounting judgements and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(d) Impairment of intangible assets

As disclosed in Note 12, the recoverable amounts of the cash generating units which goodwill, intellectual property, order backlog and brands have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the weighted average cost of capital and terminal yield rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 12.

The carrying amount of the intangible assets as at 31 December 2021 is $46,038,000 (2020: $49,880,000).

(e) Impairment of hotel assets

An impairment exists when the carrying value of hotel asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

Management assesses, on an annual basis, whether there are indicators for potential impairment. Where applicable, the Group considers independent valuation reports of valuation specialists. The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time. The value in use calculation is based on a discounted cash flow model derived from the budget for the next five years or the commercial useful life of the assets. The recoverable amount is most sensitive to the discount rate and capitalisation rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The carrying amount of hotel assets as at 31 December 2021 is $340,682,000 (2020: $347,122,000).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

4. Revenue

(a) Disaggregation of revenue

	Construction		Property development		Hospitality		Property investment		Corporate		Education		Total revenue	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical markets														
Singapore	352,031	144,592	582,858	464,169	14,582	16,466	4,073	4,613	10	9	24,368	19,337	977,922	649,186
Australia	–	–	65,254	–	7,960	6,453	953	678	–	–	–	–	74,167	7,131
Maldives	–	–	–	–	23,516	11,715	–	–	–	–	–	–	23,516	11,715
Malaysia	318	–	–	–	–	–	–	–	–	–	4,345	5,151	4,663	5,151
Hong Kong	–	–	–	–	–	–	–	–	–	–	5,865	1,351	5,865	1,351
Bangladesh	18,881	–	–	–	–	–	–	–	–	–	–	–	18,881	–
Others	8,265	–	–	–	–	–	–	–	–	–	2,120	99	10,385	99
	379,495	144,592	648,112	464,169	46,058	34,634	5,026	5,291	10	9	36,698	25,938	1,115,399	674,633
Major product or service lines														
Construction contracts	379,495	144,592	–	–	–	–	–	–	–	–	–	–	379,495	144,592
Development properties	–	–	648,053	464,169	–	–	–	–	–	–	–	–	648,053	464,169
Hotel operations	–	–	–	–	46,058	34,634	–	–	–	–	–	–	46,058	34,634
Rental of investment properties	–	–	–	–	–	–	5,026	5,291	–	–	–	–	5,026	5,291
School fee	–	–	–	–	–	–	–	–	–	–	36,664	25,893	36,664	25,893
Management fee	–	–	59	–	–	–	–	–	10	9	34	45	103	54
	379,495	144,592	648,112	464,169	46,058	34,634	5,026	5,291	10	9	36,698	25,938	1,115,399	674,633
Timing of transfer of goods or services														
At a point in time	43,961	18,254	65,313	–	11,855	8,381	–	–	10	9	1,818	933	122,957	27,577
Over time	335,534	126,338	582,799	464,169	34,203	26,253	5,026	5,291	–	–	34,880	25,005	992,442	647,056
	379,495	144,592	648,112	464,169	46,058	34,634	5,026	5,291	10	9	36,698	25,938	1,115,399	674,633

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

4. Revenue (cont'd)

(b) Judgement and methods used in estimating revenue

Recognition of revenue from development properties over time

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties, analysed by different property types and geographical areas for the past 3 to 5 years.

Revenue from construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. In applying the over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs. Significant assumptions are required to estimate contract cost. In making these estimates, management has relied on past experience and knowledge of management.

(c) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2021	**2020**
	$'000	$'000
Receivables from contracts with customers (Note 16)	589,650	368,994
Contract assets	73,494	329,211
Deferred contract costs	20,209	15,121
Contract liabilities	47,024	59,385

During the year, the Group has recognised impairment losses on trade receivables arising from contracts with customers amounting to $556,000 (2020: $159,000).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for the sale of development properties and revenue from construction contracts. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of development properties and revenue from construction contracts. Contract liabilities are recognised as revenue as the Group fulfils its performance obligations under the contract.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

4. **Revenue (cont'd)**

(c) **Contract assets and contract liabilities (cont'd)**

(i) Significant changes in contract assets are explained as follows:

	Group	
	2021	**2020**
	$'000	$'000
Contract asset reclassified to receivables	327,641	149,404

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2021	**2020**
	$'000	$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	58,540	24,190

(d) **Deferred contract costs**

	Group	
	2021	**2020**
	$'000	$'000
Deferred incremental costs of obtaining contract – commission costs paid to property agents		
At 1 January	15,121	14,416
Additions	26,334	12,947
Amortisation	(21,229)	(12,242)
Foreign exchange difference	(17)	–
At 31 December	20,209	15,121

4. Revenue (cont'd)

(e) Transaction price allocated to remaining performance obligation

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2021 is $1,907,696,000 (2020: $905,374,000). The Group expects these performance obligations to be recognised in the next 5 years (2020: 4 years). This amount has not included the following:

- Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
  - The performance obligation is part of a contract that has an original expected duration for one year or less, or
  - The Group recognises revenue to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.
- Variable consideration that is constrained and therefore is not included in the transaction price.

5. Other (losses)/gains net and other income

	Group	
	2021	**2020**
	$'000	$'000
Interest income	1,248	2,432
Rent concessions from landlords (a)	649	1,062
Government grants	9,955	19,110
Rental income from non-investment holding companies	1,096	975
Sales of materials	295	416
Deposits forfeited from buyers	360	642
Other miscellaneous income	2,109	893
Net foreign exchange (loss)/gain	(1,377)	4,087
Gain on disposal of investment properties	810	–
Gain on disposal of joint venture	3,647	–
Gain on disposal of property, plant and equipment	266	132
Property, plant and equipment written off (Note 10)	(3,572)	(6,969)
Fair value loss on investment properties (Note 11)	(6,507)	(11,043)
Fair value loss on investment security	–	(2,347)
Writeback of impairment/(Impairment) loss on property, plant and equipment (Note 10)	3,808	(5,304)
Impairment loss on investments in joint ventures	(14,359)	–
Impairment loss on financial assets		
- Trade receivables	(556)	(159)
- Other receivables	(1,400)	(2,138)
Provision for restructuring costs	(1,810)	–
	(5,338)	1,789

(a) Rent concessions received from lessors to which the Group applied the practical expedient under Amendments to SFRS(I) 16 *COVID-19 Related Rent Concessions*.

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6. Finance costs

	Group	
	2021	2020
	$'000	$'000
Interest expense on bank loans and borrowings	26,364	35,718
Interest expense on loans from non-controlling interests	1,387	2,567
Interest expense on lease liabilities	3,973	4,045
Less: Interest expense capitalised in development properties (Note 17)	–	(1,857)
Interest expense capitalised in property, plant and equipment (Note 10)	(702)	(637)
Interest expense capitalised in investment properties (Note 11)	(367)	(466)
	30,655	39,370

7. Loss before tax

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

	Group	
	2021	2020
	$'000	$'000
Audit fees paid to:		
- Auditor of the Company	639	563
- Other auditors	212	202
Non-audit fees paid to:		
- Auditor of the Company	36	12
- Network of member firms of the Auditor of the Company	7	8
Depreciation of property, plant and equipment	41,582	37,422
Amortisation of intangible assets (Note 12)	4,962	2,479
Employee benefits expense (Note 26)	112,737	89,207
Legal and professional fees	3,327	5,288
Provision for onerous contracts (Note 22)	4,706	7,163
Inventories recognised as an expense in cost of sales (Note 18)	22,443	10,466
Maintenance of property, plant and equipment	5,398	5,225
One-off non-productive COVID-19 related expenses included in development property cost of sales	3,060	–
One-off non-productive COVID-19 related expenses included in construction cost of sales	398	20,831

8. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	Group	
	2021	**2020**
	$'000	$'000
Consolidated income statement:		
Current income tax		
- current income taxation	2,335	1,210
- under/(over)provision in respect of previous years	1,538	(355)
Deferred income tax		
- origination and reversal of temporary differences	4,106	234
- underprovision in respect of previous years	1,041	–
Income tax expense recognised in profit or loss	9,020	1,089

Relationship between tax expense and loss before tax

A reconciliation between tax expense and the product of loss before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 is as follows:

	Group	
	2021	**2020**
	$'000	$'000
Loss before tax	(12,610)	(77,401)
Share of results of associates and joint ventures, net of tax	7,716	1,480
Loss before tax and share of results of associates and joint ventures	(4,894)	(75,921)

8. **Income tax expense (cont'd)**

Relationship between tax expense and loss before tax (cont'd)

	Group	
	2021	**2020**
	$'000	$'000
Tax at the domestic rates applicable to profits in the countries where the Group operates	(1,170)	(14,239)
Adjustments:		
Non-deductible expenses	13,829	15,651
Income not subject to taxation	(6,356)	(5,767)
Benefits from previously unrecognised tax losses and allowances	(5,358)	(160)
Deferred tax assets not recognised	5,707	6,254
Effect of partial tax exemption and tax relief	(187)	(363)
Under/(Over)provision in respect of previous years	2,579	(355)
Others	(24)	68
Income tax expense recognised in profit or loss	9,020	1,089

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

9. **Loss per share**

Basic loss per share are calculated by dividing the loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share are calculated by dividing loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the loss attributable to owners of the Company and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

	Group	
	2021	**2020**
	'000	'000
Loss, net of tax, attributable to owners of the Company used in the computation of basic and diluted loss per share ($)	(31,486)	(81,067)
Weighted average number of ordinary shares for basic and diluted loss per share computation	783,419	782,946

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10. Property, plant and equipment

Group	Freehold land	Leasehold land	Freehold and leasehold buildings	Container office, building and construction equipment	Container office, building and construction equipment under construction	Motor vehicles	Computer and office equipment	Furniture, fixture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost									
At 1 January 2020	35,879	163,646	271,592	14,616	–	8,869	6,064	48,037	548,703
Additions	–	59,481	39,316	5,247	–	767	1,520	13,566	119,897
Disposals	–	–	–	(874)	–	(884)	(28)	(76)	(1,862)
Written off	–	–	(5,090)	–	–	(407)	(169)	(4,407)	(10,073)
Transfer between accounts	–	–	(380)	–	–	369	47	(36)	–
Arising from acquisition of subsidiaries (Note 13)	–	–	37	–	–	–	92	–	129
Exchange differences	1,541	(1,694)	(1,110)	(27)	–	(33)	(19)	545	(797)
At 31 December 2020 and 1 January 2021	37,420	221,433	304,365	18,962	–	8,681	7,507	57,629	655,997
Additions	–	10	6,740	2,478	758	962	1,403	4,659	17,010
Disposals	–	–	(608)	(141)	–	(428)	(28)	(255)	(1,460)
Written off	–	–	(7,097)	–	–	–	(232)	(894)	(8,223)
Cost adjustments	–	(399)	–	–	–	–	–	–	(399)
Transfer from investment properties (Note 11)	–	–	40,390	–	–	–	–	–	40,390
Exchange differences	(899)	1,080	1,656	(99)	–	26	25	(98)	1,691
At 31 December 2021	36,521	222,124	345,446	21,200	758	9,241	8,675	61,041	705,006

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 28(a).

10. Property, plant and equipment (cont'd)

Group	Freehold land	Leasehold land	Freehold and leasehold buildings	Container office, building and construction equipment	Container office, building and construction equipment under construction	Motor vehicles	Computer and office equipment	Furniture, fixture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation									
At 1 January 2020	–	17,859	24,992	9,923	–	3,540	4,519	20,805	81,638
Depreciation charge	–	3,350	22,575	2,219	–	1,882	1,168	6,943	38,137
Impairment loss	–	1,627	2,991	–	–	–	–	686	5,304
Disposals	–	–	–	(874)	–	(806)	(16)	(47)	(1,743)
Written off	–	–	(292)	–	–	(149)	(146)	(2,517)	(3,104)
Exchange differences	–	(60)	(341)	(19)	–	(11)	(11)	512	70
At 31 December 2020 and 1 January 2021	–	22,776	49,925	11,249	–	4,456	5,514	26,382	120,302
Depreciation charge	–	3,433	22,588	4,577	–	1,874	1,180	8,610	42,262
Writeback of impairment loss	–	(784)	(250)	–	–	–	–	(2,774)	(3,808)
Disposals	–	–	(388)	–	–	(242)	(20)	(170)	(820)
Written off	–	–	(3,599)	–	–	–	(190)	(862)	(4,651)
Exchange differences	–	44	253	(70)	–	9	17	(135)	118
At 31 December 2021	–	25,469	68,529	15,756	–	6,097	6,501	31,051	153,403
Net carrying amount									
At 31 December 2020	37,420	198,657	254,440	7,713	–	4,225	1,993	31,247	535,695
At 31 December 2021	36,521	196,655	276,917	5,444	758	3,144	2,174	29,990	551,603

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For the financial year ended 31 December 2021

10. Property, plant and equipment (cont'd)

Company	Leasehold building	Motor vehicles	Computer and office equipment	Furniture, fixture and fittings	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 January 2020	4,454	2,470	670	81	7,675
Additions	–	538	89	87	714
Disposals	–	(420)	–	–	(420)
Written off	–	(407)	–	–	(407)
At 31 December 2020 and 1 January 2021	4,454	2,181	759	168	7,562
Additions	–	–	194	3	197
Written off	(3,057)	–	(24)	–	(3,081)
At 31 December 2021	1,397	2,181	929	171	4,678
Accumulated depreciation					
At 1 January 2020	1,898	888	535	48	3,369
Depreciation charge	1,897	528	96	18	2,539
Disposals	–	(363)	–	–	(363)
Written off	–	(149)	–	–	(149)
At 31 December 2020 and 1 January 2021	3,795	904	631	66	5,396
Depreciation charge	369	436	94	26	925
Written off	(3,057)	–	(24)	–	(3,081)
At 31 December 2021	1,107	1,340	701	92	3,240
Net carrying amount					
At 31 December 2020	659	1,277	128	102	2,166
At 31 December 2021	290	841	228	79	1,438

10. Property, plant and equipment (cont'd)

Assets under construction

The Group's freehold and leasehold buildings included carrying amounts of $1,597,000 (2020: $1,906,000) which relates to expenditure for hotels under construction.

Assets pledged as security

The Group's freehold and leasehold land and buildings with a carrying amount of $397,841,000 (2020: $323,382,000) are mortgaged to secure bank borrowings.

Interest and depreciation capitalisation

During the financial year, interest expense on lease liabilities of $702,000 (2020: $637,000) and depreciation of $680,000 (2020: $715,000) were capitalised under 'Property, plant and equipment'.

Impairment of assets

The management undertook their annual review of the carrying value of property, plant and equipment for indication of impairment and, where appropriate, external valuations were also undertaken. Based on this assessment, a net writeback of impairment of $3,808,000 (2020: an impairment charge of $5,304,000) was recognised in the income statement.

The independent valuation reports have highlighted estimation uncertainty arising from the ongoing COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

Valuation of completed freehold and leasehold land and buildings

As at 31 December, the completed freehold and leasehold land and buildings were appraised by independent professional valuers as follows:

	Group	
	2021	**2020**
	$'000	$'000
At valuation		
Freehold land and buildings	60,389	60,113
Leasehold land and buildings	565,675	521,599

The valuation surplus has not been incorporated in the financial statements.

For purposes of the consolidated cash flows statement, purchase of property, plant and equipment by cash flows comprise the following:

	Group	
	2021	**2020**
	$'000	$'000
Additions of property, plant and equipment	17,010	119,897
Less: Additions of right-of-use assets (Note 28(a))	(3,697)	(68,184)
Less: Interest expenses on lease liabilities capitalised	(702)	(637)
Less: Depreciation capitalised	(680)	(715)
Purchase of property, plant and equipment per consolidated cash flows statement	11,931	50,361

11. Investment properties

	Group	
	2021	2020
	$'000	$'000
At 1 January	296,759	305,528
Net loss from fair value adjustments recognised in profit or loss (Note 5)	(6,507)	(11,043)
Additions	3,355	911
Disposals	(32,000)	–
Transfer to property, plant and equipment (Note 10)	(40,390)	–
Transfer to assets held for sale	(27,000)	–
Exchange differences	(783)	1,363
At 31 December	193,434	296,759

The following amounts are recognised in the income statement:

Rental income (Note 4)	5,026	5,291
Direct operating expenses arising from rental generating properties	2,315	1,936

The Group has no restriction on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Properties pledged as securities

Certain investment properties amounting to $172,565,000 (2020: $278,269,000) are mortgaged to secure banking facilities.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at balance sheet date. The valuations were performed by independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 30(c)(i).

The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

Interest capitalisation

During the financial year, borrowing costs of $367,000 (2020: $466,000) arising from borrowings obtained specifically for the investment property were capitalised under 'Investment properties'. Interest rate for the borrowing costs capitalised in 2021 ranged from 1.02% to 1.27% per annum (2020: 1.02% to 2.54% per annum).

11. Investment properties (cont'd)

Transfer to property, plant and equipment

In 2021, the Group transferred certain units of an investment property to owner-occupied property as they were redesignated for the Group's use.

Transfer to assets held for sale

In 2021, the Company's subsidiary, CES Capital Holdings Pte. Ltd., had entered into a sale and purchase agreement with a third party to sell all of its equity interest held in Evervit Development Pte Ltd ("EDPL") for $28 million. EDPL is a property holding company whose main asset is the investment property located at 69 Ubi Crescent Singapore 408561. Accordingly, the asset of EDPL is reclassified to 'Assets held for sale'. The disposal was completed on 11 March 2022.

The details of the assets held for sale were as follows:

	Group
	2021
	$'000
Investment property	27,000
Other assets	42
	27,042

12. Intangible assets

	Group						Company
	Club membership	Intellectual property	Order backlog	Brands	Goodwill	Total	Club membership
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
At 1 January 2020	623	4,193	7,500	5,602	33,432	51,350	623
Acquisition of subsidiaries (Note 13)	–	–	2,359	–	2,075	4,434	–
Disposals	(33)	–	–	–	–	(33)	(33)
Exchange differences	–	–	–	–	75	75	–
At 31 December 2020 and 1 January 2021	590	4,193	9,859	5,602	35,582	55,826	590
Addition	–	508	–	–	–	508	–
Adjustment arising from finalisation of purchase price allocation	–	–	1,228	–	(616)	612	–
Write-off	–	(1,746)	–	–	–	(1,746)	–
Exchange differences	–	–	–	–	(39)	(39)	–
At 31 December 2021	590	2,955	11,087	5,602	34,927	55,161	590

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12. Intangible assets (cont'd)

	Group						Company
	Club membership	**Intellectual property**	**Order backlog**	**Brands**	**Goodwill**	**Total**	**Club membership**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated amortisation and impairment							
At 1 January 2020	176	2,286	–	–	941	3,403	176
Amortisation for the year	62	503	1,914	–	–	2,479	62
Disposal	(11)	–	–	–	–	(11)	(11)
Exchange differences	–	–	–	–	75	75	–
At 31 December 2020 and 1 January 2021	227	2,789	1,914	–	1,016	5,946	227
Amortisation for the year	62	503	4,397	–	–	4,962	62
Write-off	–	(1,746)	–	–	–	(1,746)	–
Exchange differences	–	–	–	–	(39)	(39)	–
At 31 December 2021	289	1,546	6,311	–	977	9,123	289
Net carrying amount							
At 31 December 2020	363	1,404	7,945	5,602	34,566	49,880	363
At 31 December 2021	301	1,409	4,776	5,602	33,950	46,038	301

Brands

Brands relate to the "White Lodge" brands for the Group's education services that were acquired in business combinations. As explained in Note 2.9, the useful life of these brands is estimated to be indefinite.

Amortisation expense

The amortisation of club membership, intellectual property and order backlog are included in the "Administrative expenses" line item in the income statement. The remaining amortisation period ranges from 1 to 6 years (2020: 2 to 7 years).

Goodwill, intellectual property and order backlog from acquisitions of subsidiaries

Goodwill and order backlog arising from the construction business acquired on 30 December 2020 were provisionally determined as at 31 December 2020.

Following the completion of the final purchase price allocation in 2021, adjustments were made to the provisional fair values of the identifiable assets and liabilities in respect of the construction business previously recorded in 2020. The effect of the adjustments made during the 12 months period from acquisition date is set out under Note 13.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12. Intangible assets (cont'd)

Impairment testing of goodwill and other intangible assets

Goodwill and other intangible assets acquired through business combinations have been allocated to the respective cash generating units ("CGU") for impairment testing.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management. The growth rates, weighted average cost of capital rate ("WACC") applied to the cash flow projections and the terminal yield rate used to extrapolate cash flow projections beyond the five-year period are as follows:

	Goodwill and other intangible assets		Student population growth rates		School fee growth rates		WACC		Terminal growth rate	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	$'000	%	%	%	%	%	%	%	%
White Lodge	14,778	15,086	2.8	5.0	3.7	–	7.5	10.0	1.5	1.7
Invictus	8,767	8,962	10.7	10.0 - 15.0	1.5	0.3 - 1.5	7.5	14.1	1.5	1.5
Sing-Ed Malaysia	6,480	6,480	9.7	8.0 - 21.0	2.0	1.9 - 2.0	8.4	13.3	–	–
SDC	12,158	14,555	–	–	–	–	8.4	8.4	–	–
Salcon	3,046	4,434	–	–	–	–	9.4	–	–	–

The Group has considered that any reasonably possible changes to the key assumptions will not reduce the recoverable amount to below the carrying value of CGU.

Impairment loss recognised

There was no impairment loss recognised in 2021 and 2020.

13. Investments in subsidiaries

	Company	
	2021	**2020**
	$'000	$'000
Shares, at cost	124,617	124,192

Details regarding subsidiaries are set out in Note 1.

The Company's contingent liabilities in respect of its investments in subsidiaries are disclosed in Note 29.

13. Investments in subsidiaries (cont'd)

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries with NCI that are material to the Group in 2021.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
		%	$'000	$'000	$'000
31 December 2021					
CEL Unique Pte. Ltd. and its subsidiaries	Singapore	40	9,945	13,545	–

Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interest is as follows:

Summarised balance sheets	CEL Unique Pte. Ltd. and its subsidiaries
	2021
	$'000
Current	
Assets	582,020
Liabilities	(542,029)
Net current assets	39,991
Non-current	
Assets	–
Liabilities	(6,130)
Net non-current liabilities	(6,130)
Net assets	33,861

13. Investments in subsidiaries (cont'd)

Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised statement of comprehensive income	**CEL Unique Pte. Ltd. and its subsidiaries**
	2021
	$'000
Revenue	388,831
Profit before tax	29,959
Income tax expense	(5,095)
Profit after tax and total comprehensive income	24,864
Other summarised information	
Net cash flows generated from operating activities	169,294
Net cash flows used in financing activities	(122,000)

There are no subsidiaries with NCI that are material to the Group in 2020.

Acquisitions of subsidiaries

Acquisition of additional interest in subsidiary in 2021

During the financial year, the Group increased its equity interest in White Lodge Education Group Services Pte. Ltd. ("WLEGS") from non-controlling interest for a purchase consideration of $2,700,000. As a result, the Group's effective interest in WLEGS increased to 100% from 70%.

Following is a reconciliation of how the additional interest in WLEGS acquired has been accounted for:

	$'000
Consideration paid to non-controlling shareholders	2,700
Carrying value of the net assets attributable to additional interest in WLEGS	(806)
Difference recognised in other reserves	1,894

Acquisition in 2020

On 30 December 2020, the Group acquired 100% equity interest in CES_Salcon Pte. Ltd. (f.k.a. Boustead Salcon Water Solutions Pte. Ltd.) ("Salcon").

Salcon is a fully integrated engineering, procurement, construction and maintenance contractor. The acquisition presents an opportunity for the Group to extend the footprint of its existing civil infrastructure business to include design, engineering, supply and commissioning of water and wastewater treatment technologies and solutions. In addition, Salcon is qualified to tender for public sector contracts in Singapore with unlimited tender sums.

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13. Investments in subsidiaries (cont'd)

Acquisitions of subsidiaries (cont'd)

Acquisition in 2020 (cont'd)

The fair values of the assets and liabilities have been determined on a provisional basis as the final results of the independent valuations have not been received by the date the financial statements for the year ended 31 December 2020 was authorised for issue. Following the completion of the final purchase price allocation in 2021, as the difference between provisional and finalised fair values were not material, adjustments were made in 2021 to the provisional fair values of the identifiable assets and liabilities of Salcon previously recorded in 2020. The effect of the adjustments made during the 12 months period from acquisition date is set out below:

	Fair value recognised on acquisition (provisional)	**Adjustments**	**Fair value recognised on acquisition (final)**
	$'000	$'000	$'000
Property, plant and equipment	129	–	129
Intangible assets	2,359	1,228	3,587
Deferred tax liabilities	–	(612)	(612)
Other assets and liabilities	2,717	–	2,717
Total identifiable net assets at fair value	5,205	616	5,821
Goodwill arising from acquisition	2,075	(616)	1,459
Total consideration paid in cash	7,280	–	7,280

Effect of the acquisition of subsidiary on cash flows

Total consideration paid in cash	7,280
Less: Cash and cash equivalents of subsidiary acquired	(7,223)
Net cash outflow on acquisition	57

13. Investments in subsidiaries (cont'd)

Acquisitions of subsidiaries (cont'd)

Acquisition in 2020 (cont'd)

Goodwill arising from acquisition

The goodwill of $1,459,000 comprises the value of expected synergy and opportunity arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

As the acquisition was completed on 30 December 2020, there was no contribution from Salcon to the Group's results in the year of acquisition. If the acquisition had taken place at the beginning of the year of acquisition, Salcon would have contributed revenue of $16,030,000 and net loss of $1,182,000 to the Group's results.

Acquisition of additional interest in subsidiary in 2020

In 2020, the Group increased its equity interest in Invictus International School Pte. Ltd. ("Invictus") via subscription of shares amounting to $25,290,000 and acquisition of shares from non-controlling interest for a purchase consideration of $3,000,000. As a result, the Group's effective interest in Invictus increased to 92.65% from 55.4%.

Following is a reconciliation of how the additional interest in Invictus acquired has been accounted for:

	$'000
Consideration paid to non-controlling shareholders	3,000
Carrying value of the net liabilities attributable to additional interest in Invictus	3,901
Difference recognised in other reserves	6,901

14. Investments in joint ventures and associates

	Note	Group		Company	
		2021	**2020**	**2021**	**2020**
		$'000	$'000	$'000	$'000
Investments in joint ventures	(a)	38,534	32,921	–	–
Investments in associates	(b)	6,484	6,352	650	650
		45,018	39,273	650	650

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14. Investments in joint ventures and associates (cont'd)

(a) Investments in joint ventures

As at 31 December 2021, the carrying amount of the Group's investments in joint ventures included an impairment loss of $14,359,000 (2020: Nil) relating to the Group's interests in certain joint ventures. The recoverable values of these joint ventures were assessed to be below their carrying values. The impairment loss was mainly attributable to the Group's investment in Zeus EduTech Group (Cayman) and its subsidiaries ("Zeus Group"). Management has assessed that the regulatory measures rolled out in the People's Republic of China (the "PRC") targeting the tuition industry in July 2021 have adversely impacted the Group's investment in Zeus Group due to uncertainties arising from new policies set by the government, leading to adverse impact on the economic outlook of the tuition industry in PRC. Accordingly, management determined that the recoverable value of Zeus Group to be nil.

