



**Hiap Hoe Limited**  
(Registration No. : 199400676Z)

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**THE PROPOSED DISPOSAL OF 100% OF THE ISSUED AND PAID UP SHARE CAPITAL OF  
CAVENAGH PROPERTIES PTE LTD TO HIAP HOE HOLDINGS PTE LTD**

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**A. INTRODUCTION**

The board of directors (the “**Board**”) of Hiap Hoe Limited (the “**Company**”, together with its subsidiaries, referred to as the “**Group**”) wishes to announce that the Company has on 27 October 2016 entered into a conditional sale and purchase agreement (the “**SPA**”) with Hiap Hoe Holdings Pte Ltd (“**Hiap Hoe Holdings**”), the controlling shareholder of the Company, for the sale and disposal by the Company of its legal and beneficial ownership of all the issued and paid up ordinary shares in the capital of Cavenagh Properties Pte Ltd (“**CPPL**”) (the “**Sale Shares**”), free from all encumbrances and with all rights, benefits and entitlements attaching thereto at completion (the “**Proposed Disposal**”).

The Proposed Disposal is an interested person transaction under Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”).

**B. BACKGROUND INFORMATION ON HIAP HOE HOLDINGS AND CPPL**

**1. Information relating to Hiap Hoe Holdings**

As at the date hereof, Hiap Hoe Holdings, a company incorporated in Singapore, is a 73.87%<sup>(1)</sup> shareholder of the Company. The Company’s Executive Chairman/Chief Executive Officer, Mr Teo Ho Beng and the Company’s Managing Director, Mr Teo Ho Kang, Roland, are the legal and beneficial owners of 45.44% and 34.18% of the issued and paid up share capital of Hiap Hoe Holdings respectively. Hiap Hoe Holdings is an investment holding company and is involved in, *inter alia*, investments in commercial and residential properties.

Accordingly, Hiap Hoe Holdings would, for the purposes of Chapter 9 of the Listing Manual and the Proposed Disposal, be regarded as an “interested person” of the Company.

**Note:**

- (1) Unless otherwise stated, in this Announcement, references to shareholding percentages in the Company are computed based on the total number of issued shares in the Company of 470,557,541 (excluding 3,999,850 treasury shares) as at the date of this Announcement.

**2. Information relating to CPPL**

As at the date hereof, CPPL, a company incorporated in Singapore, has an issued and paid up share capital of S\$1,000,000 comprising 1,000,000 ordinary shares. The Company is the legal and beneficial owners of the entire issued shares in CPPL.

CPPL carries on the business of, *inter alia*, owning and developing property in Singapore, and is the owner of the properties which are set out in Appendix A to this Announcement (the “**Properties**”). The Properties comprise the main assets held by CPPL.

**C. VALUATION OF THE PROPERTIES**

In connection with the Proposed Disposal, the Group engaged an independent valuer, Knight Frank Pte Ltd (the “**Valuer**”), to assess and determine the market value of the Properties on an en-bloc basis.

Based on the valuation certificate dated 18 October 2016 (the “**Valuation Certificate**”) issued by the Valuer, the market value of the Properties on an en-bloc basis as at 30 September 2016 was S\$95,470,000. A copy of the Valuation Certificate may be found in Appendix B to this Announcement (as an annexure to the IFA Letter).

The Valuer adopted the comparable sales method in arriving at the market value of the Properties.