As the Group's cost of investments in these joint ventures have been reduced to nil, the Group has discontinued equity accounting for further losses as the Group has no obligation to fund these joint ventures.

Set out below are joint ventures that are material to the Group.

The Group has a 50% interest in the ownership and voting rights in a joint venture, Roxy-CES (NZ) Limited ("Roxy-CES") that is held through a subsidiary. This joint venture is incorporated in New Zealand and is a strategic venture in the business of property investment.

The Group has a 35% interest in Zeus Group, whose principal business is education software, online K-12 education, education training and consulting services. As the Group's cost of investments in Zeus Group have been impaired fully in 2021, hence the joint venture was no longer considered to be material to the Group.

The following table illustrates the summarised financial information of the Group's investment in Roxy-CES and Zeus Group:

	2021	2020	
	Roxy-CES	Roxy-CES	Zeus Group
	$'000	$'000	$'000
Current assets[1]	8,520	12,427	10,517
Non-current assets	180,577	198,202	443
Current liabilities[2]	(31,368)	(31,565)	(9,167)
Non-current liabilities[3]	(140,502)	(155,427)	(103)
Equity	17,227	23,637	1,690
Group's share	50%	50%	35%
Group's carrying amount of the investment	8,613	11,819	592
Add: Quasi-equity loan to a joint venture	25,685	–	–
Add: Goodwill	–	–	9,539
Carrying value of Group's interest in joint ventures	34,298	11,819	10,131

14. Investments in joint ventures and associates (cont'd)

(a) Investments in joint ventures (cont'd)

The following table illustrates the summarised financial information of the Group's investment in Roxy-CES and Zeus Group: (cont'd)

	2021	2020	
	Roxy-CES	Roxy-CES	Zeus Group
	$'000	$'000	$'000
Revenue	13,035	12,533	8,218
Interest income	14	69	5
Interest expense	2,835	3,218	249
Income tax expense	2,311	3,834	32
Net profit/(loss)	(5,790)	9,301	(13,263)
Other comprehensive income	–	–	224
Total comprehensive income	(5,790)	9,301	(13,039)
[1] Includes cash and cash equivalents	7,019	10,223	894
[2] Includes financial liabilities (excluding trade payables)	30,433	31,246	8,897
[3] Includes financial liabilities (excluding trade payables)	133,943	137,298	–

Quasi-equity loan to a joint venture

These amounts are unsecured, non-interest bearing and the settlement of the amount is neither planned nor likely to occur in foreseeable future.

The following table summarises in aggregate, the carrying amount of Group's interest in all individually immaterial joint ventures and Group's share of profit and total comprehensive income of the Group's individually immaterial joint ventures accounted for using the equity method:

	Group	
	2021	2020
	$'000	$'000
Carrying value of individually immaterial joint ventures	4,236	10,971
Loss after tax and total comprehensive income	(5,109)	(1,566)

Details regarding joint ventures are set out in Note 1.

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14. Investments in joint ventures and associates (cont'd)

(b) Investments in associates

There are no associates which are material to the Group.

The following table summarises in aggregate, the Group's share of profit and total comprehensive income of the Group's individually immaterial associates accounted for using the equity method:

	Group	
	2021	**2020**
	$'000	$'000
Profit after tax	288	78
Other comprehensive income	218	178
Total comprehensive income	506	256

Details regarding associates are set out in Note 1.

15. Joint operations

The Group has a 50% and 40% equity interest in the ownership and voting rights in joint operations, Sinohydro - CES_SDC Joint Venture and Hock Lian Seng Infrastructure - CES_SDC JV respectively that are held through a subsidiary, CES_SDC Pte. Ltd.

All joint operations are incorporated in Singapore and are strategic ventures of the business. The Group controls the joint operations with the other partner under the contractual agreements which provide the Group with rights to assets and obligations for the liabilities relating to the joint operations.

Details regarding the joint operations are set out in Note 1.

16. Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current:				
Trade receivables	50,655	47,023	–	–
Accrued receivables	538,995	321,971	–	–
Deposits	8,258	6,892	657	255
Recoverables	8,731	5,338	16	–
GST receivables	1,976	3,952	43	–
Loan to investee company	22,293	21,567	–	–
Amounts due from subsidiaries, non-trade	–	–	42,735	–
Amounts due from subsidiaries, trade	–	–	12,029	86,157
Less: Allowance for impairment loss	–	–	(90)	–
Amount due from associate, non-trade	9,000	9,000	–	–
Amounts due from joint ventures, non-trade	249	646	–	–
Amounts due from related parties, trade	181	90	–	–
Others	1,065	2,762	11	–
	641,403	419,241	55,401	86,412
Non-current:				
Amounts due from subsidiaries, non-trade	–	–	336,285	349,813
Less: Allowance for impairment loss	–	–	–	(60,228)
Amount due from associate, non-trade	–	197	–	–
Amounts due from joint ventures, non-trade	53,139	29,493	–	–
Other receivables	3,855	3,282	16	125
	56,994	32,972	336,301	289,710
Total trade and other receivables (excluding GST receivables)	696,421	448,261	391,659	376,122
Add: Cash and cash equivalents (Note 19)	505,888	374,040	76,556	4,439
Total financial assets carried at amortised cost	1,202,309	822,301	468,215	380,561

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For the financial year ended 31 December 2021

16. Trade and other receivables (cont'd)

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

	Group	
	2021	2020
	$'000	$'000
Vietnamese Dong	9,000	9,000
US Dollar	4,789	5,053
New Zealand Dollar	–	29,493
Renminbi	–	197

Trade receivables and amount due from subsidiaries and related parties, trade (current)

These amounts are non-interest bearing and are generally on 14 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Deposits

Included in the deposits are rental deposits amounting to $1,103,000 (2020: $1,486,000) and deposits paid for building and construction equipment amounting to $2,943,000 (2020: $1,824,000).

Recoverables

Recoverables relate mainly to payment made on behalf of suppliers and advances to sub-contractors.

Loan to investee company

The loan is extended from the Company's subsidiary, Viet Investment Link Joint Stock Company ("VietLink") to Giai Loi Investment Joint Stock Company ("GL") pursuant to a loan agreement with the intention to acquire a 60% stake of a proposed investment in a real estate development project known as "Soai Kinh Lan Apartment – Commercial Center". The loan is secured by certain assets of the owner of GL.

The loan is repayable on demand. Currently, the loan is interest-free until VietLink or its nominated purchaser is a shareholder of GL, upon which, interest will apply to the loan with reference to the market rate at that time. Pursuant to the loan arrangement, GL is obliged to repay the loan, together with any accrued interest, in full or in part on demand by VietLink.

Amounts due from joint ventures and associate, non-trade (current)

These amounts are unsecured, non-interest bearing and are repayable on demand. All amounts are to be settled in cash.

Amounts due from subsidiaries, non-trade (non-current)

These amounts are unsecured and bear interest at varying rates from 2.56% to 2.97% per annum (2020: 3.30% to 3.84% per annum). The amounts have no fixed repayment terms and are repayable only upon demand by holding company.

Amounts due from joint ventures and associate, non-trade (non-current)

These amounts are unsecured and non-interest bearing, except for loans amounting to $52,989,000 in 2021 at varying rates from 1.15% to 10.00% per annum. The amounts are not expected to be repaid within the next twelve months. All amounts are to be settled in cash.

Other receivables (non-current)

These amounts relate to rental deposits.

16. Trade and other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables of the Group and amount due from subsidiaries of the Company computed based on lifetime ECL are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Movement in allowance accounts:				
At 1 January	161	130	60,228	–
Charge for the year	556	159	90	60,228
Writeback*	–	–	(60,228)	–
Written off	–	(132)	–	–
Exchange differences	18	4	–	–
At 31 December	735	161	90	60,228

* Management has written back expected credit loss amounting to $60,228,000 which relates to receivables from the education segment subsidiaries due to improvement of business performance of the education segment as the schools received commendable participation from students in online classes amidst the COVID-19 situation.

17. Development properties

	Group	
	2021	**2020**
	$'000	$'000
Properties under development, units for which revenue is recognised over time		
Land and land related costs	529,999	879,770
Development costs	71,169	103,444
	601,168	983,214
Properties under development, units for which revenue is recognised at a point in time		
Land and land related cost	36,505	90,929
Development costs	10,611	20,038
	47,116	110,967
Total development properties	648,284	1,094,181
Development properties recognised as an expense in cost of sales	549,869	386,629

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17. Development properties (cont'd)

In 2020, borrowing costs of $1,857,000 arising from borrowings obtained specifically for the development properties were capitalised under "Development cost". Interest rate for borrowing costs capitalised in 2020 ranged from 1.28% to 2.54% per annum.

The development properties are subject to legal mortgages for the purpose of securing bank loans (Note 20).

18. Inventories

	Group	
	2021	**2020**
	$'000	$'000
Raw materials (at cost)	1,054	659
Finished goods (at cost or net realisable value)	3,277	1,405
Hotel supplies (at cost)	992	787
	5,323	2,851
Income statement:		
Inventories recognised as an expense in cost of sales	22,443	10,466

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For the financial year ended 31 December 2021

19. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash at banks and on hand	205,328	156,253	20,068	4,141
Short-term deposits	104,574	37,878	56,488	298
Project account – Cash at bank	60,020	52,015	–	–
Project account – Short-term deposits	135,966	127,894	–	–
	505,888	374,040	76,556	4,439

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 1 day and 12 months (2020: 1 day and 12 months), depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short term deposit rates. The interest rates for the year ended 31 December 2021 for the Group and the Company range from 0.03% to 1.85% (2020: 0.02% to 1.74%) per annum and from 0.25% to 0.40% (2020: 0.05% to 1.55%) per annum respectively.

As at 31 December 2021, the Group has a total balance of $195,986,000 (2020: $179,909,000) held under the Housing Developers (Project Account) Rules in Singapore and the use of which is also governed by these rules.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Australian Dollar	527	548	266	276
US Dollar	10,951	5,196	31	30
Vietnamese Dong	55	53	52	50
Euro	3,314	5,470	–	–
United Arab Emirates Dirham	–	214	–	–

The Group has pledged a part of its short-term deposits to fulfil collateral requirements.

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

	Group	
	2021	2020
	$'000	$'000
Cash and cash equivalents per balance sheet	505,888	374,040
Less: short-term deposits pledged	(4,102)	(4,256)
Cash and cash equivalents per consolidated cash flows statement	501,786	369,784

20. Loans and borrowings

	Maturity	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Current:					
Secured bank loans	2022/2021	440,211	180,602	–	–
Unsecured bank loans	2022/2021	6,039	4,006	–	–
Unsecured term notes	2021	–	13,000	–	13,000
Unsecured term notes	2022	54,000	–	15,000	–
		500,250	197,608	15,000	13,000
Non-current:					
Secured bank loans	2023 to 2040	808,375	1,444,629	–	–
Unsecured bank loans	2025	28,609	30,243	–	–
Unsecured term notes	2022	–	125,250	–	25,250
Unsecured term notes	2024	120,000	–	–	–
		956,984	1,600,122	–	25,250
Total loans and borrowings		1,457,234	1,797,730	15,000	38,250

<u>Secured bank loans</u>

The Group's bank loans are denominated in Singapore Dollar, Malaysian Ringgit and US Dollar. For the year ended 31 December 2021, the bank loans bear interest at varying rates from 1.02% to 5.15% (2020: 0.95% to 5.15%) per annum.

The bank loans are secured by:

(a) legal mortgage on the school campus (Note 10), hotels (Note 10), precast yard (Note 10), investment properties (Note 11) and development properties (Note 17);
(b) assignment of sale and rental proceeds, present and future tenancy and sales agreement;
(c) assignment of construction contracts, performance bonds and fire insurance policies;
(d) subordination of shareholder's loan;
(e) fixed and floating charge on all the assets of the hotel;
(f) assignment of building agreements;
(g) assignment of dividends to be received; and
(h) charge of bank accounts with the banker.

20. Loans and borrowings (cont'd)

Unsecured bank loans

The Group's bank loans are denominated in Singapore Dollar and bear interest at varying rates from 2.00% to 2.50% (2020: 2.00% to 2.50%) per annum.

Unsecured term notes

On 14 June 2016, the Company issued $120,000,000 of notes under the $500,000,000 Multicurrency Debt Issuance Programme (the "Programme"). On 11 December 2018, the Company redeemed $107,000,000 of the notes. The remaining $13,000,000 of notes which were unsecured and bore interest at a fixed rate of 4.75% per annum, payable semi-annually in arrear had matured in June 2021.

On 8 May 2017, the Company issued a Supplementary Deed of Covenant to increase the Programme limit from $500,000,000 to $750,000,000.

On 19 May 2017, the Company issued $125,000,000 of notes under the Programme. On 11 December 2018, the Company redeemed $99,750,000 of the notes. The remaining $25,250,000 of notes which are unsecured, bear interest at a fixed rate of 4.90% per annum, payable semi-annually in arrear will originally mature in May 2022. Pursuant to an exchange offer on 16 November 2021, $10,250,000 of notes was exchanged with an equivalent amount of new notes which will mature in December 2024. The remaining $15,000,000 of notes remained repayable in May 2022.

On 15 March 2019, the Company's wholly-owned subsidiary, CES Treasury Pte. Ltd., issued $100,000,000 of notes under the Programme. These notes which are unsecured, bear interest at a fixed rate of 6.00% per annum, payable semi-annually in arrear and will originally mature in March 2022. Pursuant to an exchange offer on 16 November 2021, $61,000,000 of notes was exchanged with an equivalent amount of new notes which will mature in December 2024. The remaining $39,000,000 of notes remained repayable in March 2022.

On 6 December 2021, the Company's wholly-owned subsidiary, CES Treasury Pte. Ltd., issued $120,000,000 of notes under the Programme comprising: (i) $71,250,000 in aggregate principal amount of new notes issued as part of the exchange offer for previous notes expiring in 2022; and (ii) $48,750,000 in aggregate principal amount of additional new notes issued. These notes which are unsecured, bear interest at a fixed rate of 6.50% per annum, payable semi-annually in arrear and will mature in December 2024.

A reconciliation of liabilities arising from financing activities is as follows:

	Loans and term notes		Lease liabilities (Note 28)	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At 1 January	1,797,730	1,798,344	117,749	74,097
Cash flows	(341,498)	407	(15,047)	(25,631)
Non-cash changes:				
– New leases	–	–	3,697	68,184
– Accretion of interest	–	–	3,973	4,045
– Rent concession	–	–	(649)	(1,062)
– Acquisition of subsidiary	–	–	–	37
– Adjustments	–	–	(399)	–
– Foreign exchange movement	1,002	(1,021)	1,503	(1,921)
At 31 December	1,457,234	1,797,730	110,827	117,749

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21. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current:				
Trade payables	89,827	60,213	153	159
Other payables	16,468	25,407	45	67
Amounts due to subsidiaries, non-trade	–	–	86,405	27,769
Amount due to non-controlling interest, trade	1,300	5,211	–	–
Amount due to non-controlling interest, non-trade	137,560	–	–	–
GST payables	2,853	1,059	–	50
	248,008	91,890	86,603	28,045
Non-current:				
Trade payables	22,970	17,377	–	–
Amounts due to subsidiaries, non-trade	–	–	252,963	253,243
Amounts due to non-controlling interest, non-trade	10,238	141,894	–	–
	33,208	159,271	252,963	253,243
Trade and other payables (excluding GST payables)	278,363	250,102	339,566	281,238
Add:				
- Other liabilities (excluding lease liabilities) (Note 22)	119,314	117,890	2,565	1,635
- Loans and borrowings (Note 20)	1,457,234	1,797,730	15,000	38,250
Total financial liabilities carried at amortised cost	1,854,911	2,165,722	357,131	321,123

21. Trade and other payables (cont'd)

Trade and other payables denominated in foreign currencies at 31 December are as follows:

	Group	
	2021	**2020**
	$'000	$'000
Euro	275	31
US Dollar	2,167	455

Trade payables, amounts due to subsidiaries, non-trade and amounts due to non-controlling interest, trade and non-trade (current)

The amounts are non-interest bearing, except for amounts due to subsidiaries of $84,590,000 in 2021 (2020: $25,250,000) which bear interest ranging from 0.40% to 6.30% (2020: 0.05% to 2.10%) per annum and amount due to non-controlling interest of $109,771,000 (2020: Nil) which bears interest ranging from 1.09% to 1.42%. These amounts are normally settled on 30 to 90 days terms.

Amounts due to subsidiaries, non-trade and amount due to non-controlling interest, non-trade (non-current)

The amounts are unsecured, bear interest ranging from 0.26% to 6.83% (2020: 1.08% to 6.30%) per annum and not expected to be repaid within the next twelve months. The amounts are to be settled in cash.

22. Provision and other liabilities

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Current:				
Accrued project costs and operating expenses	110,687	109,717	2,565	1,635
Provision for onerous contracts	5,248	7,030	–	–
Provision for reinstatement costs	1,499	1,068	–	–
Provision for restructuring costs	1,810	–	–	–
Lease liabilities	14,071	10,774	223	373
	133,315	128,589	2,788	2,008
Non-current:				
Accrued project costs and operating expenses	70	75	–	–
Lease liabilities	96,756	106,975	70	293
	96,826	107,050	70	293
Total provision and other liabilities	230,141	235,639	2,858	2,301

22. Provision and other liabilities (cont'd)

	Movement in provision for:			
	Onerous contracts	**Reinstatement costs**	**Restructuring costs**	**Total**
	$'000	$'000	$'000	$'000
At 1 January 2020	6,022	–	–	6,022
Arose during the financial year	7,163	1,068	–	8,231
Acquisition of subsidiary	355	–	–	355
Utilised	(6,510)	–	–	(6,510)
At 31 December 2020	7,030	1,068	–	8,098
Arose during the financial year	4,706	437	1,810	6,953
Utilised	(6,488)	(6)	–	(6,494)
At 31 December 2021	5,248	1,499	1,810	8,557

Provision for onerous contracts is made when it is assessed that the costs to fulfil the performance obligation is unavoidable for loss-making contracts.

Provision for reinstatement costs is made for the expected costs associated with restoring the leased assets upon expiry of leases from landlords to its original condition based on the requirements of the lease contract.

Provision for restructuring costs is made in respect of the planned closure of enrichment centres in the PRC.

23. Deferred tax assets and liabilities

Deferred tax assets and liabilities as at 31 December relate to the following:

	Group				Company	
	Consolidated Balance Sheet		Consolidated Income Statement		Balance Sheet	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets						
Unutilised tax losses	5,481	5,672	288	(1,444)	–	–
Provisions	1,322	–	(659)	–	–	–
	6,803	5,672			–	–
Deferred tax liabilities						
Differences in depreciation for tax purpose	(5,808)	(5,357)	702	(135)	(31)	(16)
Fair value adjustments on acquisition of subsidiary	(3,257)	(3,312)	(665)	(325)	–	–
Deferred tax liabilities on development properties	(12,950)	(17,547)	4,440	2,138	–	–
	(22,015)	(26,216)			(31)	(16)
Deferred tax expenses			4,106	234		

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses and allowances of approximately $130,162,000 (2020: $124,300,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is 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. The tax losses do not expire under current tax legislation.

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24. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2021		2020	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares				
At beginning and end of the year	824,019	175,978	824,019	175,978

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

(b) Treasury shares

	Group and Company			
	2021		2020	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
At 1 January	(41,094)	(29,719)	(41,501)	(30,034)
Reissued pursuant to Chip Eng Seng Performance Share Plan	1,300	940	500	362
Share buyback	–	–	(93)	(47)
At 31 December	(39,794)	(28,779)	(41,094)	(29,719)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

On 7 January 2021 and 31 December 2021, the Company reissued 500,000 and 800,000 treasury shares at $0.445 per share and $0.410 per share respectively upon vesting of shares granted pursuant to the Chip Eng Seng Performance Share Plan.

On 22 April 2020, the Company bought back 92,800 shares at $0.50 per share.

On 6 January 2020, the Company reissued 500,000 treasury shares at $0.625 per share upon vesting of shares granted pursuant to the Chip Eng Seng Performance Share Plan.

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25. Other reserves

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Foreign currency translation reserve	(a)	(8,164)	(5,850)	–	–
Capital reserve	(b)	674	674	–	–
Asset revaluation reserve	(c)	3,007	2,789	–	–
Treasury shares reserve	(d)	(1,307)	(917)	(1,307)	(917)
Share-based compensation reserve	(e)	4,920	5,877	4,920	5,877
Other reserve	(f)	(10,714)	(8,820)	–	–
		(11,584)	(6,247)	3,613	4,960

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2021	2020
	$'000	$'000
At 1 January	(5,850)	(14,891)
Net effect of exchange difference arising from translation of financial statements of foreign operations	(2,064)	8,657
Share of other comprehensive income of associates and joint ventures	(250)	384
At 31 December	(8,164)	(5,850)

(b) Capital reserve

	Group	
	2021	2020
	$'000	$'000
At beginning and end of the year	674	674

25. Other reserves (cont'd)

(c) Asset revaluation reserve

This represents the Group's share in fair value reserve of leasehold land and building of an associate.

	Group	
	2021	**2020**
	$'000	$'000
At 1 January	2,789	2,611
Share of other comprehensive income of an associate	218	178
At 31 December	3,007	2,789

(d) Treasury shares reserve

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

	Group and Company	
	2021	**2020**
	$'000	$'000
At 1 January	(917)	(868)
Treasury shares reissued pursuant to Chip Eng Seng Performance Share Plan	(390)	(49)
At 31 December	(1,307)	(917)

(e) Share-based compensation reserve

Share-based compensation reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative fair value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

	Group and Company	
	2021	**2020**
	$'000	$'000
At 1 January	5,877	4,973
Expiry of share options	(1,187)	–
Fair value of employee services rendered during the year	780	1,217
Treasury shares reissued pursuant to employee share option scheme	(550)	(313)
At 31 December	4,920	5,877

25. Other reserves (cont'd)

(f) Other reserve

Other reserve represents the difference between the change in carrying amount of non-controlling interest acquired and the fair value of the consideration paid.

	Group	
	2021	**2020**
	$'000	$'000
At 1 January	(8,820)	(1,919)
Acquisition of non-controlling interest	(1,894)	(2,037)
Capital contribution to non-wholly owned subsidiary*	–	(4,864)
At 31 December	(10,714)	(8,820)

* This arises as the non-controlling interests did not contribute its share of capital contribution.

26. Employee benefits expense

	Group	
	2021	**2020**
	$'000	$'000
Employee benefits expense (including directors):		
Salaries and bonuses	93,785	75,459
Central Provident Fund contributions	12,369	7,314
Share-based compensation expenses	780	1,217
Other short term benefits	5,803	5,217
	112,737	89,207

Chip Eng Seng Employee Share Option Scheme 2013

The Chip Eng Seng Employee Share Option Scheme 2013 ("ESOS") was approved by the shareholders at the Extraordinary General Meeting of the Company held on 25 April 2013. Under the terms of the ESOS, options to subscribe for the Company's ordinary shares may be granted to employees (including executive directors) and non-executive directors of the Group and the associated companies over which the Company has control. The schemes are administered by the Remuneration Committee.

Options granted shall not exceed 15% of the total issued shares (excluding treasury shares) on the day immediately preceding the offer date of the ESOS. The exercise price of the granted options was determined based on the average of the last business done prices of the Company for five market days immediately preceding the date of grant of the option. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years for options granted at a discounted exercise price, and 1 year for options granted without discount. The share options expire in stages before the eighth anniversary from the date of grant.

On 3 June 2016, options were granted pursuant to the ESOS to an executive director of the Company to subscribe for 40,000,000 ordinary shares in the Company at the discounted exercise price of $0.55 per ordinary share.

On 9 April 2019, options were granted pursuant to the ESOS to two executive directors of the Company to subscribe for 15,000,000 ordinary shares in the Company at the discounted exercise price of $0.76 per ordinary share.

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26. Employee benefits expense (cont'd)

Chip Eng Seng Employee Share Option Scheme 2013 (cont'd)

Movements in the number of unissued ordinary shares under the ESOS and their exercise prices are as follows:

	2021		2020	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		$		$
Outstanding at 1 January	50,000,000	0.61	50,000,000	0.61
Expired during the year	(10,000,000)	0.55	–	–
Outstanding at 31 December	40,000,000	0.63	50,000,000	0.61

The range of exercise prices for the options outstanding at the end of the year was $0.55 to $0.76 (2020: $0.55 to $0.76). The weighted average remaining contractual life of these options is 2.8 years (2020: 3.2 years).

Fair value of share options granted

There were no share options granted in 2020 and 2021.

27. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2021	2020
	$'000	$'000
Management and other fees from associates	103	54
Fee paid to a director of the Company under a contract for services	707	605
Interest income from joint ventures	231	–
Sale of development property to a family member of a director of the Company	–	1,202

27. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2021	**2020**
	$'000	$'000
Short-term employee benefits	8,395	8,102
Central Provident Fund contributions	175	230
Share-based compensation expenses	551	1,217
Other short-term benefits	160	175
	9,281	9,724
Comprise amounts paid to:		
- Directors of the Company	3,729	3,867
- Other key management personnel	5,552	5,857
	9,281	9,724

(c) Others

	Group	
	2021	**2020**
	$'000	$'000
Interests on fixed rate notes paid/payable to directors/key management personnel of the Company	2,021	2,003

28. Leases

(a) Group as a lessee

The Group has entered into industrial property lease on a 3D printing yard, land lease for Maldivian lagoons and various commercial property leases. The leases generally have lease terms between 2 and 11 years (2020: 2 and 11 years) except for the leases for the lagoons which have lease term of 45 to 46 years (2020: 45 to 46 years). Generally, the Group is restricted from subleasing the leased assets.

The Group also has certain leases with lease terms of 12 months or less and lease of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movement during the period:

	Leasehold lands	Leasehold buildings	Total
	$'000	$'000	$'000
Group			
As at 1 January 2021	41,230	79,909	121,139
Additions	–	3,697	3,697
Cost adjustments	(399)	–	(399)
Disposals/write-off	–	(221)	(221)
Exchange differences	855	770	1,625
Depreciation expense	(914)	(15,695)	(16,609)
Impairment loss	–	(156)	(156)
As at 31 December 2021	40,772	68,304	109,076
As at 1 January 2020	10,275	61,332	71,607
Acquisition of subsidiary	–	37	37
Additions	33,390	34,794	68,184
Exchange differences	(1,481)	(645)	(2,126)
Depreciation expense	(954)	(15,196)	(16,150)
Impairment loss	–	(413)	(413)
As at 31 December 2020	41,230	79,909	121,139

28. Leases (cont'd)

(a) Group as a lessee (cont'd)

Set out below are the carrying amounts of liabilities (included under other liabilities) and the movement during the period:

	Group	
	2021	**2020**
	$'000	$'000
As at beginning of the year	117,749	74,097
Acquisition of subsidiary	–	37
Additions	3,697	68,184
Exchange differences	1,503	(1,921)
Accretion of interest	3,973	4,045
Rent concessions	(649)	(1,062)
Adjustments	(399)	–
Payments	(15,047)	(25,631)
As at end of the year	110,827	117,749
Current (Note 22)	14,071	10,774
Non-current (Note 22)	96,756	106,975

The maturity analysis of lease liabilities are disclosed in Note 31(b).

The following are the amounts recognised in income statement:

	Group	
	2021	**2020**
	$'000	$'000
Depreciation expense of right-of-use assets	16,609	16,150
Interest expenses on lease liabilities	3,271	3,408
Expenses relating to short-term leases (included in administrative expenses)	135	95
Expenses relating to leases of low-value assets (included in administrative expenses)	196	127
Variable lease payments (included in administrative expenses)	–	92
Total amount recognised in income statement	20,211	19,872

28. Leases (cont'd)

(a) Group as a lessee (cont'd)

The Group had total cash outflows for leases of $15,378,000 in 2021 (2020: $25,945,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of $3,697,000 in 2021 (2020: $68,184,000). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 35.

The Group has several lease contracts that include termination and extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercise significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3.1).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Group		
	Within five years	**Over five years**	**Total**
	$'000	$'000	$'000
2021			
Extension options expected not to be exercised	16,440	119,277	135,717
2020			
Extension options expected not to be exercised	7,546	126,516	134,062

(b) Group as a lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 5 years. Most leases have fixed rental with annual upward adjustments agreed upfront or determined by consumer price index.

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	2021	**2020**
	$'000	$'000
Not later than one year	2,941	4,539
Later than one year but not later than five years	2,782	5,206
	5,723	9,745

29. Contingent liabilities

Guarantees

The Company has guaranteed the banking facilities and performance bonds of $1,746,097,000 (2020: $2,089,845,000) and $207,135,000 (2020: $53,902,000) granted to certain subsidiaries and joint ventures respectively. At 31 December 2021, the amounts utilised by the subsidiaries and joint ventures were $1,388,046,000 (2020: $1,707,872,000) and $140,725,000 (2020: $53,902,000) respectively.

Based on information currently available, the Company does not expect any liabilities to arise from the guarantees as the Company will continue to provide financial support to the subsidiaries and joint ventures.

30. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

No financial assets were measured at fair value as at 31 December 2021 and 31 December 2020.

	Fair value measurements at the end of the reporting period using			
Group	**Quoted prices in active markets for identical instruments (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
31 December 2021	$'000	$'000	$'000	$'000
Non-financial assets:				
Investment properties (Note 11)				
Commercial properties	–	–	193,434	193,434
31 December 2020				
Non-financial assets:				
Investment properties (Note 11)				
Commercial properties	–	–	296,759	296,759

30. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

Description	Fair value at 31 December 2021 $'000	Valuation techniques	Unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value measurement
Recurring fair value measurements					
Investment properties:					
Commercial properties in Singapore and Australia	193,434	Market comparable approach	Transacted price of comparable properties (psf)	$255 - $5,632	The estimated fair value increases with higher transacted price of comparable properties
		Capitalisation approach	Capitalisation rate	4.00% - 7.00%	The estimated fair value varies inversely against the capitalisation rate, discount rate and terminal yield rate
		Discounted cash flow approach	Discount rate	7.50%	
			Terminal yield rate	7.00%	
		Residual land value method	Gross development value	$2,420 psf	The estimated fair value increases with higher gross development value and decreases with higher estimated development cost
			Estimated development cost	$350 psf	

30. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Description	Fair value at 31 December 2020	Valuation techniques	Unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value measurement
	$'000				
Recurring fair value measurements					
Investment properties:					
Commercial properties in Singapore and Australia	296,759	Market comparable approach	Transacted price of comparable properties (psf)	$255 - $4,223	The estimated fair value increases with higher transacted price of comparable properties
		Capitalisation approach	Capitalisation rate	7.25%	The estimated fair value varies inversely against the capitalisation rate, discount rate and terminal yield rate
		Discounted cash flow approach	Discount rate	7.50%	
			Terminal yield rate	7.25%	
		Residual land value method	Gross development value	$2,420 psf	The estimated fair value increases with higher gross development value and decreases with higher estimated development cost
			Estimated development cost	$333 psf	

(ii) Movements in Level 3 assets measured at fair value

A reconciliation of the movements in Level 3 assets measured at fair value is presented in Note 11.

(iii) Valuation policies and procedures

The Group revalues its investment property portfolio on an annual basis. The fair values of investment properties are determined by external independent valuers who have appropriate recognised professional qualifications and experience in the location and category of property being valued. Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

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31. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

31. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix:

31 December 2021	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Contract assets	73,494	–	–	–	–	73,494
Gross carrying amount	24,684	21,985	2,762	603	1,356	51,390
Loss allowance provision	(11)	(35)	(64)	(52)	(573)	(735)

31 December 2020	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Contract assets	329,211	–	–	–	–	329,211
Gross carrying amount	5,729	17,046	6,200	1,839	16,370	47,184
Loss allowance provision	–	(19)	–	(22)	(120)	(161)

Information regarding loss allowance movement of trade receivables are disclosed in Note 16.

During the financial year, the Group has written-off $Nil (2020: $132,000) of trade receivables which are more than 120 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- corporate guarantee provided by the Company for banking facilities granted to subsidiaries and joint ventures (Note 29).

31. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables and contract assets on an on-going basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the end of the reporting period is as follows:

	Group			
	2021		2020	
	$'000	% of total	$'000	% of total
By country:				
Singapore	649,027	98	686,507	98
Other countries	14,117	2	11,698	2
	663,144	100	698,205	100
By industry sector:				
Construction	125,006	19	72,697	10
Property development	531,105	80	618,595	89
Hospitality	4,529	#	4,621	#
Education	2,460	#	2,286	#
Property investment and others	44	#	6	#
	663,144	100	698,205	100

\# Less than 1%

At the end of the reporting period, approximately 8% (2020: 5%) of the Group's trade receivables were due from 3 major customers who are located in Singapore.

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31. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

At the end of the reporting period, approximately 34% (2020: 11%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturity within twelve months can be rolled over with existing lenders.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

	Group			
	One year or less	**One to five years**	**Over five years**	**Total**
31 December 2021	$'000	$'000	$'000	$'000
Trade and other payables	246,716	33,208	–	279,924
Lease liabilities	17,211	49,601	83,342	150,154
Other liabilities (excluding lease liabilities)	119,244	70	–	119,314
Loans and borrowings	524,083	815,279	193,670	1,533,032
Total undiscounted financial liabilities	907,254	898,158	277,012	2,082,424
31 December 2020				
Trade and other payables	92,025	160,267	–	252,292
Lease liabilities	13,773	58,829	87,061	159,663
Other liabilities (excluding lease liabilities)	117,815	75	–	117,890
Loans and borrowings	223,709	1,351,977	348,549	1,924,235
Total undiscounted financial liabilities	447,322	1,571,148	435,610	2,454,080

31. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Company			
	One year or less	**One to five years**	**Over five years**	**Total**
31 December 2021	$'000	$'000	$'000	$'000
Trade and other payables	96,746	274,616	–	371,362
Lease liabilities	228	71	–	299
Other liabilities (excluding lease liabilities)	2,565	–	–	2,565
Loans and borrowings	15,282	–	–	15,282
Total undiscounted financial liabilities	114,821	274,687	–	389,508
31 December 2020				
Trade and other payables	37,415	256,083	–	293,498
Lease liabilities	389	300	–	689
Other liabilities (excluding lease liabilities)	1,635	–	–	1,635
Loans and borrowings	14,518	25,725	–	40,243
Total undiscounted financial liabilities	53,957	282,108	–	336,065

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Company			
	One year or less	**One to five years**	**Over five years**	**Total**
31 December 2021	$'000	$'000	$'000	$'000
Financial guarantees	436,594	878,155	214,022	1,528,771
31 December 2020				
Financial guarantees	247,944	1,200,867	312,963	1,761,774

31. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to subsidiaries (Note 16).

The interest rate for loan and borrowings are based on floating rate except for the term notes and term loans amounting to $174,000,000 (2020: $138,250,000) and $21,397,000 (2020: $20,000,000) respectively which are based on fixed rate (Note 20).

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 basis points ('bps') (2020: 75 bps) lower/higher with all other variables held constant, the Group's profit before tax would have been $9,464,000 (2020: $12,296,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(d) Foreign currency risk

The functional currencies of the Group entities primarily comprise the Singapore Dollar ("SGD"), US Dollar ("USD"), Australian Dollar ("AUD"), Vietnamese Dong ("VND") and Malaysian Ringgit ("MYR"). All the sales and cost of sales are in their respective functional currencies of the Group entities.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in EURO and USD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Australia, New Zealand, Vietnam, Maldives, Malaysia and China. The Group's net investments in foreign operations are not hedged as currency positions in the foreign operations are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the following exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	Loss before tax	
	2021	2020
	$'000	$'000
NZD		
- strengthened 3% (2020: 3%)	–	(885)
- weakened 3% (2020: 3%)	–	885
USD		
- strengthened 3% (2020: 3%)	(407)	(294)
- weakened 3% (2020: 3%)	407	294
VND		
- strengthened 3% (2020: 3%)	(272)	(272)
- weakened 3% (2020: 3%)	272	272
EURO		
- strengthened 3% (2020: 3%)	(91)	(164)
- weakened 3% (2020: 3%)	91	164

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32. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

Management monitors capital based on the net debt-equity ratio, which is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings less cash and cash equivalents, and total capital is calculated as equity including non-controlling interests in subsidiaries.

	Group	
	2021	**2020**
	$'000	$'000
Loans and borrowings (Note 20)	1,457,234	1,797,730
Less:		
Cash and cash equivalents (Note 19)	(505,888)	(374,040)
Net debt	951,346	1,423,690
Total equity	780,023	817,285
Net debt-equity ratio (times)	1.22	1.74

33. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has six reportable operating segments as follows:

(a) The construction segment is in the business of general building, precast, infrastructure and civil engineering; and water and environmental engineering contractors.

(b) The property development segment is in the business of developing properties and management of development projects.

(c) The property investment segment is in the business of leasing and management of investment properties.

(d) The hospitality segment is in the business of hotel operations.

(e) The education segment is in the business of providing education services.

(f) The corporate and others segment is involved in Group-level corporate services, treasury functions and investments in marketable securities (if any).

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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33. Segment information (cont'd)

Year ended 31 December 2021	Construction	Property development	Property investment	Hospitality	Education	Corporate and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue:							
Total segment sales	407,014	648,299	8,087	46,058	36,698	7,298	1,153,454
Intersegment sales	(27,519)	(187)	(3,061)	–	–	(7,288)	(38,055)
Sales to external customers	379,495	648,112	5,026	46,058	36,698	10	1,115,399
Interest income	628	455	20	5	113	27	1,248
Finance costs	(1,008)	(15,133)	(3,326)	(3,769)	(5,523)	(1,896)	(30,655)
Depreciation and amortisation	(13,248)	(171)	(193)	(9,970)	(21,919)	(1,043)	(46,544)
Share of results of associates and joint ventures	(143)	158	(2,895)	–	(4,966)	130	(7,716)
Net fair value loss on investment properties	–	–	(6,507)	–	–	–	(6,507)
Other non-cash items:							
Share-based compensation expenses	–	–	–	–	–	(780)	(780)
Provision for onerous contracts	(4,706)	–	–	–	–	–	(4,706)
Provision for restructuring costs	–	–	–	–	(1,810)	–	(1,810)
Impairment loss on trade and other receivables	(85)	–	(76)	–	(1,795)	–	(1,956)
Impairment loss on investments in joint ventures	–	–	–	–	(14,359)	–	(14,359)
Writeback of impairment loss on property, plant and equipment	628	–	–	3,180	–	–	3,808
Segment (loss)/profit	(3,488)	52,008	(7,982)	1,779	(48,897)	(6,030)	(12,610)
Assets and liabilities:							
Investments in joint ventures and associates	110	9	34,299	–	4,124	6,476	45,018
Additions to non-current assets:							
Property, plant and equipment	7,249	43	40	3,992	5,489	197	17,010
Investment properties	–	–	3,355	–	–	–	3,355
Intangible assets	–	–	–	–	508	–	508
Segment assets	302,793	1,567,369	312,161	373,326	186,475	87,079	2,829,203
Segment liabilities	251,930	1,220,806	124,721	223,167	165,456	63,100	2,049,180

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. Segment information (cont'd)

Year ended 31 December 2020	Construction	Property development	Property investment	Hospitality	Education	Corporate and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue:							
Total segment sales	172,098	464,346	7,699	34,634	25,938	7,459	712,174
Intersegment sales	(27,506)	(177)	(2,408)	–	–	(7,450)	(37,541)
Sales to external customers	144,592	464,169	5,291	34,634	25,938	9	674,633
Interest income	1,281	656	8	27	276	184	2,432
Finance costs	(560)	(23,303)	(3,985)	(4,579)	(5,202)	(1,741)	(39,370)
Depreciation and amortisation	(8,824)	(368)	(187)	(11,446)	(18,372)	(704)	(39,901)
Share of results of associates and joint ventures	–	(142)	4,650	–	(6,209)	221	(1,480)
Net fair value loss on investment properties	–	–	(11,043)	–	–	–	(11,043)
Other non-cash items:							
Share-based compensation expenses	–	–	–	–	–	(1,217)	(1,217)
Provision for onerous contracts	(7,163)	–	–	–	–	–	(7,163)
Impairment loss on property, plant and equipment	(2,040)	–	–	(3,264)	–	–	(5,304)
Impairment loss on trade and other receivables	(44)	–	(35)	–	(2,218)	–	(2,297)
Fair value loss on investment security	–	–	–	–	(2,347)	–	(2,347)
Segment (loss)/profit	(35,010)	15,898	(3,690)	(11,531)	(40,554)	(2,514)	(77,401)
Assets and liabilities:							
Investments in joint ventures and associates	252	220	11,819	–	20,854	6,128	39,273
Additions to non-current assets:							
Property, plant and equipment	31,545	5	8	38,255	49,499	714	120,026
Investment properties	–	–	911	–	–	–	911
Intangible assets	4,434	–	–	–	–	–	4,434
Segment assets	267,085	1,980,303	354,320	368,378	216,483	13,842	3,200,411
Segment liabilities	205,197	1,618,266	138,883	223,211	163,218	34,351	2,383,126

33. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Singapore	977,922	649,186	527,918	608,881
Australia	74,167	7,131	59,206	58,660
Maldives	23,516	11,715	118,033	118,770
Malaysia	4,663	5,151	33,352	35,069
Hong Kong	5,865	1,351	42,354	49,714
Bangladesh	18,881	–	–	–
Others	10,385	99	10,212	11,240
	1,115,399	674,633	791,075	882,334

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets as presented in the consolidated balance sheet.

Information about a major customer

During the financial year ended 31 December 2021, revenue from a major customer from the construction segment amounted to $138,983,000. In 2020, no revenue from transactions with a single customer contributed to 10% or more to the Group's revenue.

34. Dividends

	Company	
	2021	**2020**
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– First and final tax-exempt (one-tier) dividend for 2020: 2.0 cents (2019: 4.0 cents) per share	15,668	31,317
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– First and final tax-exempt (one-tier) dividend for 2021: 2.0 cents (2020: 2.0 cents) per share	15,684	15,568

The proposed dividends are computed based on the number of issued ordinary shares (excluding treasury shares) as at 31 December.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. Commitments

Committed lease contracts

The Group has entered into lease contract that has not yet commenced as at 31 December 2021. The future lease payments for non-cancellable lease contract are $2,335,000 within 2 to 5 years and $7,918,000 thereafter. The Group has no similar lease contract that has not yet commenced as at 31 December 2020.

Capital commitments

As at 31 December 2021, the Group has entered into capital commitments of $1,666,000 relating to purchase of assets.

36. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 25 March 2022.

RELEVANT PROVISIONS OF THE CONSTITUTION

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are extracted from the Constitution and reproduced below. All capitalised terms used in the following extracts shall have the same meanings given to them in the Constitution, a copy of which will be available for inspection at the office of the Company at 171 Chin Swee Road, #12-01, CES Centre, Singapore 169877, during normal business hours for the period which the Offer remains open for acceptance.

1. RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL

SHARES

5A) (1) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution. *Shares of a class other than ordinary shares*

(2) The Company may issue shares for which no consideration is payable to it. *Issue of shares for no consideration*

6) Subject to the Act, the listing rules of the Exchange and any applicable legislation or regulations, no shares may be issued by the Directors without the prior approval of the Company in general meeting but subject thereto and to Regulation 66, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit. Any such shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors. *Issue of shares*

Notwithstanding the generality of the foregoing, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution, to:

(i) issue shares whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(iii) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force.

Provided Always That the foregoing is subject to the following:

(a) the issuance of preference shares shall be subject to such limitation thereof as may be prescribed by the listing rules of the Exchange;

(b) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same;

(c) where the capital of the Company consists of shares of different monetary denominations, the voting rights shall be prescribed in such manner that a unit of capital in each class when reduced to a common denominator, shall carry the same voting power when such right is exercisable;

(d) the aggregate number of shares to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution) shall be subject to such limits and such manner of calculation as may be prescribed by the listing rules of the Exchange;

(e) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the provisions of the listing rules of the Exchange for the time being in force;

(f) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the annual general meeting of the Company next following the passing of the ordinary resolution, or the date by which such annual general meeting of the company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest); and

(g) any other issue of shares, the aggregate of which would exceed the limits referred to in this Regulation, shall be subject to the approval of the Company in general meeting.

6A) Notwithstanding anything in this Constitution, a treasury share shall be subject to such rights and restrictions as may be prescribed in the Act and may be dealt with by the Company in such manner as may be permitted by, and in accordance with, the Act. For the avoidance of doubt, save as expressly permitted by the Act, the Company shall not be entitled to any rights of a Member under this Constitution in respect of treasury shares. Treasury Shares

7) Without prejudice to any special rights or privileges attached to any then existing shares in the capital of the Company, any new shares may be issued upon such terms and conditions, and with such rights and privileges attached thereto, as the Company by ordinary resolution may direct, or, if no such direction be given, as the Directors shall determine, and in particular such shares may be issued with preferential, qualified or deferred right to dividends and in the distribution of assets of the Company, and with a special or restricted right of voting, and any preference share may be issued on the terms that it is, or at the option of the Company is, to be liable to be redeemed. The rights attached to any such shares issued upon special conditions shall be clearly defined in this Constitution. Creation of special rights

8) (1) Preference shares may be issued subject to such limitation thereof as may be prescribed by law or by the listing rules of the Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets attached to and attending general meetings of the Company. Preference shareholders preference shall also have the right to vote at any meeting convened for the purpose shares of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.

Rights attached to preference shares

(2) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

Issue of further preference shares

9) If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated either with the consent in writing of the holders of three-quarters 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 shares of the class and to every such special resolution the provisions of Section 184 of the Act shall with such adaptations as are necessary apply. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall *mutatis mutandis* apply.

Variation of rights of shares

Provided Always That:

(a) the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll, but where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting; and

(b) where all the issued shares of the class are held by one (1) person, the necessary quorum shall be one (1) person and such holder of shares of the class present in person or by proxy or by attorney may demand a poll.

10) The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned; Provided Always That where the necessary majority for such a special resolution is not obtained at a meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Variation of rights of preference shareholders

11) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by this Constitution, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

Issue of further shares affecting special rights

12) If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.

Payment of instalments

13) The Company may pay any expenses (including brokerage or commission) incurred in any issue of shares or acquisition of shares at such rate or amount and in such manner as the Directors may deem fit. Such expenses may be paid in whole or in part in cash or fully or partly paid shares of the Company. The Company may, in addition to, or in lieu of, such commission, in consideration of any person subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, for any shares in the Company, confer on any such person an option call within a specified time for a specified number of shares in the Company at a specified price or on such other terms and conditions as the Directors may deem fit. The requirements of the provisions of the Act shall be observed, as far as applicable.

Payment of expenses (including brokerage and commission)

14) Save to the extent permitted by the Act or the listing rules of the Exchange, no part of the funds of the Company shall, directly or indirectly, be employed in the purchase of or subscription for or making of loans upon the security of any shares (or its holding company, if any). The Company shall not, except as authorised by the Act, give any financial assistance for the purpose of or in connection with any purchase of shares in the Company (or its holding company, if any).

Company's shares as security

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

Power to charge interest on capital

16) Except as required by law, no person other than the Depository shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the

Company need not recognise trust

Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share. Nothing contained in this Regulation relating to the Depository or the Depositors or in any depository agreement made by the Company with any common depository for shares or in any notification of substantial shareholding to the Company or in response to a notice pursuant to Section 137F of SFA or any note made by the Company of any particulars in such notification or response shall derogate or limit or restrict or qualify these provisions; and any proxy or instructions on any matter whatsoever given by the Depository or Depositors to the Company or the Directors shall not constitute any notification of trust and the acceptance of such proxies and the acceptance of or compliance with such instructions by the Company or the Directors shall not constitute the taking of any notice of trust.

SHARE CERTIFICATE

17) Shares must be allotted and certificates despatched within ten (10) Market Days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within ten (10) Market Days alter lodgement of any transfer. Every Member shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S$2/- (or such other sum as may he approved by the Exchange from time to time). Where a Member transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the Member shall pay a fee not exceeding S$2/- (or such other sum as may be approved by the Exchange from time to time) for each such new certificate as the Directors may determine. Where the Member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

Entitlement to share certificate

18) The retention by the Directors of any unclaimed share certificates (or stock certificates as the case may be) shall not constitute the Company a trustee in respect thereof. Any share certificate (or stock certificate as the case may be) unclaimed after a period of six (6) years from the date of issue of such share certificate (or stock certificate as the case may be) may be forfeited and if so shall be dealt with in accordance with this Constitution *mutatis mutandis*.

Retention of certificate

19) The certificate of title to shares shall be issued under the Seal in such form as prescribed by the Directors from time to time or executed as a deed in accordance with the Act. Every certificate shall bear the autographic or facsimile signatures of at least one (1) Director and the Secretary or some other person appointed by the Directors, and shall specify the number and class of shares to which it relates and the amount paid on the shares, the amount (if any) unpaid on the shares and any other information as the Act may require. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Auditors of the Company. Form of share certificate

20) (1) Subject to the provisions of the Act, if any share certificates shall be defaced, worn-out, destroyed, lost or stolen, it may be renewed or replaced on such evidence being produced and a letter of indemnity, undertaking and/or statutory declaration (if required) being given by the shareholder, transferee, person entitled, purchaser, member company of the Exchange or on behalf of its/their client(s) as the Directors shall require, and in the case of defacement or wearing on, on delivery of the old certificate and in any case on payment of such sum not exceeding S$2/- as the Directors may from time to time require. In the case of destruction, loss or theft, the Member or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction, loss or theft. Issue of replacement certificates

(2) When any shares under the powers in this Constitution herein contained are transferred and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up. New certificate in place of one not surrendered

JOINT HOLDERS OF SHARES

21) Where two (2) or more persons are registered as the holders of any share, they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions: Joint holders deemed as joint tenants

(a) The Company shall not be bound to register more than three (3) persons as the holders of any share, except in the case of executors or administrators of the estate of a deceased Member. Limited to 3 joint holders

(b) The joint holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share. Jointly and severally liable

(c) On the death of any one of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they may deem fit. Survivorship

(d) Any one of such joint holders may give effectual receipts for any dividend payable to such joint holders. Receipts

(e) Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders. Entitlement to delivery of share certificates and notice

TRANSFER OF SHARES

22) Subject to the restrictions of this Constitution any Member may transfer all or any of his shares, but every instrument of transfer of the legal title in shares must be in writing and in the usual common form, or in any other form which the Directors and the Exchange may approve, and must be left at the Office for registration, accompanied by the certificate of the shares to be transferred, and such other evidence (if any) as the Directors may require to prove the title of the intending transferor, or his right to transfer the shares. Form of transfer

23) Shares of different classes shall not be comprised in the same instrument of transfer. Different classes of shares

24) The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee, provided that an instrument of transfer in respect of which the transferee is the Depository shall not be ineffective by reason of it not being signed or witnessed for by or on behalf of the Depository. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof; Provided Always That the Directors may dispense with the execution of the instrument of transfer by the transferee in any case in which they think fit in their discretion so to do. Transferor and transferee to execute transfer

25) All instruments of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same. Retention of transfer

26) No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs but nothing herein contained shall be construed as imposing on the Company any liability in respect of the registration of such transfer if the Company has no actual knowledge of the same. Infant, bankrupt or mentally disordered

27) Subject to any legal requirements to the contrary, the Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six (6) years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six (6) years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six (6) years from the date of the cancellation thereof and it shall be conclusively presumed in the favour of the Company that every entry in the Register of Members purporting to have Destruction of transfer

been made on the basis of an instrument of transfer or other documents so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company PROVIDED THAT:

(a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

(b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any circumstances which would not attach to the Company in the absence of this Regulation; and

(c) references herein to the destruction of any document include references to the disposal thereof in any manner.

Directors' power to decliner to register

28) (1) Subject to this Constitution, the Act or as required by the Exchange, there shall be no restriction on the transfer of fully paid up shares (except where required by law or the rules, bye-laws or listing rules of the decline to Exchange) but the Directors may in their discretion decline to register any transfer register of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve.

Payment of fee and deposit of transfer

(2) The Directors may decline to recognise any instrument of transfer of shares unless:

(a) a fee not exceeding S$2/- (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares may be listed) as the Director may from time to time require, is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer of shares is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or such other place as the Directors may appoint and is accompanied by a certificate of payment of stamp duty (if any), the certificate of the shares to which the transfer relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and where the instrument is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one (1) class of shares.

29) If the Directors refuse to register a transfer of any shares, they shall give to the transferor and to the transferee notice of their refusal to register as required by the Act. Notice of refusal to register

30) The Register of Members and the Depository Register may be closed at such times and for such period as the Directors may from time to time determine; Provided Always That it shall not be closed for more than thirty (30) days in any year (in aggregate) and during such periods the Directors may suspend the registration of transfers. Further Provided Always That the Company shall give prior notice of such closure as may be recognised to the Exchange stating the period and purpose or purposes for which the closure was made. Closure of Register of Members

31) Nothing in this Constitution shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person. Renunciation of allotment

32) Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by relevant parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. In every such case, the person registered as transferee, his executors, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto. Indemnity against wrongful transfer

TRANSMISSION OF SHARES

33) In the case of the death of a Member, the survivors or survivor where the deceased was a joint holder, and the executors, trustees or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his shares, but nothing herein contained shall release the estate of a deceased shareholder from any liability in respect of any share solely or jointly held by him. Transmission on death of Member

34) In the case of the death of a Depositor, the survivor or survivors, where the deceased was a joint holder, and the executors, trustees or administrators of the deceased, where he was a sole holder and where such executors, trustees or administrators are entered in the Depository Register in respect of any shares of the deceased, shall be the only persons recognised by the Company as having any title Transmission on death of Depositor Member

to his Interests in the share; but nothing herein contained shall release the estate of a deceased Depositor (whether sole or joint) from any liability in respect of any share held by him.