## **D. THE PROPOSED DISPOSAL**

### **1. Salient Terms of the SPA**

#### **1.1 Conditions Precedent**

The Proposed Disposal is conditional on *inter alia* the following:

- (a) completion on or before 31 October 2016 of a legal, financial and business due diligence exercise by Hiap Hoe Holdings on CPPL and its business, and the results of such due diligence exercise being satisfactory to Hiap Hoe Holdings in its reasonable discretion;
- (b) the Company having received the requisite approval from its board of directors and its Shareholders (if required) for the sale of the Sale Shares and the transactions contemplated under the SPA, including the approval from its independent Shareholders under Chapter 9 of the Listing Manual and under Chapter 10 of the Listing Manual (if required);
- (c) approval from the Land Dealings (Approval) Unit of the Singapore Land Authority for the intended change in shareholders of CPPL from the Company to Hiap Hoe Holdings having been obtained and if the approval is granted or obtained subject to any conditions, such conditions being reasonably acceptable to the Company and Hiap Hoe Holdings, and such approval not having been revoked on or before the completion of the sale and purchase of the Sale Shares (“**Completion**”);
- (d) approval of the existing financier(s) of CPPL for the proposed change in shareholding of CPPL and for the release of the Company from its obligations under the corporate guarantees dated 8 February 2007, 22 February 2011 and 25 September 2014 (collectively, the “**MBB Guarantees**”), on terms and conditions acceptable to the Company and Hiap Hoe Holdings;
- (e) all other requisite regulatory approvals and corporate approvals, if necessary, for the transactions contemplated under the SPA being obtained, and not withdrawn, suspended, amended or revoked, on or before Completion, and if such consents or approvals are granted or obtained subject to any conditions, such conditions being reasonably acceptable to Hiap Hoe Holdings;
- (f) all payments in respect of all maintenance funds, sinking funds and property tax relating to the Properties payable up to the month in which the actual date of Completion falls on having been duly paid (with substantiating evidence of such payments having been provided to Hiap Hoe Holdings);
- (g) there having been no material adverse change in or to the business, operations, financial condition, properties and/or assets of CPPL from the date of the SPA up to Completion;

- (h) all other requisite laws, rules and guidelines necessary for or in connection with the transactions contemplated under the SPA having been complied with by the Company on or before Completion; and
- (i) all existing intercompany loans and/or any financing or security obligations provided by the Company in respect of CPPL (including the MBB Guarantees) having been fully discharged and there being no obligations or liabilities which remain outstanding, due and/or payable to the Company.

If any of the conditions above are not fulfilled or not waived by Hiap Hoe Holdings within 4 months from the date of the SPA (or such other date as the parties may mutually agree in writing), the SPA shall *ipso facto* cease and determine and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise. The condition in sub-paragraph 1.1(i) may not be waived by Hiap Hoe Holdings.

## 1.2 Purchase Consideration

The consideration for the Sale Shares is S\$31,083,801.83 (the “**Purchase Consideration**”).

The Purchase Consideration is an amount equivalent to the revalued net asset value of CPPL as at 30 September 2016, which is determined based on the unaudited net asset value of CPPL as at 30 September 2016 as set out in the unaudited financial statements of CPPL as at 30 September 2016, adjusted to take into account a gain of S\$23,990,962.47 arising from the valuation of the Properties (being (i) the market value of the Properties on an en-bloc basis as at 30 September 2016 of S\$95,470,000 as reflected in the Valuation Certificate less (ii) the carrying value of the Properties as at 30 September 2016 of S\$71,479,037.53 as set out in the unaudited financial statements of CPPL as at 30 September 2016).

The Purchase Consideration shall be satisfied in full by Hiap Hoe Holdings by the payment to the Company of the Purchase Consideration in cash.

## 2. The Proposed Disposal as an Interested Person Transaction

As stated in Section B of this Announcement, Hiap Hoe Holdings is regarded as an interested person of the Company for purposes of Chapter 9 of the Listing Manual and the Proposed Disposal. Therefore, the Proposed Disposal, being between the Company and Hiap Hoe Holdings, constitutes an interested person transaction under Chapter 9 of the Listing Manual.

The Purchase Consideration represents approximately 4.62% of the latest audited consolidated net tangible assets of the Group of S\$673,067,099 as at 31 December 2015 (the “**2015 Group NTA**”), as disclosed in the audited consolidated financial statements of the Group for the financial year ended 31 December 2015 (“**FY2015**”).