35) (1) Any person becoming entitled to the legal title in a share in consequence of:

Person becoming entitled in certain circumstances may be registered

(a) the death or bankruptcy of any Member whose name is entered in the Register of Members, and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person who properly has the management of the estate of a Member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs; or

(b) any person becoming entitled to a share or by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share,

may, upon producing such evidence of title as the Directors shall require, elect either to be registered himself as holder of the share or transfer the share to some other person, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by a Member.

(2) If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers shall be applicable to any such notice or transfer as aforesaid as if the event upon which the transmission took place had not occurred and the notice or transfer were a transfer signed by the person whom the title by transmission is derived.

Requirements regarding transmission of shares

(3) The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a Member in the Register of Members or, (as the case may be), entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within sixty (60) days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Notice to register to unregistered executors and trustees

36) Save as otherwise provided by or in accordance with this Constitution, a person entitled to a share by transmission (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share, but he shall have no right

Rights of unregistered executors and trustees to receive notice of or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a Member in respect of the share, unless and until he shall be registered as the holder thereof; Provided Always That the Directors may at any time give notice requiring any such person to elect either to be registered or named in the Depository Register himself or to transfer the share, and if the notice is not complied with within sixty (60) days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

37) There shall be paid to the Company in respect of the registration of any probate, letter of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares, such fee not exceeding S$2/-, or such other sum as may be approved by the Exchange from time to time, as the Directors may from time to time require or prescribe. Fee for registration of probate etc.

CALL ON SHARES

38) The Directors may from time to time, as they think fit, make calls upon the Members in respect of any moneys unpaid on their shares or on any class of their shares and not by the conditions of the issue and allotment thereof made payable at fixed times; and each Member shall (subject to his having been given at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine. Directors may make calls on shares

39) A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. Time when new call made

40) If before or on the day appointed for payment thereof, a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at such rate not exceeding ten per cent (10%) per annum as the Directors determine from the day appointed for payment thereof to the time of actual payment, and shall also pay all costs, charges and expenses which the Company may have incurred or become liable for in order to procure payment of or in consequence of the non-payment of such call or instalment, but the Directors shall be at liberty to waive payment of such interest, costs, charges and expenses wholly or in part. Interest and other late payment costs

41) Any sum which by the terms of issue of a share is made payable upon allotment or at any fixed date and any instalment of a call shall for all purposes of this Constitution be deemed to be a call duly made and payable on the date fixed for payment and, in the case of non-payment, the provisions of this Constitution as to payment of interest and expenses, forfeiture and the like and all other relevant provisions of the Statutes or of this Constitution shall apply as if such sum were a call duly made and notified as hereby provided. Sum due on allotment or other fixed date

42) The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the time of payment of such calls. Power of Directors to differentiate

43) The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate not exceeding without the sanction of the Company in general meeting eight per cent (8%) per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide. Payment in advance of calls

FORFEITURES OF SHARES

44) If a Member fails to pay the whole or any part of any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest and expenses which may have accrued by reason of such non-payment. Notice requiring payment of unpaid calls

45) The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made. It shall also name the place where payment is to be made and shall state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited. Notice to state time and place of payment

46) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Forfeiture of shares for non-compliance with notice

47) A forfeiture of shares shall include all dividends in respect of the shares not actually paid before the forfeiture notwithstanding that they shall have been declared. Forfeiture to include all dividends

48) The Directors may accept a surrender of any share liable to be forfeited hereunder. Directors may accept surrender in lieu

49) The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by this Constitution expressly saved, or as are by the Act given or imposed in the case of past Members.

Extinction of forfeited share

50) Notwithstanding any such forfeiture, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.

Directors may allow forfeited share to be redeemed

51) A forfeited or surrendered share shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, on such terms and in such manner as the Directors think fit and at any time before a sale or disposition, the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, re-allotment or other disposition, the Directors are empowered to or may authorise some other person to transfer the shares to the purchaser.

Sale of forfeited shares

52) The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

Company may receive consideration of sale

53) If any shares are forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs.

Application of residue of proceeds of forfeiture

54) A person whose shares have been forfeited or surrendered shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding such forfeiture or surrender, remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at the rate of eight per cent (8%) per annum (or such lower rate as the Directors may approve) from the date of the forfeiture or surrender until payment in respect of the shares; 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. The Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment either wholly or in part.

Liabilities of Members whose shares forfeited

55) Notice of any forfeiture shall forthwith be given to the holder of the share forfeited or to the person entitled by transmission to the share forfeited as the case may be. An entry of the forfeiture with the date thereof and the fact of the notice given shall be made in the Register of Members or in the Depository Register (as the case may be) opposite the share. The provisions of this Regulation are directory only, and no forfeiture shall be in any manner invalidated by any omission to give such notice or to make such entry as aforesaid. Notice of forfeiture

LIEN ON SHARES

56) (1) The Company shall have a first and paramount lien and charge on all the shares not fully paid up registered in the name of a Member (whether solely or jointly with others) and all dividends, interest and other distributions from time to time declared. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation. Company's lien

(2) No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether along or jointly with any other person, together with interest and expenses (if any).

57) For the purpose of enforcing such lien, the Directors may sell all or any of the shares subject thereto in such manner as they think fit, but no sale shall be made unless some sum in respect of which the lien exists is presently payable and until a notice in writing stating the amount due and demanding payment and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on such Member or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for fourteen (14) days after such notice. To give effect to any such sale or other disposition, the Directors are empowered to or may authorise some other person to transfer the shares to the purchaser. Sale of shares subject to lien

58) The net proceeds of any such sale shall be applied in or towards satisfaction of the unpaid calls and accrued interest and expenses from the Member for the proceeds of shares to the Company and the residue (if any) shall be paid to the person whose shares have been forfeited or his executors, administrators or assignees or as he directs; Provided Always That the Company shall be entitled to a lien upon such residue in respect of any money due to the Company but not presently payable like to that which it had upon the shares immediately before the sale thereof. Application of proceeds of sale

59) To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser and the Directors may enter the purchaser's name in the Register of Members as holder of the shares and the purchaser shall not be bound to see to the regularity or validity of or be affected by any irregularity or invalidity in the proceedings or be bound to see to the application of the purchase money. After his name has been entered in the Register of Members the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. Transfer and title to shares sold

60) A statutory declaration in writing by a Director that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt duly forfeited of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under seal for the share delivered to a purchaser or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share or (as the case may be) in the Depository Register in respect of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share. Statutory declaration that share duty forfeited

CONVERSION OF SHARES INTO STOCK

61) The Company in general meeting may convert any paid up shares into stock and may from time to time reconvert such stock into paid up shares. Conversion from share to stock and back to share

62) When any shares have been converted into stock, the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in general meeting shall direct, but in default of any such direction then in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit, but the Directors may if they think fit from time to time fix the minimum number of stock units transferable. Transfer of stock

63) The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by the number of stock units which would not, if existing in shares have conferred that privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted. Rights of stock-holders

64) All such provisions of this Constitution as are applicable to paid up shares shall apply to stock and in all such provisions the words 'share' and 'shareholder' shall include 'stock' and 'stockholder'. Interpretation

ALTERATIONS OF CAPITAL

65) Subject to any special rights for the time being attached to any existing class of shares, any new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, as the Directors shall determine, and in particular, such new shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and with a special or restricted right of voting. Rights and privileges of new shares

66) (1) Subject to any direction to the contrary that may be given by the Company in general meeting (including by way of general authority) or except as permitted under the listing rules of the Exchange, all new shares shall before issue be offered to such Members as are, at the date of the offer, entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled or hold and subject to such rights and privileges as the general meeting resolving on the creation thereof shall direct and in particular such new shares may be issued with a preferential, qualified or postponed right to dividends, and in the distribution of assets of the Company, and with a special or without any right of voting. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation. Offer of new shares

(2) Notwithstanding Regulation 66(1) above, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution, to:– General authority for Directors to issue new shares and make or grant Instruments

(a) (i) issue shares of the Company whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(b) (notwithstanding that the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force,

Provided Always That:–

(i) the aggregate number of shares to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Exchange;

(ii) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the provisions of the listing rules of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and this Constitution; and

(iii) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the ordinary resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

67) Notwithstanding Regulation 66 above but subject to the Act, the Directors shall not be required to offer any new shares to Members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

68) Subject to any directions that may be given in accordance with the powers contained in this Constitution, any capital raised by the creation of new shares shall be considered as part of the original capital and as consisting of ordinary shares and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital. Capital raised deemed original capital

ALTERATIONS OF CAPITAL

69) (1) The Company may by ordinary resolution or as otherwise permitted by law: Power to consolidate, cancel and sub-divide shares

(a) consolidate and divide all or any of its share capital; or

(b) subdivide its shares or any of them (subject nevertheless to the provisions of the Statutes and this Constitution) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or

(c) 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 or which have been forfeited and diminish the amount of its capital by the number of the shares so cancelled; or

(d) subject to the provisions of this Constitution and the Act, convert any class of shares into any other class of shares. Power to convert shares

(2) Subject to and in accordance with the provisions of the Act, the listing rules of the Exchange and any applicable legislation or regulation, the Company may authorise the Directors in general meeting to purchase or otherwise acquire ordinary shares, stocks, preference shares, options, shares, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. The Company may deal with any such share which is so purchased or acquired by the Company in such manner as may be permitted by, and in accordance with, the Act (including without limitation, to hold such share as a treasury share). Power to purchase or acquire shares

70) (1) The Company may by special resolution reduce its share capital or any undistributable reserve in any manner, subject to any requirements and consents required by law. Reduction of share capital

(2) Subject to and in accordance with the provisions of the Act, the listing rules of the Exchange and any applicable legislation or regulation, the Company may authorise the Directors in general meeting to purchase or otherwise acquire ordinary shares, stocks, preference shares, options, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. The Company may deal with any such share which is so purchased or acquired by the Company in such manner as may be permitted by, and in accordance with, the Act (including without limitation, to hold such share as a treasury share). Without prejudice to the foregoing, upon cancellation of shares purchased or otherwise acquired by the Company pursuant to this Constitution and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly. Power to repurchase shares

2. RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTING

GENERAL MEETINGS

71) Save as otherwise permitted under the Act, an annual general meeting shall be held once in every year and in accordance with the requirements of the Act, at such time and place as may be determined by the Directors, but not more than four (4) months shall be allowed to elapse between the end of each financial year and such general meeting, unless the Registrar authorises an extension of time to hold such general meeting or as otherwise permitted by the Act. The Company shall hold all its general meetings in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation. Annual general meetings

72) All general meetings other than annual general meetings shall be called extraordinary general meetings. Extraordinary general meetings

73) The Directors may whenever they think fit convene an extraordinary general meeting and an extraordinary general meeting shall also be convened on such requisition or in default may be convened by such requisitionist as provided for by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of action to form a quorum at a meeting of Directors, any Director may convene an extraordinary general meeting in the same manner as nearly as possible as that in which such a meeting may be convened by the Directors. Calling for extraordinary general meetings

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

NOTICE OF GENERAL MEETINGS

75) Any general meeting at which it is proposed to pass special resolutions or (save as provided by the Statutes) a resolution of which special notice has been given to the Company pursuant to the Act, shall be called by at least twenty-one (21) days' notice in writing and an annual general meeting or any other general meeting by at least fourteen (14) days' notice in writing. The notice must specify the place, the day and the hour of meeting, and in the case of special business the general nature of such business, shall be given in the manner hereinafter mentioned to such persons as are under the provisions of this Constitution entitled to receive notices of general meetings from the Company, but with the consent of all persons for the time being entitled as aforesaid, a meeting may be convened in such manner as such persons may approve. Length of notice Contents of notice

Subject to the provisions of the Act, provided that a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed: Shorter notice

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

(b) in the case of an extraordinary general meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than ninety-five per cent (95%) of the total voting rights of the all the Members having a right to vote at that meeting.

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

The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.

At least fourteen (14) days' notice of every general meeting shall be given by advertisement in the daily press and in writing to the Exchange and to each stock exchange upon which the Company is listed.

76) Subject to this Constitution, notice of every general meeting shall be given in any manner authorised by this Constitution to: Form of notice and to whom to be given

(a) every Member holding shares conferring the right to attend and vote at the meeting who at the time of the convening of the meeting shall have paid all calls or other sums presently payable by him in respect of shares;

(b) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the meeting;

(c) every Director;

(d) the Auditors of the Company, without prejudice to Regulation 183; and

(e) the Exchange.

No other person shall be entitled to receive notices of general meetings; Provided Always That if the meeting be called for the alteration of the objects of the Company, the provisions of Section 33 of the Act regarding notices to debenture holders shall be complied with.

77) There shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member. Notice to state that Member can appoint proxy

78) All business shall be deemed special that is transacted at an extraordinary general meeting and also all that is transacted at an annual general meeting with the exception of receiving and adopting financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements, the election of Directors in place of those retiring by rotation or otherwise, the fixing of the remuneration of Directors, the declaration of dividends, and the appointment or re-appointment of and the fixing of the remuneration of the Auditor Routine and special business

of the Company, which shall be deemed routine business. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

79) In the case of any general meeting at which business other than routine business is to be transacted (special business), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a special resolution or as requiring special notice, the notice shall contain a statement to that effect.

Notice to specify nature of special business

PROCEEDINGS AT GENERAL MEETINGS

80) No business other than the appointment of a chairman 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. For the purposes of this Regulation, 'Member' includes a person attending as a proxy and a corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Section 179(3) of the Act, Provided that (i) a proxy representing more than one Member shall only count as one (1) Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one (1) proxy such proxies shall count as only one (1) Member for the purpose of determining the quorum.

Quorum

81) If within half an hour from the time appointed for the holding of a general 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 (or if that day is a public holiday then the next business day following that public holiday) at the same time and place or to such other day and at such other time and place as the Directors may by not less than ten (10) days' notice appoint. If at such adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting, the Members present in person or by proxy shall be a quorum.

Adjournment if quorum not present

82) The Chairman of the Board or, in his absence, the Deputy Chairman (if any) shall preside as Chairman at every general meeting, but if there be no such Chairman or Deputy Chairman, or if at any meeting he shall not be present within five (5) minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting.

Chairman

83) The Chairman of the meeting may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.

Adjournment by chairman

84) (1) If required by the listing rules of the Exchange, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the Exchange). Mandatory Polling

(2) Subject to Regulation 84(1), at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:

(a) by the Chairman of the meeting; or

(b) by at least two (2) Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative and entitled to vote thereat; or

(c) by any Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than five per cent (5%) of the total voting rights of all the Members having the right to vote at the meeting; or

(d) by any Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing shares being not less than five per cent (5%) of the total number of paid-up shares of the Company (excluding treasury shares).

A demand for a poll made pursuant to Regulation 84(2) may be withdrawn only with the approval of the Chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is so 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 lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.

85) In the case of an equality of votes whether on a show of hands or on a poll as aforesaid, the Chairman shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled as a Member or as a proxy of a Member. Equality of votes

86) A poll on the election of a Chairman of a meeting or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken either immediately or at such subsequent time as the Chairman of the meeting may direct. No notice need be given of a poll not taken at once. In case of any dispute as to the admission or rejection of a vote the Chairman shall determine the same and such determination made in good faith shall be final and conclusive. Time for taking a poll

87) Subject to Regulation 86, where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place as the Chairman of the meeting may direct and either at once or after an interval or adjournment or otherwise and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was taken. No notice need be given of a poll not taken at once. In case of any dispute as to the admission or rejection of a vote, the Chairman shall determine the same and such determination made in good faith shall be final and conclusive. The Chairman may, and if required by the listing rules of the Exchange or so directed by the meeting shall, appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. Method of taking poll

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

89) [*intentionally left blank*]

90) Subject to the provisions of the Act, a resolution in writing signed by every Member entitled to vote or being a corporation by its duly authorised representative shall have the same effect and validity as an ordinary resolution of the Company passed at a general meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one (1) or more of such Members. The expressions ‘in writing’ and ‘signed’ include approval by telefax, telex, cable or telegram by any such Member. Resolutions in writing

91) Subject to the listing rules of the Exchange, if at any general meeting any votes shall be counted which ought not to have been counted or might have been rejected, or if votes are not counted which ought to have been counted, the error shall not vitiate the result of the vote unless it be pointed out at the same meeting, at which the vote is taken or at any adjournment thereof, and be in the opinion of the Chairman of sufficient magnitude to vitiate the result of the voting. The decision of the Chairman of the meeting on such matters shall be final and conclusive. Error in counting votes

92) The Members may, if the Directors at their absolute discretion deem fit, participate at a general meeting by telephone or video conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear and, if applicable, see each other and such participation shall constitute presence in person at such meeting and Members (or Meetings via electronic means

their proxy or, in the case of a corporation, their respective corporate representatives) so participating shall be counted in the quorum for the meeting. Such a meeting shall be deemed to take place where the largest group of Members (or their proxy, or in the case of a corporation, their respective corporate representatives) present for purposes of the meeting is assembled or, if there is no such group, where the Chairman of the meeting is present.

VOTES OF MEMBERS

93) (1) Each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. Voting rights of Members

(2) On a show of hands every Member who is present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one (1) vote for every share which he holds or represents, Provided Always That:

(a) where a Member is represented by one (1) or more proxies and the voting is conducted by way of a poll, the provisions of Regulation 98 shall apply; and

(b) if a Member who is not a relevant intermediary is represented by two (2) proxies, without prejudice to specific terms of Regulation 98, only one (1) of the two proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one (1) of the two (2) proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands; and

(c) where a Member who is a relevant intermediary is represented by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands.

(3) Notwithstanding anything contained in this Constitution, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than seventy-two (72) hours before that general meeting as a Depositor on whose behalf the Depository holds shares. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depository Register as at seventy-two (72) hours (or any such time permitted under the Statutes) before the time of the relevant general meeting as certified by the Depository to the Company.

94) A Member who is mentally disordered or whose person or estate is liable to be dealt with in any way under the law relating to mental capacity may vote, whether on a show of hands or on a poll, by his committee, *curator bonis* or such other person who properly has the management of his estate and any such committee, *curator bonis* or other legal curator and such last mentioned persons may give their votes by proxy, but no person claiming to vote pursuant to this Regulation shall do so unless such evidence as the Directors may require of his authority shall have been deposited at the Office not less than seventy-two (72) hours before the time for holding the meeting at which he wishes to vote. Voting rights of Members who are mentally disordered

95) In the case of joint Members, any one (1) of such Members may vote and be reckoned in a quorum at any general meeting, whether in person or by proxy, but if more than one (1) such Member is present at the meeting, then in voting upon any question, 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 registered holders of the share and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or the Depository Register (as the case may be). Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof. Voting rights of joint holders

96) Save as herein expressly provided and the provisions of the Act, no person other than a Member duly registered, and only in respect of shares upon which all calls due to the Company have been paid, shall be entitled to be present or to vote on any question, either personally or by proxy, attorney or representative at any general meeting. Right to vote

97) (1) Any instrument appointing a proxy shall be in writing in the common form or in any other form approved by the Directors and: Execution of proxies

(a) in the case of an individual, shall be:

(i) signed by the appointor or his attorney if the instrument is delivered personally or sent by post; or

(ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

(b) in the case of a corporation, shall be:

(i) either given under its common seal, executed as a deed in accordance with the Act or signed on its behalf by an attorney or a duly authorised officer of the corporation, or in some other manner approved by the Directors, if the instrument is delivered personally or sent by post; or

(ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of this Regulation, designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

(2) The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Regulation 100(1)(a), failing which the instrument may be treated as invalid.

(3) The Directors may, in their absolute discretion:

(a) approve the method and manner for an instrument appointing a proxy to be authorised; and

(b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in Regulations 97(1)(a)(ii) and 97(1)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Regulation 97(1)(a)(i) and/or (as the case maybe) Regulation 97(1)(b)(i) shall apply.

(4) The instrument appointing a proxy shall be deemed to confer authority generally to act at the meeting for the Member giving the proxy, including authority to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.

98) (1) Subject to the provisions of the Statutes: Appointment of proxies

(a) a Member who is not a relevant intermediary may appoint not more than two (2) proxies to attend, speak and vote at the same general meeting. Where such Member's form of proxy appoints more than one (1) proxy, the proxy form shall specify the proportion of the Member's shareholding to be represented by each proxy and if no such proportion is specified, the first named proxy shall be deemed to represent one hundred per cent (100%) of the shareholdings and any second-named proxy shall be deemed to be an alternate to the first named; and

(b) a Member who is a relevant intermediary may appoint more than two (2) proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member, and the proxy form shall specify the number and class of shares in relation to which each proxy has been appointed. If the form does not specify the required information, the first-named proxy shall be deemed to represent one hundred per cent (100%) of the shareholdings.

(2) In any case where the Member is a Depositor, the Company shall be entitled:

(a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at seventy-two (72) hours (or any such time permitted under the Statutes) before the time of the relevant general meeting as certified by the Depository to the Company; and

(b) for the purpose of a poll, if only one (1) proxy is appointed by the Depositor, to treat an instrument of proxy executed by a Depositor as representing the number of shares equal to the number of shares appearing against his name in the Depository Register as at seventy-two (72) hours (or any such time permitted under the Statutes) before the time of the relevant general meeting as certified by the Depository to the Company, notwithstanding the number of shares actually specified in the relevant instrument of proxy.

Notes and instructions

(3) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

(4) Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant general meeting by the Member personally or by his attorney, or in the case of a corporation by its representative.

Proxy need not be a Member

(5) A proxy need not be a Member.

Attendance of Member at meeting

(6) A Member who has deposited an instrument appointing any number of proxies to vote on his behalf at a general meeting shall not be precluded from attending and voting in person at that general meeting. Any such appointment of all the proxies concerned shall be deemed to be revoked upon the attendance of the Member appointing the proxy/proxies at the relevant general meeting.

99) An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.

Instrument appointing proxy valid at adjourned meeting

100) (1) An instrument appointing a proxy:

(a) if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office); or

(b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting,

and in either case, not less than seventy-two (72) hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided Always That an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this Regulation for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

(2) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 100(1)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Regulation 100(1)(a) shall apply.

Directors may specify means for electronic communications

(3) In the event that forms of proxy are sent to Members of the Company together with any notice of meeting, the accidental omission to include the form of proxy to, or the non-receipt of such form of proxy by, any person entitled to receive a notice of meeting shall not invalidate any resolution passed or any proceeding at any such meeting.

Accidental omission of proxy form

101) The instrument appointing a proxy shall be deemed to confer authority generally to act at the meeting for the Member giving the proxy. Instrument to confer authority

Where it is desired to afford Members an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit and shall be deemed to include the right to demand or join in demanding a poll:

CHIP ENG SENG CORPORATION LTD

I/We, of being a member/members of the abovenamed company, hereby appoint, of ,or failing him, of ,as my/our proxy to vote for me/us on my/our behalf at the [annual or extraordinary, as the case may be] general meeting of the Company, to be held on the of, and at any adjournment thereof.

Signed this day of

*in favour of
This form is to be used ---------------- the resolution.
Against

*Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he thinks fit.)

102) Unless otherwise directed by the Chairman of the meeting, a vote given in accordance with the terms of an instrument of proxy shall be treated as valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given; Provided Always That no intimation in writing of such death, mental disorder or revocation shall have been received by the Company at the Office at least one (1) hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast. Intervening death or mental disorder of member

103) 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 of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member. The Company shall be entitled to treat a certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Regulation. Corporations acting via representative

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

3. RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS

DIVIDENDS AND RESERVES

161) Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted by the Act, Apportionment of dividends

(a) all dividends shall be declared and paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. For the purposes of this Regulation, no amount paid or credited as paid on a share in advance of a call shall be treated as paid on the share.

162) The Directors may before recommending any dividend set aside out of the profits of the Company such sum or sums as they think proper as a reserve fund which shall, at the discretion of the Directors be applicable for meeting contingencies, for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining any works connected with the business of the Company or shall be as to the whole or in part applicable for special dividends or for equalising dividends or for distribution by way of special dividend or bonus on such terms and in such manner as the Directors shall from time to time determine and the Directors may divide the reserve fund into separate funds for special purposes and may invest the sums from time to time carried to the credit of such fund or funds upon such securities (other than the share) as they may select. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it not prudent to divide. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions (if any) of the Statute. Power to set aside profits as reserve

163) The Directors may, upon the recommendation of the Directors and with the sanction of an ordinary resolution at a general meeting, from time to time declare dividends, but no such dividend shall (except as by the Statutes expressly authorised) be payable otherwise than out of the profits of the Company. No higher dividend shall be paid than is recommended by the Directors and a declaration by the Directors as to the amount of the profits at any time available for dividends shall be conclusive. The Directors may, if they think fit, and if in their opinion the profits of the Company justifies such payment, without any such sanction as aforesaid, from time to time declare and pay fixed dividends (either in cash or specie) on any express class of shares carrying a fixed dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of Declaration and payment of dividends

issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.

164) (1) With the sanction of a general meeting, dividends may be paid wholly or in part in specie, and may be satisfied in whole or in part by the distribution amongst the Members in accordance with their rights of fully paid shares, stock or debentures of any other company, or of any other property suitable for distribution as aforesaid. The Directors shall have full liberty to make all such valuations, adjustments and arrangements, and to issue all such certificates or documents of title as in their opinion may be necessary or expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors and no valuation, adjustment or arrangement so made shall be questioned by any Member.

Payment of dividends in specie

(2) Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:

Scrip dividends

(a) the basis of any such allotment shall be determined by the Directors;

(b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid. The Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend(s) or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation

(c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, provided that the Directors may determine, either generally or in specific cases, that such right shall be exercisable in respect of the whole or any part of that portion; and

(d) 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 the shares of the relevant class in respect of which the share election has been duly exercised (the "elected shares") and in lieu of cash and in satisfaction thereof shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose, and notwithstanding the provisions of Regulation 172, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sums as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

(3) (a) The shares of the relevant class allotted pursuant to the provisions of paragraph (2) of this Regulation shall rank pari passu in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify. Ranking of shares and other actions

(b) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (2) of this Regulation, with full power to make such provisions as they may think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the Members) and to authorise any person to enter on behalf of the Members interested into agreement(s) with the Company providing for any such appropriation, capitalisation, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(4) The Directors may, on any occasion when they resolve as provided in paragraph (2) of this Regulation, determine that the rights of election under that paragraph shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit and, in such event, the provisions of this Regulation shall be read and construed subject to such determination. Record date

(5) The Directors may, on any occasion when they resolve as provided in paragraph (2) of this Regulation, further determine that: Cash in lieu of shares

(a) no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members (or as the case may be) the Depository Register are outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and, in such event, the only entitlements of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared; and

(b) no allotment of shares or rights of election for shares under paragraph (2) of this Regulation shall be made available or made to a person, or any persons, if such allotment or rights of election would in the opinion of the Directors cause such person, or such persons, to hold or control voting shares in excess of any shareholding or other limits which may from time to time be prescribed in any Statute, without the approval of the applicable regulatory or other authority as may be necessary.

(6) Notwithstanding the foregoing provisions of this Regulation, if at any time after the Directors' resolution to apply the provisions of paragraph (2) of this Regulation in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that, by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever, it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interests of the Company, cancel the proposed application of paragraph (2) of this Regulation. Cancellation

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

No right to dividends where calls outstanding

166) The Directors may deduct from any dividend or other moneys payable to a Member in respect of any share held by such Member, either alone or jointly with any other Member, any or all sums of money as may be due and payable by him, either alone or jointly with any other person in respect of any debts, liabilities or engagements to the Company on account of calls or otherwise towards satisfaction (in whole or in part) of such debts, liabilities or engagements, or any other account which the Company is required by law to deduct.

Deduction from debts due to Company

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

Effect of transfer of shares

168) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Retention of dividends on shares subject to lien

168A) The Directors may retain the dividends payable on shares in respect of which any person is under this Constitution, as to the transmission of shares, entitled to become a Member, or which any person under this Constitution is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

Retention of dividends on shares pending transmission

168B) The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

Waiver of dividends

169) Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto (or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or (as the case may be) to the Depository for distribution to the Depositors entitled thereto or such Member or person and such address as such persons may by writing direct or by such means (including electronic means) as the Directors may decide at their absolute discretion. Provided That where the Member is a Depositor, the payment by the Company to the Depository of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or

Dividend paid by cheque or warrant

persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby and the Company shall not be responsible for the loss of any cheque or warrant sent through the post, which shall be sent by post duly addressed to the Member for whom it is intended.

170) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date they are first payable shall be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever.

Unclaimed dividends or other moneys

171) No unpaid dividend or interest shall bear interest as against the Company.

No interest on unpaid dividends

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

172) The Company may, upon the recommendation of the Directors, with the sanction of an ordinary resolution (including any ordinary resolution passed pursuant to Regulation 6):

Power to capitalise profits

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an ordinary resolution passed pursuant to Regulation 6) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or

(b) capitalise any part of the amount for the time being standing to the credit of the Company's reserve funds or other undistributable reserve or any sum standing to the credit of the profit and loss account or otherwise available for distribution to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an ordinary resolution passed pursuant to Regulation 6) such other date as may be determined by the Directors,

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

173) Whenever such a resolution as set out in Regulation 172 shall have been passed, the Directors shall make all appropriations and applications of the sum resolved to capitalised thereby and all allotments and issues of fully paid shares or debentures (if any) and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions and also to authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the sum resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares and any agreement made under such authority shall be effective and binding on all such Members.

Directors to give effect to resolution to capitalise profits

173A) In addition and without prejudice to the powers provided for by Regulations 172 and 173 above, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:

Power to issue free shares and/or to capitalise reserves for employee share-based incentive plans

(a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by Members in general meeting and on such terms as the Directors shall think fit; or

(b) be held by or for the benefit of non-executive Directors as part of their remuneration under Regulation 112(1) and/or Regulation 112(2) approved by Members in general meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

VALUATION REPORTS AND/OR CERTIFICATES

Our Ref : V/2022/3575/CORP

20 December 2022

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

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Chip Eng Seng Corporation Ltd.
171 Chin Swee Road
#12-01 CES Centre
Singapore 169877

Attention : Mr. Daniel Chun

Dear Sirs,

DESKTOP VALUATION OF
323 ALEXANDRA ROAD, MOMENTUS HOTEL ALEXANDRA AND
321 ALEXANDRA ROAD #01-06 & #03-11 ALEXANDRA CENTRAL
SINGAPORE 159972 & 159971

We thank Chip Eng Seng Corporation Ltd. ("Client") for the instruction to carry out a desktop valuation to advise on market value of the abovementioned property as at 15 December 2022 on "As Is Where Is Basis" for the purpose of mandatory conditional cash offer for the issued and paid-up ordinary shares in the share capital of Chip Eng Seng Corporation Ltd..

This valuation is premised on the information as contained in our valuation report on 31 December 2020 (Ref: 2020/4180/CORP), and the latest updates as provided.

As instructed, this valuation is carried out without the benefit of recent site inspection and we have assumed that there is no material change in the property and the surroundings from our last inspection. No recent title searches, legal requisitions nor structural survey is carried out.

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

The definition of market value is consistent with that as advocated by Singapore Institute of Surveyors and Valuers and is also in line with the Royal Institution of Chartered Surveyors (RICS) Standards and Guidelines and International Valuation Standards Council.

Savills Valuation And Professional Services (S) Pte Ltd has relied upon property data supplied by the Client which we assume to be true and accurate. We take no responsibility for inaccurate client supplied data and subsequent conclusions related to such data. We also accept no responsibility for subsequent changes in information.

This confidential document is for the sole use of persons directly provided with it by Savills Valuation And Professional Services (S) Pte Ltd. Use by, or reliance upon this document by anyone other than the Client is not authorised by us and we are not liable for any loss arising from such unauthorised use or reliance. This document should not be reproduced without our prior written authority.

The ongoing geo-political headwinds and macro-economic uncertainty alongside rising interest rate and elevating inflation may have impact on the Singapore economy and the property market. Our opinions and assessments are based on the information provided and prevailing market data as at the date of this valuation report. More frequent reviews on the market value of the property are encouraged as a precaution in view of the current situation.

The brief details of the subject property based on the aforesaid report are summarised as follows:-

Type of Property : A 19-storey 4-star hotel of 442 rooms known as Momentus Hotel Alexandra; and a 1st storey restaurant with a 3rd storey shop unit within a 3-storey retail mall known as Alexandra Central

Legal Description :

Property	Lot No. (Mukim 1)
Momentus Hotel Alexandra	U73372A
#01-06 Alexandra Central	U73261M
#03-11 Alexandra Central	U73343N

Tenure : 99-years commencing 5 March 2012 (un-expired lease of approximately 88.2 years)

Land Area (Whole Development) : 7,946.2 sm or thereabouts, subject to government's re- survey

Strata Floor Area :

Property	Strata Floor Area (sm)
Momentus Hotel Alexandra	16,737.0
#01-06 Alexandra Central	62.0
#03-11 Alexandra Central	667.0

Year of Completion : We understand that Temporary Occupation Permits were issued on 11 December 2014 and 17 April 2015. Refurbishment work on the hotel of about $11,826,000 (excludes GST) is planning to complete in December 2022.

Condition : Assumed good

Hotel Performance :

Hotel Performance			
Year	**2021***	**2022****	**2023**
Occupancy	75.2 %	54.3 %	85.0 %
Average Room Rate (p.a)	$101.35	$147,86	$185
Gross Operating Revenue	$14,581,848	$15,021,281	$19,709,864
Gross Operating Profit (after fees)	$9,426,454	$7,983,575	$12,275,839

**For the period ending December 2021*
***Annualised 8M*

Occupancy/Tenancy :

Property	Lease Term	Gross Rent (pm)
#01-06 Alexandra Central	2 years from1 June 2021	$5,405.70
#03-11 Alexandra Central	3 years from 1 Jan 2022	$30,513.26

Property Tax :

Property	Property Tax (2022)
Momentus Hotel Alexandra	$374,100
#01-06 Alexandra Central	$5,830
#03-11 Alexandra Central	$26,900

Master Plan Zoning (2019) : Hotel at gross plot ratio 2.8

The official Master Plan Zoning, Road/Drainage/MRT Interpretation Plans and other legal requisitions have not been applied for and/or made available to us.

Basis of Valuation : Existing use and free from all encumbrances, and taken into account Rule 26.2(a) of the Singapore Code on Take-overs and Mergers

Methods of Valuation : Direct Comparison Method/Income Capitalisation Method/ Replacement Cost Method

In view of the aforesaid and taken into consideration the current market conditions and other relevant factors, we are pleased to re-assess the subject property as follows: -

Material Date of Valuation	:	**15 December 2022**

(A) Momentus Hotel Alexandra

Market Value	:	**$340,300,000** (Singapore Dollars Three Hundred Forty Million And Three Hundred Thousand Only)

(B) 321 Alexandra Road #01-06 Alexandra Central

Market Value	:	**$3,100,000** (Singapore Dollars Three Million And One Hundred Thousand Only)

(C) 321 Alexandra Road #03-11 Alexandra Central

Market Value	:	**$12,200,000** (Singapore Dollars Twelve Million And Two Hundred Thousand Only)

Prepared by:
Savills Valuation And Professional Services (S) Pte Ltd

Cynthia Ng
Licensed Appraiser No. AD041-2003388A
Managing Director

Cassandra Tan
Licensed Appraiser No. AD041-2008452H
Senior Director

CN/CT/ha

LIMITING CONDITIONS

Our valuations are subject to the following limiting conditions unless otherwise stated in our valuation report.

Valuation Standards:	The valuation is carried out in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices.
Valuation Basis:	The valuation is carried out on a basis appropriate to the specific purpose of valuation, in accordance with the relevant definitions, assumptions and qualifications outlined in the valuation report. The opinion expressed in the valuation report applies strictly in accordance with the terms and for the purpose expressed therein. The assessed values need not be applicable in relation to some other assessment.
Currency of Valuation:	Values are reported in Singapore currency unless otherwise stated.
Confidentiality:	Our valuation is confidential and strictly for the use of the addressee of the valuation report only and for the specific purpose(s) stated. Savills disclaim all responsibility and will accept no accountability, obligation or liability to any third parties.
Copyright:	Neither the whole nor any part of the valuation report or any reference to it may be included in any published document, statement, circular or be published in any way, nor in any communication with any third parties, without prior written approval from Savills, including the form and context in which it may appear.
Limitation of Liability:	The liability of Savills and its employees is only limited to the party to whom the valuation report is addressed. No responsibility to any third parties for unauthorized use and reliance is accepted. Any liability arising from the valuers' negligence, breach of contract or otherwise in connection with this engagement shall be limited to the fees received by Savills under this engagement. Savills do not accept liability for any indirect or consequential losses (such as opportunity cost and loss of profits).
Validity Period:	This valuation represents our opinion of value as at the date of valuation. The assessed value may change significantly and unexpectedly over a short period arising from general market movement, possible changes in market forces and circumstances in relation to the property. Savills disclaim all responsibility and accept no liability should the valuation report be relied upon after the expiration of 3 months from the date of valuation, or such earlier date if the addressee of the report becomes aware of any factors that may have an effect on the valuation and has not made known such information to Savills.
Titles:	A brief on-line title search on the property has been carried out for formal valuation with site inspection only, unless otherwise stated. We are not obliged to inspect and/or read the original title or lease documents, unless they are made available by the client. The valuation shall therefore assume, unless informed to the contrary, that there are no further restrictive covenants, easements or encumbrances not disclosed by this brief title search which may have an effect on the market value. We assume the title of the property is good and marketable and free from all encumbrances, restrictions and other legal impediments.
Planning Information:	Information relating to town planning is obtained from the current Singapore Master Plan which is assumed to be accurate. We do not normally carry out legal requisitions on road, MRT, LRT, drainage and other government proposals, unless specifically requested and Savills is properly reimbursed. In the event that legal requisitions are conducted by our clients which reveal that the information is materially different from the town planning information outlined in the valuation report and/or property is affected by public scheme(s), this report should then be referred back to Savills for review on possible amendment.
Other Statutory Regulations:	Our valuation assumes that the property and any improvements thereon comply with all relevant statutory regulations. We have assumed that the property has been or will be issued with a Temporary Occupation Permit, Certificate of Fitness, Certificate of Statutory Completion or Temporary Occupation License by the competent authority.
Site Condition:	We do not undertake site investigations to ascertain the suitability of the ground conditions and services for the existing or any new development, nor do we carry out any environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and where new development is proposed, no extraordinary expenses or delays will be incurred during the construction period. We have assumed that the load bearing capacity of the site is sufficient to support the building constructed or to be constructed thereon.
Condition of Property:	While due care is exercised in the course of inspection to note any building defects, no structural survey or testing of the services or facilities are carried out nor have we inspected the unexposed or inaccessible portions of the building. As such, we are unable to comment if the building is free from defect, rot, infestation, asbestos or other hazardous material. Our valuation assumes that the building would not have any defects requiring significant capital expenditure and complies with all relevant statutory requirements.
Source of Information:	Where it is stated in the valuation report that the information has been provided to the valuer by the sources listed, this information is presumed to be reliable. Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data. Where information is given without reference to another party in the report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge. Processed data inferences therefrom shall be taken as the valuer's opinion and shall not be freely quoted without acknowledgement.
Floor Areas:	We have assumed that information contained in the surveyed or architectural floor plans is accurate and has been prepared in accordance with the prevailing Professional Property Practice Guidelines. In the absence of such plans, the floor area is estimated based on available secondary information and such estimates do not provide the same degree of accuracy or certainty. In the event that there is a material variance in areas, we reserve the right to review our valuation.
Plans:	Plans included in the valuation report are for identification purposes only and should not be relied upon to define boundaries or treated as certified copies of areas or other particulars contained therein. All location plans are obtained from OneMap. While we have endeavoured to ensure the maps are updated, we do not vouch for the accuracy of the map and shall not be responsible if it is otherwise.
Tenant:	No enquiries on the financial standing of actual or prospective tenants have been made. Where property is valued with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under the lease and there are no arrears of rent or undisclosed breaches of covenant.
Reinstatement Cost:	Our opinion of the reinstatement cost for fire insurance purpose is provided only for guidance and must not be relied upon as the basis for insurance cover. We advise that we are not quantity surveyors and our estimate of the construction cost is based upon published sources. We recommend that verification of the reinstatement cost be sought from a qualified quantity surveyor, if considered appropriate.
Attendance in Court:	Savills or its employees are not obliged to give testimony or to appear in court or any other tribunal or to any government agency with regards to this valuation report or with reference to the property in question unless prior arrangement has been made and Savills are properly reimbursed.

Jones Lang LaSalle Advisory Services Pty Limited
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tel +61 7 3231 1311 fax +61 7 3231 1313

20 December 2022

Mr Daniel Chun
Chip Eng Seng Corporation Ltd
171 Chin Swee Road
#11-01CES Centre
SINGAPORE 169877

Re:	Valuation Summary Letter
Property:	Grosvenor Hotel Adelaide and Adjoining Retail Properties 121-125 North Terrace, 72, 74-78 and 80-82 Hindley Street, Adelaide, SA, 5000

Property Description	The Grosvenor Hotel Adelaide (the "hotel" and/or "property") was until recently a mid-market positioned (4.0 star) hotel. Subsequent to its rebranding (had previously been the Mercure Grosvenor), the hotel has been repositioned as an Economy (3.5 star) operation. A former adjoining Ibis Styles Hotel, a 64-room economy hotel that is located on the adjoining Allotment 642 and was co-operated with the subject hotel, ceased trade in April 2020 and it is not planned to re-open. The Grosvenor Hotel Adelaide comprises 181 guest rooms, facilities include: a lobby/reception area, restaurant and bar (ceased operation in 2021), conference/function rooms as well as basement car parking for approximately 63 vehicles. In February 2021, the hotel was rebranded as the Grosvenor Hotel Adelaide, having previously traded as the Mercure Grosvenor, and following this re-branding the hotel was repositioned as an Economy Class hotel. Notwithstanding, Accor remains the operator of the hotel under an amended Hotel Management Agreement. Upon repositioning the hotel ceased all food and beverage and conferencing operations. A grab and-go station has been established to provide limited food and beverage options. The former restaurant, bar and conference facilities are not currently in use. In addition to the above, the property also incorporates a retail component at the Hindley Street end of the property comprising three adjoining buildings to Hindley Street and a detached multi-storey building to the rear as well as a central open yard used for vehicle parking. The improvements are generally of a poor to average standard with significant areas currently in an unlettable state. It is proposed to demolish the multi storey building to the rear with the majority of the property, excluding a leased building at 80-82 Hindley Street, considered to represent a development opportunity. The retail component of the Property is subject to four (4) leases including a Sheesha Lounge at 74-78 Hindley Street, a convenience store and bar in 80-82 Hindley Street and open and secure under cover parking to Hertz Australia over the rear portion (between the Hindley Street buildings and the hotel). We note the upper levels of the rear building (above the Hertz Australia tenancy) are occupied by the former Ibis Styles Hotel, noting that this building is not considered to add any value to the holding.
Property	121-125 North Terrace, 72, 74-78 and 80-82 Hindley Street, Adelaide, SA, 5000
Registered Owner	CES Grosvenor Hotel (SA) Pty Ltd
Legal Description	Allotment 1 on Filed Plan 156351, Allotment 96 on Filed Plan 199665, Allotment 641 on Filed Plan 181483, Allotment 642 on Filed Plan 181484, Allotment 643 on Filed Plan 181485, and Allotment 644 on Filed Plan 181486.
Prepared for	Chip Eng Seng Corporation Ltd
Valuation Purpose	Hotel: Mandatory Cash Offer by United Overseas Bank Limited for and on behalf of Tang Dynasty Treasure Pte Ltd for all the issued and paid-up ordinary share capital of Chip Eng Seng Corporation Ltd (the **"Company"**). In connection with such offer, a circular to be dated on or around 22 December 2022 (the **"Offeree Circular"**) containing, *inter alia*, the letter from the independent financial advisor to the directors of the Company who are considered independent for the purposes of the offer (the **"Recommending Directors"**), the Valuation Summary Letter, and the recommendations of the Recommending Directors in respect of the offer, will be despatched to the shareholders of the Company. This valuation is otherwise subject to the use and reliance terms and conditions outlined herein and has been prepared to comply with Rule 26 of The Singapore Code on Take-overs and Mergers and International Valuation Standards (IVS). 72, 74-78 and 80-82 Hindley Street: Financial reporting purposes.
Date of Valuation	5 December 2022

Interest(s) Valued and Comments:	The open market value of the freehold interest in the Grosvenor Hotel Adelaide (Allotment 1 on Filed Plan 156351) for the existing use has regard to its future trading potential as a fully equipped operating entity (i.e. as a 'going concern' hotel with supporting amenity) and the benefit of vacant possession of management which is advised to be available from December 2023. A further assessment of the open market value of the freehold interest in the retail/commercial component at 72, 74-78 and 80-82 Hindley Street (Allotment 96 on Filed Plan 199665, Allotment 641 on Filed Plan 181483, Allotment 643 on Filed Plan 181485 and Allotment 644 on Filed Plan 181486) and Allotment 642 on Filed Plan 181484 (former Ibis Style hotel/Hertz) has also been prepared. The highest and best use for 72 and 74-78 Hindley Street is considered to be for redevelopment with the existing leases of a short-term nature. The improvements at 80-82 Hindley Street add value to the site and we have, therefore, assessed this as an income producing property.
Open Market Value (Excluding GST)	**Hotel Component:** AUD$15,900,000 **Retail – 72-78 Hindley Street:** AUD$13,600,000 **Retail – 80-82 Hindley Street:** AUD $2,350,000 **Total Aggregated Value:** AUD $31,850,000
Hotel Value Analysis:	Initial Yield (Hotel Forecast Year 1 EBITDA): 7.3% Running Yield (Hotel Forecast Year 3/5 EBITDA): 6.8% / 7.6% Hotel Value Per Room: $87,845
Retail/Commercial Value Analysis of 72 and 74-78 Hindley Street:	Rate per square metre (site area) $8,004
Retail/Commercial Value Analysis of 80-82 Hindley Street:	Initial Yield (net passing) 3.53% Equivalent Yield 4.25% Rate per square metre (GLAR) $4,352
Statements:	• The Valuers are neither directors nor employees of the Client and do not have any significant financial interest, direct or indirect, in the Client; • The Valuers/Firm have declared any Potential Conflict of Interest or Pecuniary Interest (real or perceived) relating to the subject Property; • The valuers possess the requisite qualifications and experience to carry out the valuation; • The valuation has been prepared in compliance with Rule 26 of The Singapore Code on Take-overs and Mergers and International Valuation Standards (IVS); and • All investigations have been conducted independently and without influence from a third party in any way.
Notice:	*JLL has not been involved in the preparation of the Offeree Circular and makes no statement in the Offeree Circular other than in this Valuation Summary Letter. Neither JLL, nor any of its directors, accepts any responsibility for information in any other part of the Offeree Circular. Any and all the information and material in this Valuation Summary Letter, or the underlying the Valuation Reports and the Valuation Certificates (together the 'JLL Reports') shall not constitute advice or a recommendation by JLL with respect to the offer contained in the Offeree Circular. Any and all the information and material in the JLL Reports or any extract or derivation or analysis thereof should be read by any third party for informational purposes only and should not be used or considered as an offer or a solicitation to sell or an offer or solicitation to any party to subscribe to the offer contained in the Offeree Circular or to buy the shares of the Company. JLL has prepared the JLL Reports on the basis of information provided to us by the Company. We have assumed that this information is reliable, complete and not misleading. Neither JLL nor any of its affiliates makes any representation, warranty, nor guarantee as to the completeness, accuracy, timeliness or suitability of any information contained within any part of the JLL Reports and in the way they are utilised for any purpose. JLL does not accept any liability (whether in contract or tort or otherwise howsoever caused) for any loss or damage (including, without limitation, loss of profit), costs or expenses, which may arise directly or indirectly from any third party's use of or reliance upon or any inference drawn from the information in the JLL Reports.*

Jones Lang LaSalle Advisory Services Pty Limited

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Director
Valuations and Advisory SA/NT

Date of Issuance: 20 December 2022

This letter is a summary of the valuations only and has not been prepared for the purpose of assessing the Property as an investment opportunity. It is an abstract of the contents of the valuation report dated 5 December 2022. The valuation assessment and report are contingent upon a number of conditions, qualifications and critical assumptions which are fully described and set out in the body of the report.

1 Introduction

1.1 Instructions

This Summary Letter has been prepared in response to instructions received from Chip Eng Seng Corporation Ltd (the "Client") dated 15 December 2022, regarding the valuation of the Grosvenor Hotel Adelaide and Adjoining Retail Properties (the "Property" and/or "Hotel") for the following purposes:

Hotel:	Mandatory Cash Offer by United Overseas Bank Limited for and on behalf of Tang Dynasty Treasure Pte Ltd. for all the issued and paid-up ordinary share capital of Chip Eng Seng Corporation Ltd.
72, 74-78 and 80-82 Hindley Street:	For financial reporting purposes.

The valuation has been prepared in accordance with:

- Rule 26 of The Singapore Code on Take-overs and Mergers;
- International Valuation Standards – IVS 400 Real Property Interest;
- The API's Australian and New Zealand Valuation and Property Standards; and
- The specific requirements stated within the letter of engagement.

Reliance on this Summary Letter is permitted only:

- by a party expressly identified by the report as being permitted to rely on it;
- when the given party has received the report directly from JLL; and
- for a purpose expressly identified by the report as being a permitted use of the report.

Responsibility is disclaimed for any loss or damage including, but not limited to damage resulting from the use by the Client of the Valuation, suffered by any other person for any reason whatsoever including, but not limited to, negligence on the part of us.

The Valuation is current as at its date. We are not liable for claims relating to reliance upon the Valuation more than 90 days after its date, or earlier if the relying party is aware of anything that may have an effect on the Valuation.

The valuation report and this Summary Letter is also subject to the attached JLL Valuation Services Terms of Engagement for Valuations.

We have prepared a full and comprehensive Valuation report for the property in accordance with our instructions. This Summary Letter should be read in conjunction with the Valuation report dated 5 December 2022 as we note this Summary Letter does not outline all information and assumptions which are detailed in our valuation report.

Valuation Reconciliation & Key Assumptions

The results and key assumptions of our valuation methods are:

Property	Adopted Capitalisation Rate	Adopted Discount Rate	Terminal Yield	Hotel Value Per Room	Rate per Square metre	Adopted Value
Grosvenor Hotel Adelaide	6.5%	9.25%	6.75%	$87,845	n/a	AUD$15,900,000
Retail – 72-78 Hindley Street, Adelaide	n/a	n/a	n/a	n/a	$8,004 (Site Area)	AUD$13,600,000
Retail – 80-82 Hindley Street, Adelaide	4.25%	n/a	n/a	n/a	$4,352 (GLAR)	AUD$2,350,000
Total Aggregated Value:						AUD$31,850,000

Basis of Valuation

The valuation takes into account the value of all estates in the property, and is based on Market Value as defined by the International Valuation Standards Council and adopted by the Australian Property Institute (API) and the Royal Institution of Chartered Surveyors (RICS) which is:

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

Rule 26 of The Singapore Code on Take-overs and Mergers refers to the assessment of Open Market Value. We are of the opinion that these terms are interchangeable and conform with the above definition. Rule 26.2(a) of the Code further states *"a property which is occupied for purposes of the business must be valued at open market value for the existing use"*.

Our assessment represents the Open Market Value of the freehold interest in the Grosvenor Hotel Adelaide (whole of Allotment 1 on FP156351) for the existing use having regard to its future trading potential as a fully equipped operating entity (i.e. as a 'going concern' hotel with supporting amenity) with the benefit of vacant possession of management at the end of the 2023 calendar year (the agreement is advised by management to be rolling over on an annual basis at the current time). We have also separately assessed the Open Market Value of the freehold interest in the property's retail/commercial component at 72, 74-78 and 80-82 Hindley Street, Adelaide (five adjoining allotments) noting that the highest and best use for 72 and 74-78 Hindley Street is for redevelopment.

With regards to the hotel assessment, the reported figure includes the value attributed to the real estate, furniture, fittings and equipment used in the day-to-day operation of the business. Such an assessment excludes the value of stock and assumes all items of furniture, fittings and equipment can be transferred without penalty to a new owner.

Valuation Methodologies

Grosvenor Hotel Adelaide

In order to assess the value of the property, we have applied the Capitalisation and Discounted Cash Flow (DCF) methodologies to the forecast net income. The forecast represents the view a hypothetical potential purchaser would adopt as an estimate of a hotel's future income potential and represents a reasonable basis for acquisition purposes.

Because of their strong impact on purchasing decisions, we have had regard to the initial and likely returns to an investor over a medium-term investment horizon. As a further check, we take into consideration the indicated value per guest room and compare this with the analysed rate demonstrated by recent market transactions.

The process of making forward projections involves assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions. To rely upon our valuation, therefore, the reader must be satisfied with the reasoning behind these future estimates.

Capitalisation Approach

We have used the capitalisation methodology (three-year equivalent yield) in our assessment for the hotel in order to account for the income earning capacity of the property. The income stream utilised in our assessment is the net operating profit before interest, taxation, depreciation and amortisation (EBITDA).