As the value of the Proposed Disposal is less than five per cent. (5%) of the 2015 Group NTA, for purposes of Chapter 9 of the Listing Manual, approval of the independent Shareholders is not required for this transaction.

The current total value of all interested person transactions, excluding transactions which are less than S\$100,000 with (i) Hiap Hoe Holdings and its associates and (ii) all other interested persons of the Company, for the period from 1 January 2016 to the date of this announcement and the percentage of the Group’s NTA as at 31 December 2015 represented by such values, are as follows:

	Before the Proposed Disposal		Including the Proposed Disposal	
	Amount (S\$)	Percentage of audited	Amount (S\$)	Percentage of audited

		NTA of the Group (%)		NTA of the Group (%)
Total value of all transactions with Hiap Hoe Holdings and its associates	126,000	0.02	31,209,801.83	4.64
Total value of all transactions with all interested persons of the Company	126,000	0.02	31,209,801.83	4.64

### 3. Audit and Risk Committee Statement

The Company has appointed Provenance Capital Pte. Ltd. as the independent financial adviser (“**IFA**”) to the Audit and Risk Committee of the Company (“**ARC**”). The members of the ARC are independent for the purposes of the Proposed Disposal as an interested person transaction.

Having regard to the matters set out in the IFA letter dated 27 October 2016 to the ARC (“**IFA Letter**”) (a copy of which is reproduced in Appendix B to this announcement), the IFA is of the opinion that the Proposed Disposal is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders.

Having considered the terms, rationale and benefits of the Proposed Disposal and the opinion of the IFA, the ARC is of the view that the Proposed Disposal is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders.

### 4. Relative Figures under Chapter 10 of the Listing Manual

#### 4.1 General

Under Chapter 10 of the Listing Manual, a transaction will be classified as a “major transaction” if any of the relative figures calculated on the bases set out in Rule 1006 of the Listing Manual exceeds 20% and if so, shareholders’ approval must be obtained for the “major transaction”.

#### 4.2 Relative Figures under Rule 1006 of the Listing Manual

The relative figures computed on the applicable bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on the audited consolidated financial statements of the Group for FY2015 and on the unaudited consolidated financial statements of the Group for the six (6) months ended 30 June 2016 (“**HY2016**”) are set out below.

Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group’s net asset value	8.53% (based on FY2015 figures) <sup>(1)</sup> 8.60% (based on HY2016 figures) <sup>(2)</sup>
Rule 1006(b) – the net profits attributable to the assets to be disposed of, compared with Group’s net profits.	-19.09% (based on FY2015 figures) <sup>(3)</sup> 2.54% (based on HY2016 figures) <sup>(4)</sup>
Rule 1006(c) – the aggregate value of the consideration received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	9.84% <sup>(5)</sup>
Rule 1006(d) – the number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously issue	Not applicable as the transaction is a disposal.

Rule 1006(e) – the aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves	Not applicable as the Company is not a mineral, oil and gas company.
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**Notes:**

- (1) Net asset value of the assets to be disposed of as at 31 December 2015 = S\$57,384,062  
Net asset value of the Group as at 31 December 2015 = S\$673,067,099  
Relative figure = 8.53%
- (2) Net asset value of the assets to be disposed of as at 30 June 2016= S\$57,473,972  
Net asset value of the Group as at 30 June 2016 = S\$668,157,179  
Relative figure = 8.60%
- (3) Net loss attributable to the assets disposed for FY2015 = S\$1,378,192  
Net loss of the Group for FY2015 = S\$7,219,479  
Relative figure = -19.09%
- (4) Net profit attributable to the assets disposed for HY2016 = S\$89,909  
Net profit of the Group for HY2016 = S\$3,539,262  
Relative figure = 2.54%
- (5) The aggregate value of the consideration received by the Group = S\$31,083,801.83  
The Company’s market capitalisation based on the total number of issued shares excluding treasury shares multiplied by the weighted average price of such shares transacted on the market day preceding the date of the SPA = S\$316,026,445  
Relative figure = 9.84%

As the relative figures computed on the bases set out in Rule 1006 do not exceed 20% as at the date of this Announcement, the Proposed Disposal is not a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Disposal will not be subject to the approval by Shareholders in a general meeting.

## 5. Use of Proceeds from the Proposed Disposal

The Group expects to receive net proceeds of approximately S\$31,003,802 (after deducting estimated expenses of approximately S\$80,000 from the Proposed Disposal). The net proceeds from the Proposed Disposal represents an excess of S\$23,910,962 against the net book value of the Sale Shares as at 30 September 2016. The Group intends to utilise the net proceeds for working capital requirements, general corporate purposes and/or reducing the bank borrowings of the Group.

Pending the deployment of the unutilised proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short term money markets and/or marketable securities, or used for any other purpose on a short term basis, as the directors of the Company may deem appropriate in the interests in the Group.

## E. EXPECTED COMPLETION

Completion is expected to take place within five (5) Business Days from the fulfilment of all the conditions set out in paragraph 1.1 (other than sub-paragraphs 1.1(g) and (i)) of Section D of this Announcement, or such other date as may be agreed between the Company and Hiap Hoe Holdings in writing.

#### **F. RATIONALE FOR THE PROPOSED DISPOSAL**

The Properties comprise the main assets held by CPPL. The introduction of cooling measures by the Singapore government have dampened the local property market. In particular, the implementation of the Total Debt Servicing Ratio (“**TDSR**”) and Additional Buyer’s Stamp Duty (“**ABSD**”) have made it challenging for developers of luxury residential units which typically come with a higher price point. Foreigners, who traditionally account for the majority of the purchasers of high end residential developments in prime districts, have been deterred by the ABSD and diverted their investments to markets outside Singapore. Consequently, the Group has experienced a notable reduction in the pool of potential buyers and has not been successful in selling the remaining units of the Properties despite different marketing activities and strategies rolled out by various marketing agents.

Furthermore, as a publicly listed entity, the Group has to comply with Qualifying Certificate (“**QC**”) rules whereby foreign housing developers (including public listed developers) have up to five (5) years to complete the construction of their residential project(s) and sell all the units within two (2) years of the development(s) obtaining their Temporary Occupation Permit (“**TOP**”). In order to extend the sales period beyond two (2) years after TOP, QC extension charges are payable which work out to 8%, 16% and 24% of the land purchase price for the first, second and third year (onwards) of extension respectively.

As the project obtained its TOP in September 2014, the Group is guided by the deadline of 23 September 2016 to achieve 100% sales of the development. The Group has since paid an extension fee of \$1,188,000 to extend the sales period by 6 months to 23 March 2017. Market conditions for the next few months are expected to remain subdued and the authorities did not provide any clear sign that the cooling measures will be lifted anytime soon in the near future.

The Proposed Disposal will enable the Group to realise a gain of \$23,990,962 over the carrying value of the Properties as at 30 September 2016 while avoiding future additional extension charges of about \$1,188,000, \$4,752,000 and \$7,128,000 for extension of time till 23 September 2017, 23 September 2018 and 23 September 2019 respectively. Upon the completion of the Proposed Disposal, the Group will be able to deploy the estimated net cash proceeds of \$30,959,782 for other corporate purposes.

#### **G. GAIN ON DISPOSAL OF THE SALE SHARES**

The unaudited net book value of the Sale Shares as at 30 September 2016 is approximately S\$7.1 million and the disposal of the Sale Shares to Hiap Hoe Holdings will result in a gain on disposal of approximately S\$24.0 million.

#### **H. FINANCIAL EFFECTS**

The financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after Completion. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2015, being the end of the most recently completed financial year.