Under the equivalent yield approach, the net income expected to be achieved in the first year is capitalised at an appropriate investment yield. To this figure the capitalised value which relates to real income growth in later years is added, after being discounted (at the same yield rate), to arrive at a net present worth. This is considered appropriate where forecast trading conditions are variable due to a range of factors including newly developed or refurbished properties, those that are underperforming or where extraordinary market growth or recovery is anticipated.

Discounted Cash Flow Approach

This approach is based on the premise that as an investment asset, it is the value of the cash flow, both from the ongoing trading operation and an envisaged sale at the end of the investment horizon that should be assessed. The income stream is, however, subject to levels of volatility and the selection of the appropriate discount rate and other investment parameters must reflect the risk profile of the likely trading scenario.

Discounted Cash Flow (DCF) methodology explicitly recognises the time value of money by estimating the Net Present Value (NPV) of the future cash flows. Acquisition costs have been allowed to provide for relevant due diligence and legal fees. A terminal yield has been applied to the estimated year six income in estimating the terminal sale price, considering the forecast levels of income and presumed investment market at this time. Disposal costs have also been deducted to provide for selling expenses.

Based upon our analysis of recent sales and having regard to the yields available in the market, as well as the specific investment risks for a property of this size/age, an acceptable discount rate (unleveraged IRR) we believe that investors would consider has been applied to be net cash flow. The resultant net present value under the DCF approach had been adopted following the deduction of adopted extraordinary capital expenditure.

We stress that the estimating of future returns and values is a very problematic exercise, which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projection of key elements includes assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions, variation in any of which may significantly affect value.

Sales Comparison Approach

Direct comparison with relevant sales has been undertaken to check the anticipated value range for the property. Under this approach, the sale price achieved on a rate per room is used to identify a band of value within which the subject hotel is likely to lie.

When analysing the sales evidence, we have taken into consideration the various attributes including, but not limited to location, hotel improvements, grade and condition, capital expenditure requirements, management terms and / or vacant possession availability, trading performance and level of profitability, land, zoning and redevelopment / conversion potential, date of purchase etc. of each of the sales and have compared them to the Property.

72 and 74-78 Hindley Street, Adelaide

The highest and best use of this property is considered to be for redevelopment noting that the existing leases are of a short term nature and provide holding income while redevelopment options are considered. In arriving at our opinion of open market value as a development site we have adopted the direct comparison approach assessed on the basis of a rate per square metre of site area having regard to development site sales in the general locality.

80-82 Hindley Street, Adelaide

In arriving at our opinion of market value, of this retail building, we have adopted the capitalisation of net income and direct comparison approaches.

2 Qualifications

We consent to the inclusion of this summary letter in the circular to shareholders on the following conditions:

- This Valuation has been prepared as a valuation only and has not been prepared for the purpose of assessing the Property as an investment opportunity;
- JLL has not been involved in the preparation of the circular to shareholders nor have we had regard to any material contained in the circular to shareholders. This Valuation and Summary Letter do not take into account any matters concerning the investment opportunity contained in the circular to shareholders;
- JLL has not operated under an Australian financial services licence in providing this valuation and makes no representation or recommendation to a prospective investor in relation to the valuation of the property or the investment opportunity contained in the circular to shareholders;
- The Valuation and the Summary Letter are strictly limited to the matters contained within them, and are not to be read as extending, by implication or otherwise, to any other matter in the circular to shareholders. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation;
- Neither this Valuation report nor the Summary Letter may be reproduced in whole or in part without the prior written approval of JLL;
- JLL has prepared this valuation solely in reliance upon the financial and other information (including market information and third party information) provided by the instructing party and has assumed that information is accurate, reliable and complete. We confirm that we have not tested the information in that respect;
- This Valuation report is subject to the assumptions, limitations and disclaimers contained therein;

- JLL will specifically disclaim all liability with respect to parts of the circular to shareholders or any other documents not prepared by it, including any alleged misleading or deceptive statement in, or omission of material required by the Securities and Futures Act in Singapore from any part of the offer document not prepared by JLL;
- JLL has received a fee from the Client for the preparation of the valuation report and summary letter;
- JLL are participants in the Australian Property Institute (API) Limited Liability Scheme. This scheme has been approved under Professional Standards legislation and is compulsory for all API members;
- In appointing JLL, the Client and Reliant Parties acknowledge and accept the JLL Valuation Services Terms of Engagement for Valuations;
- JLL will specifically disclaim liability to any potential investor using the Valuation report and Summary Letter except to the extent the Summary Letter contains a misleading or deceptive statement or an omission of material required by the Securities and Futures Act;
- JLL will specifically disclaim all liability with respect to parts of the circular to shareholders or any other documents not prepared by it, including any alleged misleading or deceptive statement in, or omission of material required by the Securities and Futures Act from any part of the offer document not prepared by JLL;
- In accordance with our standard practice we must state that this valuation is confidential and for the use only of the Client for the purpose to which it refers. No responsibility or liability is accepted to any third parties and neither the whole nor any part nor any reference thereto may be published in any document, statement or circular nor in communication with third parties without our prior written approval of the form and context in which it will appear;
- In the event our consent is given and this Valuation appears in a circular to shareholders in connection with the Mandatory Cash Offer, we refer you to our standard terms and conditions appended in respect of reliance, which is solely to our Reliant Party. For the sake of clarity, we do not extend reliance to individual shareholders, and if a copy of our Valuation or Summary Letter is made available to individual shareholders or other third parties, it is solely for their general information purposes only and a decision taken by you, our Client;
- The Valuation report herein does not purport to contain all the information that a potential purchaser or any other interested party may require. It does not take into account the individual circumstances, financial situation, investment objectives or requirements of a potential purchaser or any other person. It is intended to be used as a guide only and does not constitute advice, including without limitation, investment, tax, legal or any other type of advice;
- No responsibility is accepted by Jones Lang LaSalle Advisory Services Pty Limited, its directors, employees, affiliates and representatives to such parties for any loss or damage which may result from the Valuation's use (except to the extent that liability under statute or by operation of law cannot be excluded) including without limitation loss or damage arising from any financing, purchase or leasing transaction to any person for any loss, liability, damage or expense arising from or connected in any way with any use of or reliance on this report;
- As per our terms of engagement, the Client agrees to fully indemnify JLL against all claims, demands, litigation, losses, damages or costs that may arise as a result of the Client making a copy of our valuation or valuation summary and providing a copy to individual shareholders or financiers;
- We specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the circular to shareholders. We do not make any warranty or representation as to the accuracy of the information in any part of the circular to shareholders other than as expressly made or given in this Valuation report or the Summary Letter;
- The valuation stated herein is, in the opinion of Jones Lang LaSalle Advisory Services Pty Limited, a best estimate and should not be construed as a guarantee or prediction and the valuation is fully dependent upon the accuracy of the assumptions made. Potential Investors should not rely on any material contained in this report as a statement or representation of fact but should satisfy themselves as to its correctness by such independent investigation as they or their legal or financial advisors see fit after reviewing the Valuation report to understand the particular assumptions and methodologies made in the preparation of the valuations and to appreciate the context in which the values are arrived at; and
- This summary letter is to be read in conjunction with our formal Valuation report of the 5th December 2022 and is subject to the assumptions, limitation and disclaimers contained therein.

3 Valuer's Experience and Interest

We confirm the Valuers who prepared the valuation report, is Baden Mulcahy and Tracy Gornall, have the following experience and qualifications:

- Are Certified Practising Valuers;
- Have over 30 years practical experience and are proficient in the valuation of the applicable type of property;
- Are Associates or Fellows of the Australian Property Institute and/or a Member of the Royal Institute of Chartered Surveyors;
- Are able to demonstrate compliance with the API and/or RICS Continuing Professional Development programs; and
- That there has been no disciplinary action taken against the Valuers by the API/RICS or registration body in the last five years.

We confirm the Valuers and JLL have no pecuniary or other interest in the property that would conflict with the proper valuation of the premises or could reasonably be regarded as being capable of affecting the Valuers' ability to give an unbiased opinion. This position will be maintained until the purpose for which the valuation is being obtained is completed.

4 Liability Disclaimer

This summary letter and the valuation report has been prepared for Chip Eng Seng Corporation Ltd and is subject to the conditions referred to in *Section 1, 2* and *3* of this Summary Letter. Neither JLL nor any of its directors make any representation in relation to the circular to shareholders nor accept responsibility for any information or representation made in the circular to shareholders, other than this Summary Letter.

JLL was involved only in the preparation of this Summary Letter and the Valuation report referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in, the circular to shareholders other than in relation to this Summary Letter.

CBRE

20 December 2022

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Daniel Chun
Financial Controller
CES Park Kodhipparu Private Limited
c/o CES Park (Maldives) Pte Ltd
(A member of Chip Eng Seng Group)
171 Chin Swee Road
11-01 CES Centre, Singapore 169877

Dear Sir,

SUMMARY LETTER IN RELATION TO THE VALUATION OF GRAND PARK KODHIPPARU MALDIVES

As instructed by Chip Eng Seng Corporation Ltd ("Client"), we, CBRE Pte. Ltd ("CBRE"), have issued a valuation as outlined in the valuation certificate in this letter as at 20 December 2022 ("Valuation Date"), representing the Market Value of Grand Park Kodhipparu Maldives ("Property") in connection with the mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the share capital of Chip Eng Seng Corporation Ltd ("Purpose").

For the purposes of this Circular, we have prepared this letter ("Letter"), which summarizes our Valuation Report and outlines key factors which have been considered in arriving at our opinion of value. CBRE has provided the Client with a comprehensive Valuation Report for the Property. This Letter must be read in conjunction with the said issued Valuation Report that has been prepared and vested with the Client. We hereby consent to the Client's use and inclusion of the this Letter with attached valuation certificate within this Circular relating to the Purpose.

Our valuation is conducted in accordance with the latest edition of the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards effective from 31 January 2022. It is also conducted in accordance with the IVSC International Valuation Standards (IVS) effective from 31 January 2022, where appropriate.

The definition of Market Value in this Letter, Valuation Certificate and the Valuation Report is in accordance with the definition of market value set out in IVS. The definition of Market Value is as follows:

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

Reliance on this Letter

The valuation and market information are not guarantees or predictions and must be read in consideration of the following:

- This Letter alone does not contain all the necessary data and support information in terms of the valuation, which is included within our Valuation Report. To understand the complexity of the methodology and the many variables involved, reference must be made to the Valuation Report, a copy of which is vested with the Client.
- The conclusions within the Valuation Report as to the estimated value are based upon the factual information set forth in the Valuation Report. Whilst CBRE has endeavoured to assure the accuracy of the factual information, it has not independently verified all information provided by the Client.
- The methodologies used by CBRE in valuing the Property –Income Capitalisation Approach and Discounted Cash Flow Analysis are based upon estimates of future results and are not predictions. These valuation methodologies are summarised in the Valuation Rationale section of this Letter. Each of the income

methodologies begin with a set of assumptions as to income and expenses of the Properties and future economic conditions in the local market. The income and expense figures are extended with adjustments for estimated changes in economic conditions. The resulting value is considered the best practice estimate but is not to be construed as a prediction or guarantee and is dependent upon the accuracy of the assumptions as to income, expenses and market conditions, which have been based on the information available as at the Valuation Date. The basic assumptions utilised for the Property are summarised in the Valuation Rationale section of this Letter.

- The Valuation Report was undertaken based upon information available and provided to us in November 2022. CBRE accepts no responsibility for subsequent changes in information as to income, expenses, or market conditions, between these dates and the valuation date.

No reliance may be placed upon the contents of this Letter by any party for any purpose other than in connection with the Purpose of Valuation and only with reference to the Valuation Report.

Property Details

The Property is a 120-key upscale resort, offering good quality rooms and amenities found in a typical upscale resort product in the Maldives. The Property offers 18 beach villas and 102 overwater villas, including 5 presidential overwater suites.

The tenure of the Property is with an original term of a leasehold of 50 years commencing from 30 September 2013. We were provided with a letter dated 1 December 2022 from the Maldives Government giving approval for the lease period to be extended for a further 49 years, upon the payment of the lease extension fee of US$5,000,000 to the Maldives Inland Revenue Authority within 30 days from the date of the letter. We understand that the payment was subsequently done on the 19 December 2022. We have not made further inquiries with relevant legal/statutory authorities on this matter and recommend that a qualified lawyer reviews and confirms the lease extension.

The interest valued in the Property is Unencumbered Leasehold Going Concern, subject to the existing management agreement, inclusive of all plant, equipment, furniture and fittings, (excluding stock).

The property is currently managed by Park Hotel Group and operates under the Grand Park brand, subject to a 10 year management agreement (subject to a 5-year renewal option), which commenced in Oct-16. Management fees comprise a base fee of 2.00% of gross revenue and an incentive fee calculated as follows:

- If Hotel GOP margin =<30%: Incentive Fee shall be 5.00% of Hotel GOP
- If 30% < Hotel GOP margin =<40%: Incentive Fee shall be 6.00% of Hotel GOP
- If 40% < Hotel GOP margin: Incentive Fee shall be 7.00% of Hotel GOP

Valuation Rationale

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated a broad range of market evidence and the trading performance of comparable properties. We have also reviewed historic trading levels and the future trading potential of the property. Our assessment has been made utilising Capitalisation Analysis and Discounted Cash flow Analysis.

INCOME CAPITALIZATION (STABILISED YEAR CAPITALISATION METHOD)

We have utilised methods of income capitalisation which is the Stabilised Year Approach. The Stabilised Year Approach is used where the income stream is expected to vary greater than the rate of underlying inflation due to foreseeable changing market conditions, a recovering or declining business flowing an internal or external event, or to reflect the effect of capital expenditure. This analysis takes into account the forecast income over to the time taken for the income to have stabilised from the effect of the foreseeable circumstance. Capital expenditure required to achieve the expected income is deducted from the core value.

DISCOUNTED CASH FLOW ANALYSIS (DCF)
We have also carried out a discounted cash flow analysis over a ten year investment horizon which assumes that the Property is sold at the end of that period. This form of analysis allows an investor or owner to make an assessment of the longer term return that is likely to be derived from a property with a combination of both income and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, income growth, sale price of the property at the end of the investment horizon, potential capital expenditure, costs associated with the initial purchase of the property and also its disposal at the end of the investment period.

We have investigated the current market requirements for an investment return over a ten year period from hospitality properties. We hold regular discussions with investors active in the market, both as purchasers and owners of hospitality properties.

Our selected terminal capitalisation rate, used to estimate the terminal sale price, takes into consideration perceived market conditions in the future, estimated tenancy and cash flow profile and the overall physical condition of the building in ten years' time. The adopted terminal capitalisation rate additionally has regard to the duration of the remaining leasehold tenure of the Property at the end of the cash flow period.

SCOPE OF INFORMATION:
The scope of work used to develop this valuation is as follows:

a. We have inspected the subject property

b. Analysis and research included applicable head lease status, trading information, occupation leases, income and expense data and comparable data

c. Factual property specific data was provided by the Client.

ASSUMPTIONS, DISCLAIMERS, LIMITATIONS & QUALIFICATIONS
All data provided in this Letter and Valuation Certificate is wholly reliant on and must be read in conjunction with the information provided in the Valuation Report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation. This Letter and Valuation Certificate is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this Letter and Valuation Certificate which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section of the Valuation Report. Reliance on this Letter and Valuation Certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.

MARKET CONDITIONS CLAUSE

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.

You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events. You should note that the conclusions set out in our Valuation Reports are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

Assessment of Value

We are of the opinion that our assessment of the Market Value of the Property, subject to the existing management arrangements, is as follows:

Property	Basis of Value	Number of Rooms	Value (USD)	Value Per Room (USD)
Grand Park Kodhipparu	Leasehold Going Concern interest	120	125,000,000	1,041,667

Disclaimer

CBRE have prepared this Letter which appears in this Circular and, to the extent permitted by law, specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in this Circular, other than in respect of the information provided within the aforementioned Valuation Report and this Letter. CBRE does not make any warranty or representation as to the accuracy of the information in any other part of this Circular other than as expressly made or given by CBRE in this Letter.

CBRE has relied upon property data supplied by Chip Eng Seng Corporation Ltd which we assume to be true and accurate. CBRE takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The reported analysis, opinions and conclusions are limited by the reported assumptions and limiting conditions outlined in the Valuation Report. CBRE and the respective appraisers involved in each assignment have no present or prospective interest in the Property and have no personal interest or bias with respect to the party(ies) involved.

The appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuer undertaking the valuations are authorized to practice as appraisers and:

1) has at least 5 years continuous experience in valuing real properties in a similar industry and area as the real property in which the valuation is to be conducted; and

2) have not been found to be in breach of any rule or law relevant to real property valuation and is not

   i) denied or disqualified from membership of or licensing from;
   ii) subject to ant sanction imposed by:
   iii) subject to any disciplinary proceedings by; or
   iv) the subject of any investigation which might lead to disciplinary action by, in each case by any professional body or authority relevant to real property valuation.

None of the information in this Letter, Valuation Certificate or our Valuation Report constitutes advice as to the merits of entering into any form of transaction. Furthermore, none of the information in this Letter, Valuation Certificate or our Valuation Report constitutes financial product advice.

CBRE

Neither this Letter, Valuation Certificate nor the Valuation Report purport to contain all the information that any interested party may require. They do not consider individual circumstances, financial situation, investment objectives or requirements. They are intended to be used as guide only and do not constitute advice including without any limitation, investment, tax, legal or any other type of advice. The valuation stated is only best estimates and are not to be construed as a guarantee. The material contained in these valuations should not be relied upon as a statement or representation of fact without confirmation or satisfaction as to its correctness by independent investigation and review of the Valuation Report to understand the assumptions and methodologies stated in the valuations.

This Letter, Valuation Certificate and the Valuation Report are strictly limited to the matters contained within those documents and are not to be read as extending, by implication or otherwise, to any other matter in this Circular. To the extent permitted by law, CBRE specifically disclaims any liability in respect of the use of or reliance on this Letter, Valuation Certificate and our Valuation Report to any person in the event of any omission or false or misleading statement other than to the Addressees. CBRE does not give any warranty or representation as to the accuracy of the information in any other part of this Circular.

Yours sincerely
CBRE Pte. Ltd

Zhang Jiahao
Director
Valuation & Advisory Services (Hotels)

Encl.: Appendix 1 – Valuation Certificate

CBRE

Appendix 1

VALUATION CERTIFICATE

Property:	**Grand Park Kodhipparu** Kaafu Atoll Republic of Maldives
Client:	Chip Eng Seng Corporation Ltd
Purpose of Valuation:	In Connection With The Mandatory Unconditional Cash Offer For All The Issued And Paid-Up Ordinary Shares In The Share Capital Of Chip Eng Seng Corporation Ltd
Interest Valued:	Unencumbered Leasehold Going Concern, inclusive of all plant, equipment, furniture and fittings, (excluding stock).
Tenure:	The original term of the Property is for a period of 50 years commencing from 30 September 2013. We were provided with a letter dated 1 December 2022 from the Government giving approval for the lease period to be extended for a further 49 years, upon the payment of the lease extension fee of US$5,000,000 to the Maldives Inland Revenue Authority within 30 days from the date of the letter. We understand that the payment was subsequently done on the 19 December 2022. We have not made further inquiries with relevant legal/statutory authorities on this matter and recommend that a qualified lawyer reviews and confirms the lease extension.
Basis of Valuation:	Market Value subject to the the existing management agreement.
Registered Lessee:	CES Park Kodhipparu Private Limited
Land Area:	49,449 square metres
Built Up Area:	14,157 square metres
Room Count:	120
Brief Description:	The Property is located at the north of the Maldives in Kaafu Atoll on the island of Kodhipparu. It is approximately 18 kilometres northwest of Velana International Airport and approximately 15 minutes away by speedboat. The Property is a 120-key upscale resort, offering good quality rooms and amenities found in a typical upscale resort product in the Maldives. The Property offers 18 beach villas and 102 overwater villas, including 5 presidential overwater suites. Facilities for the Property include three F&B outlets – all day dining restaurant - The Edge, fine dining restaurant – Firedoor and the Breeze Poolside and dining bar, cigar room, swimming pool, beach club, spa, beauty salon, water sports and dive centre.
Occupancy Profile:	The property is currently managed by Park Hotel Group and operates under the Grand Park brand, subject to a 10 year management agreement (subject to a 5-year renewal option), which commenced in Oct-16. Management fees comprise a base fee of 2.00% of gross revenue and an incentive fee calculated as follows: If Hotel GOP margin =<30%: Incentive Fee shall be 5.00% of Hotel GOP If 30% < Hotel GOP margin =<40%: Incentive Fee shall be 6.00% of Hotel GOP If 40% < Hotel GOP margin: Incentive Fee shall be 7.00% of Hotel GOP
Valuation Approaches:	Capitalisation Method and Discounted Cash Flow Analysis
Date of Inspection:	1 November 2022
Date of Valuation:	20 December 2022
Market Conditions Clause (Heightened Market Volatility):	We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard. You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.
Assessed Value:	**US$125,000,000** **ONE HUNDRED TWENTY FIVE MILLION US DOLLARS**

Adopted Value Analysis:

Initial Yield:	6.28%	**10 Yr DCF**	
Stabilised Yield:	7.89%	**IRR:**	10.39%
Value per Room (US$):	US$1,041,667	**Terminal Yield:**	8.25%

Assumptions, Disclaimers, Limitations & Qualifications

This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.

Prepared By: **CBRE Pte. Ltd.**

Per:	Zhang Jiahao, BSc (Real Estate) (Hons), MRICS, MSISV RICS Registered Valuer Appraiser's License No. AD041-2009908C Director - Valuation & Advisory Services (Hotels)	**Per:**	Victor Chin Wei De, BSc (Real Estate) (Hons) Valuer - Valuation & Advisory Services (Hotels)

VALUATION CERTIFICATE

Valuation Certificate

This is a summary only. Jones Lang LaSalle's valuation of this asset is subject to Assumptions, Conditions and Limitations. Those are set out in the covering letter and full valuation report prepared in relation to the asset.

Date of Valuation	:	20 December 2022
Property	:	Commercial office building 205 Queen Street, Auckland Central, Auckland
Client	:	Chip Eng Seng Corporation Ltd
Purpose of Valuation	:	Mandatory Unconditional Cash Offer by United Overseas Bank Limited for and on behalf of Tang Dynasty Treasure Pte. Ltd. for all the issued and paid-up ordinary shares in the share capital of Chip Eng Seng Corporation Ltd
Legal Description	:	Roxy-CES (NZ) Limited is the registered owner of the Leasehold interest. Details are as follows: Tenure: Leasehold Title Reference: 325979 Legal Description: Lot 1 Deposited Plan 109984 Area: 3,764 sqm Instrument: L C175031.4 Registered Owner: Roxy-CES (NZ) Limited Term: 91 years commencing 18 June 1990
Permitted Zoning Use	:	Zoned City Centre within the Auckland Council Unitary Plan Operative in Part (2016). The City Centre zone is the top of the centres hierarchy and plays a pivotal role in Auckland's present and future success. This zone aims to ensure the city centre is an international centre for business and learning, innovation, entertainment, culture and urban living. The zone permits a wide range of activities to establish in most parts of the city centre. Permitted activities include residential activities, community activities, industry activities, commercial services, entertainment services, offices, retail, conference facilities and marae complexes. Within the Planning document the property is also within the Queen Street Valley Precinct. The objective of the Precinct is to ensure the built and streetscape character and the amenity of the Queen Street Valley Precinct is maintained and enhanced.
Brief description of Property	:	205 Queen Street provides a twin tower commercial development that was originally constructed in 1990, occupying a 3,764 sqm block bound by Queen, Victoria, Elliot and Darby Streets within the Auckland CBD. This is a central CBD location benefiting from Queen Street frontage and surrounding commercial development including shops, restaurants, bars, cafes, and exercise facilities along with multiple transportation options. The two towers provide a combined net office area of approximately 22,946 sqm, retail of 2,118 sqm, along with 123 basement car parking spaces and 308 sqm of storage. The

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		property provides circa 585 sqm office floor plates to both towers with good outlook and views over the surrounding commercial locality. The property is of leasehold tenure, with a 91-year term commencing in June 1990 with a right of renewal of 98 years (157 years to expiry including renewal). Ground Rental is 'participatory', being 6% of net annual rental.
Site Area/s	:	3,764 sqm more or less
Gross Floor Area (GFA)(as provided and subject to survey)	:	Approximately 38,874 sqm
Total Net Lettable Area (NLA) (as provided and subject to survey)	:	Approximately 25,064 sqm
Tenancy Details	:	At the date of valuation, the property is circa 64% occupied (by income), with major occupiers including ANZ, Bank of China and RBNZ. The leases are returning a combined net rental of $7,169,216 per annum (after ground rent), with a remaining WALT of 1.70 years (by income).
Capitalisation Rate	:	6.25%
Terminal Yield	:	6.50%
Discount Rate	:	6.75%
Master Plan Zoning	:	City Centre – Auckland Unitary Plan Operative in Part (15 November 2016)
Purpose and methods of Valuation	:	Determination of Open Market Value based on Existing Use utilising Capitalisation Approach and Discounted Cash Flow Approach
Market Value as at 20 December 2022	:	$175,000,000 NZD plus GST, if any
Value psm on GFA	:	$4,502 NZD sqm
Value psm on NLA	:	$6,982 NZD sqm

All works are carried out in accordance with the PINZ and IVS, and all codes, standards and requirements of professionalism have been met.