##### **(a) Net tangible assets (“**NTA**”) per share**

Had the Proposed Disposal been effected on 31 December 2015, the Proposed Disposal would have had the following financial effects on the Group’s NTA per share as at 31 December 2015:

For FY2015	Before Disposal	Proposed	After Proposed Disposal
Net tangible assets (S\$)		673,067,099	697,058,061
Number of shares		470,557,541	470,557,541
Net tangible assets per Share (S\$ cents)		143.04	148.13

(b) Earnings per share (“EPS”)

Had the Proposed Disposal been effected on 1 January 2015, the Proposed Disposal would have had the following financial effects on the Group’s EPS for FY2015:

For FY2015	Before Disposal	Proposed	After Proposed Disposal
Group profit/loss after tax		(7,219,479)	18,149,675
Weighted average number of shares		470,557,541	470,557,541
Earnings (loss) per share (S\$ cents)		(1.53)	3.86

**I. SERVICE AGREEMENTS**

No new directors are proposed to be appointed to the Board in connection with the Proposed Disposal. As such, no service agreements will be entered into with any new director of the Company in connection with the transactions.

**J. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER IN THE PROPOSED DISPOSAL**

Save as disclosed in Section B of this Announcement, to the best knowledge of the Directors, none of the other Directors or controlling Shareholder of the Company has any interest, direct or indirect, in the Proposed Disposal.

**K. DOCUMENTS FOR INSPECTION**

Copies of the SPA and the Valuation Certificate are available for inspection during normal business hours at the registered office of the Company at 18 Ah Hood Road, #13-51 Hiap Hoe Building At Zhongshan Park, Singapore 329983 for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Ong Beng Hong  
Joint Company Secretary  
27 October 2016

**APPENDIX A**  
**PARTICULARS OF THE PROPERTIES**

No.	Description of Property	Lot No.	MK/TS
(1)	65 Cavenagh Road #01-02 Singapore 229619	U8888P	27
(2)	65 Cavenagh Road #01-06 Singapore 229619	U8906X	27
(3)	65 Cavenagh Road #03-02 Singapore 229619	U8890V	27
(4)	65 Cavenagh Road #04-02 Singapore 229619	U8891P	27
(5)	65 Cavenagh Road #05-02 Singapore 229619	U8892T	27
(6)	65 Cavenagh Road #06-02 Singapore 229619	U8893A	27
(7)	65 Cavenagh Road #06-06 Singapore 229619	U8911C	27
(8)	65 Cavenagh Road #07-02 Singapore 229619	U8894K	27
(9)	65 Cavenagh Road #07-06 Singapore 229619	U8912M	27
(10)	65A Cavenagh Road #01-08 Singapore 229620	U8919N	27
(11)	65A Cavenagh Road #01-12 Singapore 229620	U8943M	27
(12)	65A Cavenagh Road #03-12 Singapore 229620	U8945V	27
(13)	65A Cavenagh Road #04-12 Singapore 229620	U8946P	27
(14)	65A Cavenagh Road #06-12 Singapore 229620	U8948A	27
(15)	65A Cavenagh Road #07-08 Singapore 229620	U8925C	27
(16)	65A Cavenagh Road #07-12 Singapore 229620	U8949K	27
(17)	65B Cavenagh Road #01-14 Singapore 229630	U8957M	27
(18)	65B Cavenagh Road #01-18 Singapore 229630	U8980P	27
(19)	65B Cavenagh Road #02-14 Singapore 229630	U8958W	27
(20)	65B Cavenagh Road #02-15 Singapore 229630	U8963P	27
(21)	65B Cavenagh Road #03-14 Singapore 229630	U8959V	27
(22)	65B Cavenagh Road #04-14 Singapore 229630	U8960M	27
(23)	65B Cavenagh Road #04-18 Singapore 229630	U8983K	27
(24)	65B Cavenagh Road #05-14 Singapore 229630	U8961W	27
(25)	65B Cavenagh Road #06-14 Singapore 229630	U8962V	27
(26)	65B Cavenagh Road #07-13 Singapore 229630	U8956C	27
(27)	65B Cavenagh Road #07-18 Singapore 229630	U8986L	27
(28)	65C Cavenagh Road #01-20 Singapore 229631	U8994P	27
(29)	65C Cavenagh Road #01-24 Singapore 229631	U9018L	27
(30)	65C Cavenagh Road #02-20 Singapore 229631	U8995T	27