*Any and all the information and material in the Valuation Reports (including Executive Summaries and Valuation Certificates) (together the '**JLL Reports'**) shall not constitute advice or a recommendation by Jones Lang LaSalle Limited ("**JLL**") with respect to the offer contained in the Offeree Circular. Any and all the information and material in the JLL Reports or any extract or derivation or analysis thereof should be read by any third party for informational purposes only and should not be used or considered as an offer or a solicitation to sell or an offer or solicitation to any party to subscribe to the offer contained in the Offeree Circular or to buy the shares of the Client. Neither JLL nor any of its affiliates makes any representation, warranty, nor guarantee as to the completeness, accuracy, timeliness or suitability of any information contained within any part of the JLL Reports and in the way they are utilised for any purpose. JLL does not accept any liability (whether in contract or tort or otherwise howsoever caused) for any loss or damage (including, without limitation, loss of profit), costs or expenses, which may arise directly or indirectly from any third party's use of or reliance upon or any inference drawn from the information in the JLL Reports.*

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Prepared by **Savills Valuations Pty Ltd**
Our Ref: GW22044741

28 Lyall Street, South Perth WA

For Chip Eng Seng Corporation Ltd

20 December 2022

This Valuation Report is prepared solely for Chip Eng Seng Corporation Ltd in connection with the mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the share capital of Chip Eng Seng Corporation Ltd. It is not to be used or relied by any other party for any other purpose. It is subject to the terms and conditions, disclaimers, qualifications and limitations contained in the Report and any annexures thereto.

savills
valuation report

savills.com.au/valuations

Savills Australia
Level 27,
108 St Georges Terrace
Perth WA 6000
(08) 9488 4111

Executive Summary

28 Lyall Street South Perth, Perth WA

Addressee	**Chip Eng Seng Corporation Ltd**
Instructions	This Report is for the sole use only of **Chip Eng Seng Corporation Ltd** only and is not to be used for any other purpose by any other party. Any reliance, use, distribution, publication of the Report and/or any other representations made relating to the contents of the Report is restricted solely to the addressee. No responsibility is accepted by the Valuer and/or Valuation Firm in the event that the party to which this Report is addressed, relies, uses, distributes, publishes and /or otherwise represents anything contained in the Report for any other purpose apart from that expressly noted previously. No responsibility is accepted by the Valuer and/or Valuation Firm to any other parties who rely, use, distribute, publish and/or otherwise represent anything contained in the Report for any purpose. All investigations have been conducted independently and without influence from a third party in any way. The Valuer/Firm (in addition to the principal Valuer) has no Potential Conflict of Interest or Pecuniary Interest (real or perceived) relating to the subject property.
Interest Valued	100% Freehold subject to vacant possession
Valuation purpose	This valuation is prepared in connection with the mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the share capital of Chip Eng Seng Corporation Ltd
Valuation Approach	Direct Comparison approach (Site Area and FSR Area basis)
Property Description	The subject property comprises a cleared, level and vacant land parcel situated on the south western corner of Labouchere Road and Lyall Street, some 270 metres due east of the Kwinana Freeway and Swan River foreshore and 300 metres due south of the Mends Street riverside retail precinct, a focal hub for commercial, retail and entertainment activity for the suburb of South Perth. The majority of the site comprises cleared vacant land with sparse remnant vegetation. A small demountable structure previously used as a marketing suite is constructed to the Labouchere road frontage with an approximate building area of 140 m² The site is secured via chain mesh fencing and gates positioned on the Lyall Street frontage. The site is configured in an 'L' shape with a 21 metre frontage to Labouchere road and a 68 metre frontage to Lyall Street.
Title Details	Lot 500 on Deposited Plan 419427 - Certificate of Title 4011 Folio 47
	1. O862611 Restrictive Covenant to City of South Perth - see deposited plan 419427. Registered 12 November 2021. 2. O862661 Notification contains factors affecting the within land. Lodged 12 November 2021.
Site Area	2,039 m²
Zoning	Under the City of South Perth Local Planning Scheme No.6, the subject property is within an area zoned 'Centre', with a designation of R-AC0 and is located within the South Perth Activity Centre.
Development Approval	On 18 November 2019, the Metro Central Joint Development Assessment Panel approved DAP Application Reference DAP/18/01409 which proposed the development of a 38 storey mixed use development containing apartments, offices and car parking facilities. The development approval is valid for a period of 4 years and will accordingly expire in 17 November 2023, unless the proposed project is substantially commenced.
Tenancy Details	We are unaware of any lease or licence agreements pertaining to the subject property and have therefore undertaken the valuation subject to vacant possession.

Continued Overleaf

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Executive Summary (cont.)

28 Lyall Street South Perth, Perth WA

Last Sale	The subject property previously sold for $10,857,837 in November 2017.	
Date of Inspection	16 December 2022	
Date of Valuation	20 December 2022	
$ /m² of Site Area	$3,237/m²	
$ /m² of Plot Ratio Area	$450/m²	
$ / Equivalent Dwelling Yield	$40,461	
Adopted Market Value	**$6,600,000 (*)**	
Prepared by		
	Mark Foster-Key FRICS AAPI	Chris Walker AAPI
	State Director	Associate Director
	CPV WA No. 44047	Savills Valuations Pty Ltd
	Savills Valuations Pty Ltd	

(*) This valuation amount is exclusive of a Goods and Services Tax and is expressed in $AUD.

We advise that this summary must be read by the nominated party(ies) in conjunction with the attached report (including appendices) of which this summary forms part. This valuation summary should not be relied upon in isolation for finance or any other purposes. Liability Ltd by a scheme approved under Professional Standards Legislation. Savills will not be liable for loss of business revenue, contracts, savings or consequential losses as a result of any reliance on the opinions expressed in this report

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SWOT Analysis

28 Lyall Street South Perth, Perth WA

Strengths	■ A readily developable land parcel situated within the inner urban suburb of South Perth. ■ Well positioned, inner city site within an affluent suburb with close proximity of public transport, retail and commercial amenity. ■ Prevailing zoning regime supports potential for high density development with a base plot ratio of 7.2:1.0 and base building height limit of 15 storeys. Bonuses to plot ratio and height limits are available subject to the design proposal meeting certain criteria. ■ A current Development Approval is in place for the development of a 38 level, mixed use tower incorporating 93 apartments and some commercial accommodation. ■ The envisaged height of development will afford accommodation with quality views to the Swan River and City Skyline. ■ At 2,039 m², the site constitutes one of the larger contiguous landholdings in the precinct which should improve efficiencies in development compared to smaller, less economic landholdings.
Weaknesses	■ The property is vacant and as such does not generate a holding income. Statutory and variable outgoings must therefore be funded via an external income source. ■ Higher volatility of value, given that the property is a development site. ■ The development was launched in 2021 although withdrawn from market in mid-2022 despite some 48 apartments having been pre-sold. The recent significant escalations in construction pricing have reduced the anticipated profit margins to such a slim level that there is too much risk for the proponents to proceed at the present time. ■ Given the size of the subject site and magnitude of likely development costs, the purchaser profile is somewhat Ltd to a developer of substantial means. The active purchaser pool for such opportunities is current relatively thin. ■ Recent increases to the cost or capital and escalations in development costs are impeding the viability of new developments and having a deflationary effect on land values. ■ Debt financing for development sites remains a challenging environment.
Opportunities	■ Improvement in end apartment values may improve the economic viability of the proposed development. ■ Securing a substantial percentage of pre-sales in the property may facilitate development of the subject site. ■ Moderation and / or stabilisation of the cost of capital and construction prices will reduce the risk profile of the proposed development.
Threats	■ The outlook for development debt financing is becoming increasingly difficult. ■ There is a broad consensus that the cash rate will increase from the current 3.10% level to circa 3.50% by mid-2023. These increases may have a pronounced effect on the cost of capital, especially debt funding, which in turn may further impede the economic viability of development on the subject landholding. ■ Development sites are more susceptible to market fluctuations than other forms of real estate and there is rarely a ‘soft landing’ should market conditions suddenly decline. ■ Continued increases in construction costs, impacting the feasibility of any future development on the site. ■ A softening in the residential market impacting sales rates and price levels within the development which will impact underlying land values. ■ Deterioration of the global economic climate could put lessen demand for resources which in turn could dramatically affect the West Australian Economy.

Critical Assumptions

28 Lyall Street South Perth, Perth WA

Tenancies/Financial	■ We are unaware of any lease or licence agreements pertaining to the subject property and have therefore undertaken the valuation subject to vacant possession. Should subsequent information prove to the contrary, we reserve the right to amend this assessment.
Physical	■ This valuation has been made on the assumption that there are no actual or potential contamination issues affecting the site, including asbestos affectation. It is recommended that an asbestos report be commissioned and reviewed by the instructing party prior to reliance upon this valuation. ■ We have carried out this valuation on the assumption that this property is free from flood affectation. ■ We are not qualified to carry out nor have we sighted a geotechnical / survey report of the site, accordingly we are not qualified to express an opinion as to the structural integrity of any improvements. We recommend that a structural survey/report be commissioned by the nominated party to identify any building defects. We reserve the right to review this valuation if any such defects are identified.
Legal/Planning	■ We have reviewed the various notifications on title and have assumed for the purpose of this valuation that these notifications do not have any adverse effect on the value of the property. ■ That all certificates and approvals are in place as required by the local authority. ■ That the property is occupied and managed in full compliance with the law, in particular relating to safety and fire regulations. ■ We are unaware of any current road widening or resumption requirements for the property; however, we have not completed searches with resuming authorities to confirm this. Our valuation therefore assumes that the property is not the subject of any proposed resumptions.
GST	■ Our valuation of this property has been prepared on a GST exclusive basis with no provision included for the payment of GST by the supplier (vendor) on its sale. All sales and valuation calculations quoted in this report are exclusive of GST obligations. ■ In relation to any potential GST liability, we advise that we are not taxation or legal experts and we recommend competent and qualified advice be obtained. Should this advice vary from our interpretation of the legislation and Australian Taxation Office rulings current as at the date of this valuation, we reserve the right to review and amend our valuation accordingly. ■ Our assumptions with respect to GST are current at the time of this report. Changes to the GST Act may impact the value of the subject land if and when these occur. ■ In analysing the sales evidence referred to in our report, it is noted that we have attempted to ascertain whether or not the sales pricing is inclusive or exclusive of the Goods and Services Tax (GST). In relation to sales evidence, we stress that the Land Titles Offices in Australia do not currently differentiate between, or record, whether or not the sale price is inclusive or exclusive of GST. Where we have not been able to verify whether or not GST is included in the sale price, we have assumed that the Land Titles office record of sales is exclusive of GST. Should this not be the case for any particular sale transaction used as evidence, we reserve the right to reconsider our valuation.

Continued overleaf.

Critical Assumptions (cont.)

28 Lyall Street South Perth, Perth WA

General	▪ The sales information has been obtained from a number of sources including RP Data and registered government sales transfers. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. ▪ This report has been countersigned to verify the report is issued by this Company. Any reliance upon this report is restricted to the nominated party(ies) and must be based upon the actual possession or sighting by them of an original document duly signed and countersigned in the before mentioned manner. ▪ All information provided to us by the instructing party for the purpose of preparing this report is accurate and current as at the Date of Valuation. ▪ Savills Valuations Pty Ltd accepts no responsibility to third parties nor does it contemplate that this report will be relied upon by third parties. We invite other parties who may come into possession of this report to seek our written consent to them relying upon this report and we reserve our rights to review the contents in the event that our consent is sought. ▪ This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as is liability where the valuation is relied upon after the expiration of three months from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. ▪ Unless otherwise set out in the Proposal, Savills is not aware of any conflict of interest in accepting your instruction to value the Property and the valuer set out in the Proposal is in a position to provide an objective and unbiased valuation. ▪ We confirm that the valuer undertaking this valuation is considered to have the appropriate level of skills and competence to complete the valuation to a professional standard, taking into account the property type.

Should any of the assumptions in this report be incorrect or inaccurate, then we reserve the right to amend the valuation and the report.

20 December 2022

The Board of Directors
Chip Eng Seng Corporation Ltd.
171 Chin Swee Road
#12-01 CES Centre
Singapore 169877

Dear Sirs

VALUATION OF PROPERTY AT
LOT NOS. 1146A AND 1147K MUKIM 31 AT
957/959/961/963/963A/963B/965/967/969/971 UPPER CHANGI ROAD NORTH
PARC KOMO AND KOMO SHOPPES
SINGAPORE 506786/506787/507663/507664/506788/506789/507665/507666/507667/507668

Instructions

We refer to your instruction for formal valuation to be carried out in respect of the abovementioned property (the "Property") for the purposes of Mandatory Unconditional Cash Offer by United Overseas Bank Limited for and on behalf of Tang Dynasty Treasure Pte. Ltd. for all the shares in the capital of Chip Eng Seng Corporation Ltd.

We have specifically been instructed to provide our opinion of the Market Values of Property, prepared as at **30 June 2022**, on the following bases:

(I) Market Value in its existing partially completed state of construction taking into account the cost of work done; and

(II) Gross Development Value of the balance unsold 8 residential and 28 commercial units within the development assuming satisfactory completion and issuance of Temporary Occupation Permit and Certificate of Statutory Completion.

We have, in accordance with the instructions, prepared a formal comprehensive Valuation Report in accordance with the terms of engagement entered into between Knight Frank Pte Ltd and Chip Eng Seng Corporation Ltd., dated 5 December 2022.

Our valuation is our opinion of the Market Value, which we would define as follows:

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

In preparing this valuation, we have relied on information provided by Chip Eng Seng Corporation Ltd., particularly in respect of such matters as planning approvals, proposed gross floor area/strata area, estimated construction cost/costs of work done, expected date of completion, etc. We have relied upon this information as being accurate and complete. We accept no responsibility for subsequent changes in the information provided. Dimensions, measurements and areas are only approximations.

All works are carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Practice Guidelines and International Valuation Standards (IVS), and all codes, standards and requirements of professionalism have been met.

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KF Property Network Pte Ltd 10 Collyer Quay #08-01 Ocean Financial Centre Singapore 049315

Unless otherwise stated, all valuation figures herein are stated on a net of GST basis.

We have conducted site inspected the Property on 3 December 2022 and provided our opinion of Market Values as at 30 June 2022, with vacant possession. The value conclusions reflect all information known by the valuers of Knight Frank Pte Ltd who worked on the valuation in respect to the Property, market conditions and available data.

Reliance on This Letter

We have prepared this Valuation Summary Letter which outlines key factors which have been considered in arriving at our opinions of value for inclusion in, and/or to be made available for inspection under, the Circular. This Letter alone does not contain all the necessary data and support information included in our Valuation Reports. Knight Frank Pte Ltd has provided Chip Eng Seng Corporation Ltd. a formal Valuation Report for the Property. The valuation and market information are not guarantees or predictions and must be read in conjunction with the following:

(a) The estimated values are based upon the factual information provided by Chip Eng Seng Corporation Ltd. Whilst Knight Frank Pte Ltd has endeavoured to assure the accuracy of the factual information, it has not independently verified all information provided by Chip Eng Seng Corporation Ltd. or the Government of Singapore (primarily statistical information relating to market conditions). Knight Frank Pte Ltd believes that every recipient of the Circular, should review the Valuation Report to understand the complexity of the methodology and the many variables involved.

(b) The primary methodologies used by Knight Frank Pte Ltd in valuing the Property are the Residual Land Value Method and the Direct Comparison Method. These valuation methodologies are summarised in the Valuation Rationale section of this Letter.

(c) The Valuation Report was undertaken based upon information available as of December 2022. Knight Frank Pte Ltd accepts no responsibility for subsequent changes in information as to proposed gross floor areas/strata areas, estimated construction costs/costs of work done or market conditions.

The Valuation Report, Valuation Summary Letter and Valuation Certificate may only be relied upon by Chip Eng Seng Corporation Ltd., for the purposes of Mandatory Unconditional Cash Offer by United Overseas Bank Limited for and on behalf of Tang Dynasty Treasure Pte. Ltd. for all the shares in the capital of Chip Eng Seng Corporation Ltd.

The Property

The Property is located at the western junction of Upper Changi Road North and Jalan Mariam, and some 19.0 km from the City Centre.

The Property will, upon completion, comprise 7 blocks of 5-storey residential flats and 3 blocks of 5-storey building with commercial use at 1st and 2nd storeys and residential use from 3rd to 5th storeys. The Residential component is known as Parc Komo (total 276 residential units) while the Commercial component is known as Komo Shoppes (total 28 commercial units). We understand that the expected completion date and date of Temporary Occupation Permit of the Property is February 2023.

The following table summarises key details of the Property:

Land Area

Mukim 31 Lot No.	Land Area (sm)
1146A	18,589.3
1147K	165.6
Total	**18,754.9**

Source: Certificates of Title from Singapore Land Authority.

Proposed Gross Floor Area/Strata Area

Property	Proposed Gross Floor Area* (sm)	Proposed Strata Area (sm)
Parc Komo	25,511.1	23,414.0
Komo Shoppes	3,064.9	2,613.0
Total	**28,576.0**	**26,027.0**

Source: Areas - As provided by Chip Eng Seng Corporation Ltd. and subject to final survey.
**Note: Including additional balcony GFA of 2,319.19 sm.*

Proposed Strata Area of Balance Unsold Units

Property	Balance Unsold Units	Proposed Strata Area (sm)
Parc Komo	8	766.0
Komo Shoppes	28	2,613.0
Total		**3,379.0**

Source: As provided by Chip Eng Seng Corporation Ltd. and subject to final survey.
**Note: Including additional balcony GFA of 2,319.19 sm.*

The estimated construction cost and cost of work done of the Property, as at the Valuation Date, are as follows:

Estimated Total Construction Cost*	Estimated Cost of Work Done*
S$98,341,000	S$58,415,000

Source: As provided by Chip Eng Seng Corporation Ltd.
**Note: Including professional fees/authorities' fees and GST.*

Valuation Rationale

Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

We have adopted the Residual Land Value Method to arrive at the Market Value of the Property in its existing partially completed state of construction, taking into account the cost of work done. The Gross Development Value (GDV) of the proposed development assuming satisfactory completion is derived by the Direct Comparison Method.

Residual Land Value Method

In this method, the Market Value of the Property in its existing partially completed state of construction, taking into account the cost of work done, is arrived at by deducting the estimated cost to complete (including professional fees/authorities' fees and GST) and other relevant costs from the GDV of the proposed development assuming satisfactory completion.

Direct Comparison Method

In this method, a comparison is made with sales of apartment and commercial units in the subject development and other comparable developments located in the vicinity and other locations. Adjustments are made, where appropriate, for differences in location, catchment, area, tenure, type of development, age, date of sale, etc, before arriving at the values of the Property.

Market Values

We are of the the opinion that the Market Values (exclusive of GST) of the unencumbered freehold interest in the Property, with vacant possession, for the purposes of Mandatory Unconditional Cash Offer by United Overseas Bank Limited for and on behalf of Tang Dynasty Treasure Pte. Ltd. for all the shares in the capital of Chip Eng Seng Corporation Ltd., at the valuation date, are:

(I) IN ITS EXISTING PARTIALLY COMPLETED STATE OF CONSTRUCTION TAKING INTO ACCOUNT THE COST OF WORK DONE

S$363,000,000
(Singapore Dollars Three Hundred And Sixty-Three Million Only)

(II) GROSS DEVELOPMENT VALUE OF THE BALANCE UNSOLD 8 RESIDENTIAL AND 28 COMMERCIAL UNITS WITHIN THE DEVELOPMENT ASSUMING SATISFACTORY COMPLETION AND ISSUANCE OF TEMPORARY OCCUPATION PERMIT AND CERTIFICATE OF STATUTORY COMPLETION

S$82,132,000
(Singapore Dollars Eighty-Two Million One Hundred And Thirty-Two Thousand Only)

comprising of

- 8 balance unsold residential units at S$14,062,000
- 28 balance unsold commercial units at S$68,070,000

Note: The Gross Development Value of the balance unsold commercial and residential units would not be materially different as at 5 December 2022.

Disclaimer

We have prepared this Valuation Summary Letter for inclusion in, and/or to be made available for inspection under, the Circular and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Circular, other than in respect of the information provided within this Valuation Summary Letter and the enclosed Valuation Certificate. We do not make any warranty or representation as to the accuracy of the information in any other part of the Circular other than as expressly made or given by Knight Frank Pte Ltd in this Valuation Summary Letter or in the Valuation Certificate.

Knight Frank Pte Ltd has relied upon property data supplied by Chip Eng Seng Corporation Ltd., which we assume to be true and accurate. Knight Frank Pte Ltd takes no responsibility for inaccurate data supplied by Chip Eng Seng Corporation Ltd. and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the Properties and have no personal interest or bias with respect to the party or parties involved. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the clients, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We certify that our valuers undertaking the valuations are authorised to practise as valuers and have the necessary expertise and experience in valuing similar types of Properties.

Yours faithfully

Sherri Fong
B.Sc.(Estate Management) Hons.,MSISV
Senior Director, Valuation & Advisory
Appraiser's Licence No. AD 041-2008950C
For and on behalf of Knight Frank Pte Ltd

Grace Tiam
B.Sc.(Real Estate) Hons.,MSISV
Director, Valuation & Advisory
Appraiser's Licence No: AD 041-2008598C
For and on behalf of Knight Frank Pte Ltd

Knight Frank

Valuation Certificate

Property	:	Lot Nos. 1146A and 1147K Mukim 31 at 957/959/961/963/963A/963B/965/967/969/971, Upper Changi Road North, Parc Komo and Komo Shoppes, Singapore 506786/506787/507663/507664/506788/506789/507665/507666/507667/507668
Instructing Party/ Relying Party	:	Chip Eng Seng Corporation Ltd.
Purpose of Valuation	:	Mandatory Unconditional Cash Offer by United Overseas Bank Limited for and on behalf of Tang Dynasty Treasure Pte. Ltd. for all the shares in the capital of Chip Eng Seng Corporation Ltd.
Legal Description	:	Lot Nos. : 1146A and 1147K Mukim : 31
Tenure	:	Estate In Perpetuity
Interest Valued	:	Freehold interest
Basis of Valuation	:	(I) Market Value in its existing partially completed state of construction taking into account the cost of work done; and (II) Gross Development Value (GDV) of the balance unsold 8 residential and 28 commercial units within the development assuming satisfactory completion and issuance of Temporary Occupation Permit and Certificate of Statutory Completion.
Registered Owner	:	CEL Real Estate Development Pte. Ltd.
Master Plan 2019	:	Part "Residential" and part "Residential with Commercial at 1st storey" with a gross plot ratio of 1.4

Land Area :

Mukim 31 Lot No.	Land Area (sm)
1146A	18,589.3
1147K	165.6
Total	**18,754.9**

Source: Certificates of Title from Singapore Land Authority.

Proposed Gross Floor Area (GFA) :

Property	Proposed Gross Floor Area (sm)
Parc Komo	25,511.1
Komo Shoppes	3,064.9
Total	**28,576.0**

Source: As provided by Chip Eng Seng Corporation Ltd. and subject to final survey.

Proposed Strata Area (SA) :

Property	Proposed Strata Area (sm)
Parc Komo	23,414.0
Komo Shoppes	2,613.0
Total	**26,027.0**

Source: As provided by Chip Eng Seng Corporation Ltd. and subject to final survey.

Proposed Strata Area (SA) of Balance Unsold Units :

Property	Balance Unsold Units	Proposed Strata Area (sm)
Parc Komo	8	766.0
Komo Shoppes	28	2,613.0
Total		**3,379.0**

Source: As provided by Chip Eng Seng Corporation Ltd. and subject to final survey.

Brief Description	:	The Property is located at the western junction of Upper Changi Road North and Jalan Mariam, and some 19.0 km from the City Centre. A short drive away are the Tampines and Pasir Ris MRT stations. Accessibility to other parts of Singapore is enhanced by the nearby Tampines Expressway, Pan Island Expressway and East Coast Parkway. The Property will, upon completion, comprise 7 blocks of 5-storey residential flats and 3 blocks of 5-storey building with commercial use at 1st and 2nd storeys and residential use from 3rd to 5th storeys. The Residential component is known as Parc Komo (total 276 residential units) while the Commercial component is known as Komo Shoppes (total 28 commercial units). We understand that the expected completion date and date of Temporary Occupation Permit of the Property is February 2023.
Estimated Construction Cost	:	$98.341 million (including professional fees/authorities' fees and GST) *Source: As provided by Chip Eng Seng Corporation Ltd.*
Estimated Cost of Work Done as at 30 June 2022	:	$58.415 million (including professional fees/authorities' fees and GST) *Source: As provided by Chip Eng Seng Corporation Ltd.*
Valuation Approaches	:	Residual Land Value Method and Direct Comparison Method, where appropriate
Date of Inspection	:	3 December 2022
Date of Issue	:	20 December 2022

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KF Property Network Pte Ltd 10 Collyer Quay #08-01 Ocean Financial Centre Singapore 049315

Valuation Certificate cont.

Valuation Date	:	30 June 2022
Market Value (exclusive of GST)	:	(I) IN ITS EXISTING PARTIALLY COMPLETED STATE OF CONSTRUCTION TAKING INTO ACCOUNT THE COST OF WORK DONE **S$363,000,000** **(Singapore Dollars Three Hundred And Sixty-Three Million Only)** (II) GROSS DEVELOPMENT VALUE (GDV) OF THE BALANCE UNSOLD 8 RESIDENTIAL AND 28 COMMERCIAL UNITS WITHIN THE DEVELOPMENT ASSUMING SATISFACTORY COMPLETION AND ISSUANCE OF TEMPORARY OCCUPATION PERMIT AND CERTIFICATE OF STATUTORY COMPLETION **S$82,132,000** **(Singapore Dollars Eighty-Two Million One Hundred And Thirty-Two Thousand Only)** comprising of • 8 balance unsold residential units at S$14,062,000 • 28 balance unsold commercial units at S$68,070,000 *Note: The Gross Development Value of the balance unsold commercial and residential units would not be materially different as at 5 December 2022.*

GDV Rate (of unsold SA) :

Property	Rate
Parc Komo	S$18,358 psm (S$1,705 psf)
Komo Shoppes	S$26,051 psm (S$2,420 psf)

Assumptions, Disclaimers, Limitations & Qualifications :

This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the General Terms of Business for Valuations located at the end of the certificate. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorised, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorised use or reliance. The document should not be reproduced without our written authority.

The valuation is carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Practice Guidelines and International Valuation Standards (IVS), and all codes, standards and requirements of professionalism have been met. The valuation certificate analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. This valuation certificate has been vetted as part of Knight Frank Pte Ltd's quality assurance procedures.

The firm is acting in this capacity as an independent contractor and not as an employee or agent of Chip Eng Seng Corporation Ltd. nor is the firm authorised by implication or otherwise, to represent the firm as Chip Eng Seng Corporation Ltd.'s employee or agent. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. The valuer, on behalf of Knight Frank Pte Ltd, with the responsibility for this valuation certificate is Grace Tiam, MSISV. We certify that the valuer undertaking this valuation on behalf of Knight Frank Pte Ltd, is authorised to practise as valuer and has at least 20 years continuous experience in valuing similar types of properties.

Prepared by : Knight Frank Pte Ltd

Sherri Fong
B.Sc.(Estate Management) Hons.,MSISV
Senior Director, Valuation & Advisory
Appraiser's Licence No. AD 041-2008950C
For and on behalf of Knight Frank Pte Ltd

Grace Tiam
B.Sc.(Real Estate) Hons.,MSISV
Director, Valuation & Advisory
Appraiser's Licence No: AD 041-2008598C
For and on behalf of Knight Frank Pte Ltd

General Terms of Business for Valuations

These General Terms of Business and our Terms of Engagement letter together form the agreement between us ("Agreement"). The following General Terms of Business apply to all valuations and appraisals undertaken by Knight Frank Pte Ltd unless specifically agreed otherwise in the Terms of Engagement letter and so stated within the main body of the valuation report and/or certificate.

1. Knight Frank Pte Ltd ("the company")

Knight Frank Pte Ltd is a privately owned company with registration number 198205243Z. Any work done by an individual is in the capacity as an employee of the Company.

Our GST registration number is M2-0058829-X.