(31)	65C Cavenagh Road #02-24 Singapore 229631	U9019C	27
(32)	65C Cavenagh Road #03-24 Singapore 229631	U9020X	27
(33)	65C Cavenagh Road #04-20 Singapore 229631	U8997K	27
(34)	65C Cavenagh Road #04-24 Singapore 229631	U9021L	27
(35)	65C Cavenagh Road #05-20 Singapore 229631	U8998N	27
(36)	65C Cavenagh Road #05-24 Singapore 229631	U9022C	27
(37)	65C Cavenagh Road #06-20 Singapore 229631	U8999X	27
(38)	65C Cavenagh Road #06-24 Singapore 229631	U9023M	27
(39)	65C Cavenagh Road #07-19 Singapore 229631	U8993V	27
(40)	65C Cavenagh Road #07-20 Singapore 229631	U9000A	27
(41)	65D Cavenagh Road #01-26 Singapore 229632	U9029K	27
(42)	65D Cavenagh Road #01-27 Singapore 229632	U9035L	27
(43)	65D Cavenagh Road #01-28 Singapore 229632	U9041W	27
(44)	65D Cavenagh Road #06-26 Singapore 229632	U9034X	27
(45)	65E Cavenagh Road #01-31 Singapore 229633	U9059A	27
(46)	65E Cavenagh Road #01-32 Singapore 229633	U9064N	27
(47)	65E Cavenagh Road #01-34 Singapore 229633	U9076A	27
(48)	65E Cavenagh Road #06-30 Singapore 229633	U9058T	27
(49)	65E Cavenagh Road #06-33 Singapore 229633	U9075T	27
(50)	65E Cavenagh Road #06-34 Singapore 229633	U9081N	27

**APPENDIX B**  
**IFA LETTER**

**PROVENANCE CAPITAL PTE. LTD.**

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

27 October 2016

To: The Audit and Risk Committee of Hiap Hoe Limited  
(who are independent in respect of the Disposal)

Mr Chan Boon Hui	(Chairman)
Mr Ronald Lim Cheng Aun	(Member)
Mr Leslie Koh Kok Heng	(Member)

Dear Sirs,

**THE PROPOSED DISPOSAL OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF CAVENAGH PROPERTIES PTE. LTD. TO HIAP HOE HOLDINGS PTE LTD. AS AN INTERESTED PERSON TRANSACTION ("DISPOSAL")**

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the announcement by the Company in relation to the Disposal dated 27 October 2016 ("**Announcement**").*

**1. INTRODUCTION**

- 1.1** This letter is issued in connection with the Announcement on 27 October 2016 ("**Announcement Date**") in relation to the Disposal.

The Disposal involves the sale and disposal by Hiap Hoe Limited ("**Company**" or "**Vendor**") of its entire shareholding interest in the issued and paid-up share capital ("**Sale Shares**") of Cavenagh Properties Pte. Ltd. ("**Cavenagh Properties**") to Hiap Hoe Holdings Pte Ltd. ("**Hiap Hoe Holdings**" or the "**Purchaser**"), the controlling shareholder of the Company, on the terms and subject to the conditions of the sale and purchase agreement dated 27 October 2016 ("**SPA**").

The consideration for the disposal of the Sale Shares shall be S\$31,083,801.83 in cash ("**Consideration**").

- 1.2** As at the Announcement Date, the Purchaser, which is a controlling shareholder of the Company, holds an aggregate of 347,578,726 ordinary shares of the Company ("**Shares**"), representing 73.9% of the Company's total number of 470,557,541 issued Shares (excluding treasury shares). The Company's Executive Chairman/Chief Executive Officer, Mr Teo Ho Beng, and the Company's Managing Director, Mr Roland Teo Ho Kang, are the legal and beneficial owners of 45.44% and 34.18% of the Purchaser respectively.

Pursuant to Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**"), the Purchaser, being a controlling shareholder of the Company, and its associates, including Mr Teo Ho Beng and Mr Roland Teo Ho Kang are deemed as interested persons in the Disposal ("**Interested Person**"). The Disposal therefore constitutes an interested person transaction ("**Interested Person Transaction**").

Pursuant to Chapter 9 of the Listing Manual, shareholders' approval must be obtained for any interested person transaction of a value equal to or greater than 5% of the group's latest audited net tangible assets ("**NTA**") or, when aggregated with other interested person transactions entered into with the same interested person during the same financial year, the value of the transaction is equal to or more than 5% of the group's latest audited NTA. In addition, the company will need to seek the opinion of an independent financial adviser ("**IFA**") to opine on whether the interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

Based on the latest audited financial statements of the Company and its subsidiaries ("**Group**") for the financial year ended 31 December 2015, the Group's audited NTA was S\$673.1 million. As the Consideration for the Disposal of approximately S\$31.1 million represents approximately 4.6% of the Group's latest audited NTA, the Disposal as an Interested Person Transaction is not subject to the approval of the Company's shareholders ("**Shareholders**") and the opinion of an IFA.

The Disposal is, however, subject to the opinion of the Audit and Risk Committee of the Company and the approval of the members of the Board of the Company who are deemed independent of the Disposal.

- 1.3 Notwithstanding that the Disposal as an Interested Person Transaction does not require the opinion of an IFA, the Company has nonetheless appointed us as the IFA to advise the Audit and Risk Committee of the Company on whether Disposal, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

This letter ("**Letter**") is therefore addressed to the Audit and Risk Committee and sets out, *inter alia*, our evaluation and opinion on the Disposal as an Interested Person Transaction.

## 2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Audit and Risk Committee in respect of the Disposal as an Interested Person Transaction. We are not and were not involved or responsible, in any aspect, in the negotiations in relation to the Disposal, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the SPA for the Disposal, and we do not, by this Letter, warrant the merits of the Disposal other than to express an opinion on whether the Disposal as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Disposal or to compare their relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company ("**Management**") although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary and appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors and Management and their professional advisers (where applicable) and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and the professional advisers (where applicable) of the Company. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors have confirmed that, having made all reasonable enquiries and to the best of their respective knowledge and belief, information and representations as provided to us by the Directors and Management are accurate. They have also confirmed to us that, upon making all reasonable enquiries and to their best knowledge and abilities, all material information available to them in connection with the Disposal as an Interested Person Transaction, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us in relation to the Disposal as an Interested

Person Transaction, the Company and/or the Group as stated in this Letter to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and judgement as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the Disposal, the Company and/or the Group that we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and/or the Group at any time or as at the Announcement Date.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, any view on the future growth prospects, value and earnings potential of the Company and/or the Group after the Disposal. Such review or comments remain the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter. We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company and/or the Group, and further, we did not conduct discussions with the Directors and the Management, and did not have access to, any business plan and financial projections of the Company and/or the Group. In addition, we are not expressing any view as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after completion of the Disposal.

We have not made an independent evaluation or appraisal of the assets and liabilities of Cavenagh Properties, the Company and/or the Group (including without limitation, property, plant and equipment). As such, we will be relying on the disclosures and representations made by the Company on the value of the assets and liabilities, and profitability of Cavenagh Properties, the Company and/or the Group. For the purpose of the Disposal, the Company had commissioned Knight Frank Pte Ltd ("**Valuer**"), an independent valuer, to assess the market value of the 50 remaining unsold units of the freehold residential property in Singapore, known as "Waterscape At Cavenagh", which is owned by Cavenagh Properties ("**Properties**").