2. Limitations on Liability

The Valuer's responsibility in connection with this valuation report and/or certificate is limited to the party to whom the valuation report and/or certificate is addressed for the stated purpose. The Valuer disclaims all responsibility and will accept no liability to any third party for the whole or any part of its contents saved on the basis of written and agreed instructions; this will incur an additional fee.

Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to the lower of S$1 million or 3 times Knight Frank Pte Ltd's fee under the instruction.

We do not accept liability for any indirect or consequential loss (such as loss of profits).

3. Disclosure and Publication

If our opinion of value is disclosed to persons other than the addressees of our valuation report and/or certificate, the basis of valuation should be stated. Reproduction of this valuation report and/or certificate in any manner whatsoever in whole or in part or any reference to it in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any websites) without the Valuer's prior written approval of the form and context in which may appear is prohibited.

4. Our Fees

If any invoice remains unpaid after the date on which it is due to be paid, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 1.5% per month. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

If before the valuation is concluded :-
(a) you end this instruction, we will charge abortive fees; or
(b) you delay the instruction by more than [1] month or materially alter the instruction so that additional work is required at any stage we will charge additional fees,

And in each case such fees will be calculated on the basis of reasonable time and expenses incurred.

Where the valuation is for loan security purposes, and we agree to accept payment of our fee from the borrower, the fee remains due from yourselves until payment is received by us. Additionally, payment of our fee is not conditional upon the loan being drawn down or any conditions of the loan being met.

5. Valuation Standards

Valuations and appraisals will be carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Practice Guidelines and International Valuation Standards (IVS), and all codes, standards and requirements of professionalism will be met.

6. Valuation Basis

Valuations and appraisals are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions outlined in the valuation report and/or certificate. The basis of valuation will be agreed with you for the instruction.

The opinion expressed in this valuation report and/or certificate is made strictly in accordance with the terms and for the purpose expressed therein and the values assessed and any allocation of values between portions of the property need not be applicable in relation to some other assessment.

7. Titles and Burdens

We do not read documents of title although, where provided, we consider and take account of matters referred to in solicitor's reports or Certificate of title. We would normally assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or regulatory intentions which affect the property, nor any material litigation pending.

All liens and encumbrances, if any, affecting the property have been disregarded unless otherwise stated and it is assumed that the current use of the property is not in contravention of any planning or other governmental regulation or law.

The Valuer does not warrant to the party to whom the valuation report and/or certificate is addressed and any other person the title or the rights of any person with regard to the property.

8. Disposal Costs and Liabilities

No allowance is made in our valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our valuation is expressed as exclusive of any GST that may become chargeable. Property are valued disregarding any mortgages or other charges.

9. Sources of Information

We rely upon the information provided to us, by the sources listed, as to details of tenure and tenancies (subject to "leases" below), planning consents and other relevant matters, as summarised in our valuation report and/or certificate. We do not check with the relevant government departments or other appropriate authorities on the legality of the structures, approved gross floor area or other information provided to us. We assume that this information is complete and correct and the Valuer shall not be held responsible or liable if this should prove not to be so.

Unless otherwise stated, all information has been obtained by our search of records and examination of documents or by enquiry from Government departments or other appropriate authorities. When it is stated in this valuation report and/or certificate that information has been supplied to the Valuer by another party, this information is believed to be reliable and the Valuer shall not be held responsible or liable if this should prove not to be so.

10. Boundaries

Plans accompanying valuation report are for identification purposes and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with information given to us and/or our understanding of the boundaries.

11. Planning and Other Statutory Regulations

Enquiries of the relevant planning authorities in respect of matters affecting the property, where considered appropriate, are normally only obtained verbally and this information is given to us, and accepted by us, on the basis that it should not be relied upon. Where reassurance is required on planning matters, we recommend that formal written enquiries should be undertaken by the client's solicitors who should also confirm the position with regard to any legal matters referred to in our report. We assume that Property have been constructed, or are being constructed, and are occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices.

12. Property Insurance

Our valuation assumes that the property would, in all respects, be insurable against all usual risks at normal, commercially acceptable premiums.

13. Building Areas and Age

Where so instructed, areas provided from a quoted source will be relied upon. Where the age of the building is estimated, this is for guidance only.

14. Structural Condition

Building structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal remit of a valuation. Since we will not have carried out any of these investigations, except where separately instructed to do so, we are unable to report that the property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report referred to us or any defects or items of disrepair of which we are advised or which we note during the course of our valuation inspections but otherwise assume Property to be free from defect.

15. Ground Conditions

We assume there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

16. Environmental Issues

Investigations into environmental matters would usually be commissioned of suitably qualified environmental specialists by most responsible purchasers of higher value Property or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Anyone averse to risk is strongly recommended to have a property environmental investigation undertaken and, besides, a favourable report may be of assistance to any future sale of the property. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

We are not, however, environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation will be on the assumption that the property is unaffected.

17. Leases

The client should confirm to us in writing if they require us to read leases. Where we do read leases reliance must not be placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

18. Covenant

We reflect our general appreciation of potential purchasers' likely perceptions of the financial status of tenants. We do not, however, carry out detailed investigations as to the financial standing of the tenants, except where specifically instructed, and assume, unless informed otherwise, that in all cases there are no significant arrears of payment and that they are capable of meeting their obligations under the terms of leases and agreements.

19. Loan Security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

20. Build Cost Information

Where our instruction requires us to have regard to build cost information, for example in the valuation of Property with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. There are severe limitations on the accuracy of build costs applied by this approach and professional advice on the build costs should be sought by you. The reliance which can be placed upon our advice in these circumstances is severely restricted. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our advice.

21. Reinstatement Assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If advice is required as a check against the adequacy of existing cover this should be specified as part of the initial instruction. Any indication given is provided only for guidance and must not be relied upon as the basis for insurance cover. Our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be considered.

22. Attendance in Court

The Valuer is not obliged to give testimony or to appear in Court with regard to this valuation report and/or certificate, with reference to the property unless specific arrangement has been made therefor.

Valuation (Land & Building)

Your Ref : -
Our Ref : CHH:LLH:gm:222389

Chip Eng Seng Corporation Ltd.
171 Chin Swee Road #12-01
CES Centre
Singapore 169877

December 14, 2022

Dear Sirs,

VALUATION SUMMARY OF 6 AND 8 MAKEWAY AVENUE WITHIN LOT 1355T TOWN SUBDIVISON 28 KOPAR AT NEWTON SINGAPORE 228606/7 ("THE PROPERTY")

We refer to your instructions requesting us to undertake a market valuation of the 100% leasehold interest in the Property as at June 30, 2022 ("date of valuation") in connection with the mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the share capital of Chip Eng Seng Corporation Ltd..

We confirm that we have inspected the Property and conducted relevant enquiries and investigations as we considered necessary for the purpose of providing you with our opinion of the Market Value of the Property.

Our valuation has been prepared in accordance with our `General Principles Adopted in the Preparation of Valuations and Reports', a copy of which is attached.

Our valuations is made on the basis of Market Value, defined by the International Valuation Standards (IVS) and SISV Valuation Standards and Practice Guidelines as follows:

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

Chip Eng Seng Corporation Ltd.
- Valuation Summary of 6 and 8 Makeway Avenue within Lot 1355T Town Subdivision 28 Kopar at Newton Singapore 228606/7 (the "Property") **December 14, 2022**

Our valuation has been made on the assumption that the owner sells the Property in the market and without the benefit of a deferred terms contract, joint venture, or any similar arrangement which would affect the price of the Property.

We have relied upon the accuracy, sufficiency and consistency of the information supplied to us by the client. Jones Lang LaSalle accepts no responsibility for any inaccuracies in the information disclosed by the Manager or other parties. Should inaccuracies be subsequently discovered, we reserve the right to amend our valuation assessment.

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

We have not carried out investigations on site in order to determine the suitability of ground conditions, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory.

We have prepared this valuation summary and specifically disclaim liability to any person in the event of any omission from or false or misleading statement, other than in respect of the information provided within our full valuation report and this summary. We do not make any warranty or representation as to the accuracy of the information other than as expressly made or given in our full valuation report or this summary.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our unbiased professional analyses, opinions and conclusions. The opinion of value contained in the valuation report are not guarantees or predictions but are based on the information obtained from reliable and reputable agencies and sources, and other related parties.

We have no present or prospective interest in the Property and are not a related corporation of nor do we have a relationship with the advisers or other party/parties whom Chip Eng Seng Corporation Ltd. is contracting with. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Finally and in accordance with our standard practice, this valuation is for the use only of Chip Eng Seng Corporation Ltd. in connection with the mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the share capital of Chip Eng Seng Corporation Ltd.. No responsibility is accepted to any other third party for the whole or any part of its contents. Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

This valuation report was prepared by Chia Hui Hoon, Senior Director and Lim Lay Hong, Director with oversight from James Crawford, Head of Valuation and Advisory Services, Southeast Asia.

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

Chip Eng Seng Corporation Ltd.
- **Valuation Summary of 6 and 8 Makeway Avenue within Lot 1355T Town Subdivision 28 Kopar at Newton Singapore 228606/7 (the "Property")**

December 14, 2022

Valuation Rationale

In arriving at our opinion of value, we have considered the prevailing market conditions, especially those pertaining to the residential sector of the property market. The valuation methods adopted to arrive at our opinion of value are namely the Residual Approach and Direct Comparison Method.

Our concluded Market Value as at June 30, 2022 are summarized in the following table:

Market Value - as a development site for the proposed residential development based on as-is where is basis	S$525,000,000/-
Gross Development Value - assuming it is satisfactorily completed as at the date of valuation	S$856,000,000/-
Market Value of the 86 unsold units as at the date of valuation	S$235,400,000/-

The Gross Development Value of the balance unsold units would not be materially different as at 5 December 2022.

This valuation is based on information available to us and our assessment of market conditions for properties of this nature as at the date of valuation.

Market conditions can change rapidly and we are therefore unable to provide assurance that this assessment will remain valid into the future. We recommend that market value assessments be reviewed periodically if required.

Yours faithfully,
For and on behalf of
Jones Lang Lasalle Property Consultants Pte Ltd

Chia Hui Hoon
B.Sc. (Est. Mgt.) (Hons), MSISV
Appraiser Licence No: AD041-2006555E
Senior Director
JONES LANG LASALLE

James Crawford
B App Sc (Prop Econ), MRICS, AAPI
Head of Valuations – Southeast Asia
JONES LANG LASALLE

Lim Lay Hong
B.Sc. (Est. Mgt.) (Hons), MSISV
Appraiser Licence No: AD041-2006716J
Director
JONES LANG LASALLE

Annexure 1

General Principles of Valuation

GENERAL PRINCIPLES ADOPTED IN THE PREPARATION OF VALUATIONS AND REPORTS

These are the general principles upon which our Valuations and Reports are normally prepared; they apply unless we have specifically mentioned otherwise in the body of the report.

1) **VALUATION STANDARDS**
All work are carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Guidelines and International Valuation Standards (IVS), subject to variations to meet local laws, customs, practices and market conditions.

2) **VALUATION BASIS**
Our valuations are made on the basis of Market Value, defined by the SISV and IVSC as follows:

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

3) **CONFIDENTIALITY**
Our Valuations and Reports are confidential to the party to whom they are addressed or their other professional advisors for the specific purpose(s) to which they refer. No responsibility is accepted to any other parties and neither the whole, nor any part, nor reference thereto may be included in any published document, statement or circular, or published in any way, nor in any communication with third parties, without our prior written approval of the form and context in which they will appear.

4) **SOURCE OF INFORMATION**
Where it is stated in the report that information has been supplied by the sources listed, this information is believed to be reliable and we shall not be responsible for its accuracy nor make any warranty or representation of the accuracy of the information. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with the relevant authorities.

5) **DOCUMENTATION**
We do not normally read leases or documents of title and, where appropriate, we recommend that lawyer's advice on these aspects should be obtained. We assume, unless informed to the contrary, that all documentation is satisfactorily drawn and that good title can be shown and there are no encumbrances, restrictions, easements or other outgoings of an onerous nature which would have an effect on the value of the interest under consideration.

6) **TOWN PLANNING AND OTHER STATUTORY REGULATIONS**
Information on Town Planning is obtained from the set of Master Plan, Development Guide Plans (DGP) and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road and drainage improvements. If reassurance is required, we recommend that verification be obtained from your lawyers.

Our valuations are prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Statutory Completion by the competent authority.

7) **TENANTS**
Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

8) **STRUCTURAL SURVEYS**
We have not carried out a building survey nor any testing of services, nor have we inspected those parts of the property which are inaccessible. We cannot express an opinion about or advise upon the condition of uninspected parts and this Report should not be taken as making any implied representation or statement about such parts. Whilst any defects or items of disrepair are noted during the course of inspection, we are not able to give any assurance in respect of rot, termite or past infestation or other hidden defects.

9) **SITE CONDITIONS**
We do not normally carry out investigations on site in order to determine the suitability of the ground conditions and services for the existing or any new development, nor have we undertaken any archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

10) **OUTSTANDING DEBTS**
In the case of buildings where works are in hand or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, sub-contractors or any members of the professional or design team.

…../Page 2

11) **INSURANCE VALUE**
Our opinion of the insurance value is our assessment of the reinstatement cost for insurance purpose and it comprises the total cost of completely rebuilding the property to be insured, together with allowances for inflation, demolition and debris removal, professional fees, the prevailing G.S.T. (goods and services tax) and, if applicable, compliance with current regulations and by-laws.

12) **DIMENSIONS, MEASUREMENTS & AREAS**
Dimensions, measurements and areas included in the report are based on information contained in copies of documents provided to us and are therefore approximations. No on site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided. Our valuation is totally dependent on the adequacy and accuracy of the information supplied and/or the assumptions made. Should these prove to be incorrect or inadequate, the accuracy of the valuation may be affected.

13) **ACCURACY, ERRORS & OMISSIONS**
Whilst care has been taken in the preparation of the report, no representation is made or responsibility is accepted for errors, omissions and the accuracy of the whole or any part.

Valuation Certificate

Property	:	6 and 8 Makeway Avenue within Lot 1355T Town Subdivision 28 Kopar at Newton Singapore 228606/7 (the "Property").
Client	:	Chip Eng Seng Corporation Ltd.
Purpose of Valuation	:	To determine the market value of the Property in connection with the mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the share capital of Chip Eng Seng Corporation Ltd. based on the following basis:- i) as a development site for the proposed residential flat development comprising erection of 2 towers of 23-storey residential apartments (Total: 378 units) with common basement carparks and communal facilities based on "as-is where is" basis, ii) the Gross Development Value of the proposed development, assuming it is satisfactorily completed as at the date of valuation, and iii) the market value of the 86 unsold units within the proposed development as at the date of valuation.
Tenure	:	99 years lease commencing from April 22, 2019.
Basis of Valuation		Market Value.
Registered Proprietor	:	CEL Newton Pte. Ltd.
Brief Description of Property	:	The Property is an L-shaped plot of land with a splayed corner located at the junction of Bukit Timah Road and Kampong Java Road and bounded by Makeway Avenue. It has a frontage of about 190 metres along Bukit Timah Road, about 120 metres along Kampong Java Road and about 70 metres along Makeway Avenue. Upon completion, it will comprise 2 towers of 23-storey residential apartments (Total: 378 units) with common basement carparks and communal facilities.
Site Area (sq.m.)	:	11,643.2 sq.m.
Permissible Plot Ratio	:	2.8
Permissible Gross Floor Area	:	32,601.24 sq.m.
Proposed Plot Ratio	:	3.024
Proposed Gross Floor Area (including bonus balconies and indoor recreation spaces)	:	35,209 sq.m.- subject to survey
Proposed Strata Saleable Floor Area	:	33,215 sq.m.- subject to survey

Valuation Certificate (Cont'd)

Master Plan Zoning (2019 Edition)	:	Residential with a plot ratio of 2.8.	
Method of Valuation	:	Residual Approach and Direct Comparison Method.	
Material Date of Valuation	:	June 30, 2022.	
Market Value - as a development site for the proposed residential development based on as-is where is basis		S$525,000,000/-	(Singapore Dollars Five Hundred Twenty-Five Million)
Gross Development Value - assuming it is satisfactorily completed as at the date of valuation	:	S$856,000,000/-	(Singapore Dollars Eight Hundred Fifty-Six Million)
Market Value of the 86 unsold units as at the date of valuation	:	S$235,400,000/-	(Singapore Dollars Two Hundred Thirty-Five Million And Four Hundred Thousand)

Our Ref: V/2022/3576/CORP

20 December 2022

Chip Eng Seng Corporation Ltd.
171 Chin Swee Road
#12-01 CES Centre
Singapore 169877

Attention: Mr. Daniel Chun

savills

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

30 Cecil Street
#20-03 Prudential Tower
Singapore 049712

T: (65) 6836 6888
F: (65) 6536 8611

savills.com

Dear Sirs,

DESKTOP VALUATION OF 20 MAXWELL ROAD, SINGAPORE 069113

We thank Chip Eng Seng Corporation Ltd. ("Client") for the instruction to carry out a desktop valuation to advise on market value of the abovementioned property as at 5 December 2022 for the purpose of mandatory conditional cash offer for all the issued and paid-up ordinary shares in the share capital of Chip Eng Seng Corporation Ltd..

This valuation is premised on the information as contained in our valuation report dated 20 September 2021 (Ref: V/2021/3544/CORP). Accordingly, the valuation is carried out without the benefit of site inspection and we have assumed that there is no material change in the property and the surroundings. No recent title searches, legal requisitions nor structural survey has been carried out.

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

This definition of market value is also consistent with that as advocated by Singapore Institute of Surveyors and Valuers and is also in line with the Royal Institution of Chartered Surveyors (RICS) Standards and Guidelines and International Valuation Standards Council.

Savills Valuation And Professional Services (S) Pte Ltd has relied upon property data supplied by the Client which we assume to be true and accurate. We take no responsibility for inaccurate client supplied data and subsequent conclusions related to such data. We also accept no responsibility for subsequent changes in information.

This confidential document is for the sole use of persons directly provided with it by Savills Valuation And Professional Services (S) Pte Ltd. Use by, or reliance upon this document by anyone other than the Client is not authorised by us and we are not liable for any loss arising from such unauthorised use or reliance. This document should not be reproduced without our prior written authority.

The ongoing geo-political headwinds and macro-economic uncertainty alongside rising interest rate and elevating inflation may have impact on the Singapore economy and the property market. Our opinions and assessments are based on the information provided and prevailing market data as at the date of this valuation report. More frequent reviews on the market value of the property are encouraged as a precaution in view of the current situation.

We have been provided with updated information of the subject property which we have taken into consideration in our valuation. The brief details of the subject property are summarised as follows: -

Type of Property	:	Re-development site with a 13- storey commercial development comprising basement carpark, retail units on the 1st storey and offices from 2nd storey upwards known as Maxwell House. We understand that the existing property will be demolished and re-developed into a 20-storey residential block (total 324 units) with 3 basements with communal facilities, 3-storey commercial podium and 3-storey basement carparks.
Legal Description	:	Lot 359C Town Subdivision 3
Tenure	:	99 years leasehold wef 2 June 1969 We understand that the proposed development will be topped up to fresh 99-years upon payment of Land Betterment Charge.
Land Area	:	3,883.3 sm or thereabouts, subject to government's re-survey
Planning Approval	:	Notice of grant of provisional permission for the new erection of a mixed development comprising a 20-storey residential block (total 324 units) with provision of communal facilities, 3-storey commercial podium and 3-storey basement carparks on the subject lot was issued on 18 May 2022.
Gross Floor Area (GFA)*	:	Development Baseline GFA - 16,688.61 sm (Use Group A1) Proposed GFA - Residential - 17, 397.14 sm - Commercial - 4,349.16 sm

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Proposed Saleable/Lettable Floor Area (SFA/ LFA)*	:	Residential - 16,722.00 sm Commercial - 3,828.00 sm ** As provided and subject to final survey*
Target Completion Date (Given)	:	Circa 1st quarter 2026
Estimated Construction Cost (Given)	:	Residential - $97,610,058 Commercial - $24,111,762
Differential Premiums Development Charges (Given)	:	$37,800,000 / $15,600,000
Existing Condition	:	Assumed average
Property Tax	:	Currently assessed at 10% p.a of the existing building aggregated annual values assessed by IRAS
Master Plan Zoning (2019)/ Legal Requisitions	:	"Commercial" with gross plot ratio of 4.3 The official Master Plan Zoning, Road/Drainage/MRT Interpretation Plans and other legal requisitions have not been applied for and/or made available to us.
Basis of Valuation	:	(A) As-Is Where Is Basis, subject to vacant possession and free from all encumbrances; and (B) Gross Development Value of a proposed residential cum commercial development assuming satisfactory completion.
Methods of Valuation	:	Direct Comparison Method/ Residual Method

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With due regard to the foregoing and taken into consideration the prevailing market conditions and other relevant factors, we are of the opinion that the market values of the subject property, with vacant possession and free from all encumbrances are as follows:

Material Date Of Valuation **5 December 2022**

(A) As Is Where Is Basis

Market Value **$281,100,000***
(Singapore Dollars Two Hundred Eighty-One Million And One Hundred Thousand Only)

**As Redevelopment Site for a Mixed Development as per Provisional Permission granted and prior to payments of Differential Premiums and Development Charges.*

(B) Gross Development Value Of The Proposed Residential & Commercial Development (Total 324 Apartments and 3-Storey Of Commercial Space) Assuming Satisfactory Completion*

Market Value **$719,400,000****
(Singapore Dollars Seven Hundred Nineteen Million And Four Hundred Thousand Only)

** - *Subject To Issuance Of Temporary Occupation Permit And Certificate Of Statutory Completion & Individual Strata Titles*
Based on fresh 99-years lease and saleable floor area of some 20,550 sm

Prepared by:
Savills Valuation And Professional Services (S) Pte Ltd

Cynthia Ng
Licensed Appraiser No. AD041-2003388A
Managing Director

Vera Sham
Licensed Appraiser No. AD041-2009803I
Director

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LIMITING CONDITIONS

Our valuations are subject to the following limiting conditions unless otherwise stated in our valuation report.

Valuation Standards: The valuation is carried out in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices.

Valuation Basis: The valuation is carried out on a basis appropriate to the specific purpose of valuation, in accordance with the relevant definitions, assumptions and qualifications outlined in the valuation report.

The opinion expressed in the valuation report applies strictly in accordance with the terms and for the purpose expressed therein. The assessed values need not be applicable in relation to some other assessment.

Currency of Valuation: Values are reported in Singapore currency unless otherwise stated.

Confidentiality: Our valuation is confidential and strictly for the use of the addressee of the valuation report only and for the specific purpose(s) stated. Savills disclaim all responsibility and will accept no accountability, obligation or liability to any third parties.

Copyright: Neither the whole nor any part of the valuation report or any reference to it may be included in any published document, statement, circular or be published in any way, nor in any communication with any third parties, without prior written approval from Savills, including the form and context in which it may appear.

Limitation of Liability: The liability of Savills and its employees is only limited to the party to whom the valuation report is addressed. No responsibility to any third parties for unauthorized use and reliance is accepted.

Any liability arising from the valuers' negligence, breach of contract or otherwise in connection with this engagement shall be limited to the fees received by Savills under this engagement. Savills do not accept liability for any indirect or consequential losses (such as opportunity cost and loss of profits).

Validity Period: This valuation represents our opinion of value as at the date of valuation. The assessed value may change significantly and unexpectedly over a short period arising from general market movement, possible changes in market forces and circumstances in relation to the property. Savills disclaim all responsibility and accept no liability should the valuation report be relied upon if the addressee of the report becomes aware of any factors that may have an effect on the valuation and has not made known such information to Savills.

Titles: A brief on-line title search on the property has been carried out for formal valuation with site inspection only, unless otherwise stated. We are not obliged to inspect and/or read the original title or lease documents, unless they are made available by the client. The valuation shall therefore assume, unless informed to the contrary, that there are no further restrictive covenants, easements or encumbrances not disclosed by this brief title search which may have an effect on the market value. We assume the title of the property is good and marketable and free from all encumbrances, restrictions and other legal impediments.

Planning Information: Information relating to town planning is obtained from the current Singapore Master Plan which is assumed to be accurate. We do not normally carry out legal requisitions on road, MRT, LRT, drainage and other government proposals, unless specifically requested and Savills is properly reimbursed. In the event that legal requisitions are conducted by our clients which reveal that the information is materially different from the town planning information outlined in the valuation report and/or property is affected by public scheme(s), this report should then be referred back to Savills for review on possible amendment.

Other Statutory Regulations: Our valuation assumes that the property and any improvements thereon comply with all relevant statutory regulations. We have assumed that the property has been or will be issued with a Temporary Occupation Permit, Certificate of Fitness, Certificate of Statutory Completion or Temporary Occupation License by the competent authority.

Site Condition: We do not undertake site investigations to ascertain the suitability of the ground conditions and services for the existing or any new development, nor do we carry out any environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and where new development is proposed, no extraordinary expenses or delays will be incurred during the construction period. We have assumed that the load bearing capacity of the site is sufficient to support the building constructed or to be constructed thereon.

Condition of Property: While due care is exercised in the course of inspection to note any building defects, no structural survey or testing of the services or facilities are carried out nor have we inspected the unexposed or inaccessible portions of the building. As such, we are unable to comment if the building is free from defect, rot, infestation, asbestos or other hazardous material. Our valuation assumes that the building would not have any defects requiring significant capital expenditure and complies with all relevant statutory requirements.

Source of Information: Where it is stated in the valuation report that the information has been provided to the valuer by the sources listed, this information is presumed to be reliable. Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data. Where information is given without reference to another party in the report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge. Processed data inferences therefrom shall be taken as the valuer's opinion and shall not be freely quoted without acknowledgement.

Floor Areas: We have assumed that information contained in the surveyed or architectural floor plans is accurate and has been prepared in accordance with the prevailing Professional Property Practice Guidelines. In the absence of such plans, the floor area is estimated based on available secondary information and such estimates do not provide the same degree of accuracy or certainty. In the event that there is a material variance in areas, we reserve the right to review our valuation.

Plans: Plans included in the valuation report are for identification purposes only and should not be relied upon to define boundaries or treated as certified copies of areas or other particulars contained therein. All location plans are obtained from OneMap. While we have endeavoured to ensure the maps are updated, we do not vouch for the accuracy of the map and shall not be responsible if it is otherwise.

Tenant: No enquiries on the financial standing of actual or prospective tenants have been made. Where property is valued with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under the lease and there are no arrears of rent or undisclosed breaches of covenant.

Reinstatement Cost: Our opinion of the reinstatement cost for fire insurance purpose is provided only for guidance and must not be relied upon as the basis for insurance cover. We advise that we are not quantity surveyors and our estimate of the construction cost is based upon published sources. We recommend that verification of the reinstatement cost be sought from a qualified quantity surveyor, if considered appropriate.

Attendance in Court: Savills or its employees are not obliged to give testimony or to appear in court or any other tribunal or to any government agency with regards to this valuation report or with reference to the property in question unless prior arrangement has been made and Savills are properly reimbursed.