The Valuer has furnished us with a copy of its valuation certificate on the Properties ("**Valuation Certificate**"), a copy of which is attached as an Annexure to this Letter.

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

Our view as set out in this Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as at the Announcement Date and the information and representations provided to us as of the Announcement Date. In arriving at our opinion, with the consent of the Directors and/or the Company, we have taken into account certain factors and have made certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Announcement Date that may affect our opinion contained herein.

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any minority Shareholder or any specific group of minority Shareholders. As each minority Shareholder may have different investment objectives and profiles, we recommend that any individual minority Shareholder or group of minority Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

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

We have prepared this Letter for the use of the Audit and Risk Committee in their consideration of the Disposal as an Interested Person Transaction and their views on the Disposal. The views made by the Audit and Risk Committee in relation to the Disposal as an Interested Person Transaction remain their sole responsibility. Whilst a copy of this Letter may be reproduced for the purpose of the Announcement, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose, other than for the purpose of the Disposal as an Interested Person Transaction, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

**Our opinion in relation to the Disposal as an Interested Person Transaction should be considered in the context of the entirety of this Letter and the Announcement.**

### **3. KEY TERMS OF THE DISPOSAL**

Details of the Disposal are set out in Section D of the Announcement. A summary of the key terms of the Disposal is set out below for your reference.

#### **3.1 Consideration for the Disposal**

The Consideration for the Disposal is S\$31,083,801.83 in cash, being an amount equivalent to the revalued net asset value (“**RNAV**”) of Cavenagh Properties as at 30 September 2016.

The RNAV is determined based on the unaudited net asset value (“**NAV**”) of Cavenagh Properties as at 30 September 2016 adjusted to take into account the market valuation of the Properties. The Properties are in relation to the 50 remaining unsold units of the freehold residential property in Singapore known as “Waterscape At Cavenagh”.

As the Properties are the main asset of Cavenagh Properties, in connection with the Disposal, the Company had commissioned the Valuer to assess the market value of the Properties as at 30 September 2016. The Company then arrived at the RNAV of Cavenagh Properties of S\$31.08 million as at 30 September 2016.

Upon the completion of the Disposal, Cavenagh Properties will cease to be a subsidiary of the Group.

#### **3.2 Conditions Precedent**

The completion of the Disposal is subject to various conditions precedent as set out in the SPA including, *inter alia*, the following:

*“all existing intercompany loans and/or financing or security obligations provided by the Vendor in respect of the Company (including the MBB Guarantees) having been fully discharged and there being no obligations or liabilities which remain outstanding, due and/or payable to the Vendor.”*

With respect to the above quotation, “Vendor” refers to the Company while “Company” refers to Cavenagh Properties.

In relation to the above, the Company has confirmed that all existing intercompany amounts owing from Cavenagh Properties to the Group had been fully repaid by Cavenagh Properties as at 26 October 2016. The repayment was funded by bank borrowings obtained by Cavenagh Properties.

#### 4. INFORMATION ON THE GROUP

The Company is a limited liability company incorporated in Singapore in 1994 and listed on the Mainboard of the SGX-ST. The principal activities of the Company are those of investment holding and the provision of management services. The Group is a regional premium real estate group with a diversified portfolio of hospitality, retail, commercial and residential assets. The Company’s immediate and ultimate holding company is Hiap Hoe Holdings, a company incorporated in Singapore.

As at the Announcement Date, the Company had an issued and paid-up share capital comprising 470.6 million Shares (excluding treasury shares). Based on the last transacted Share price of S\$0.68 on the day prior to the Announcement Date and the outstanding number of Shares as at the Announcement Date, the market capitalisation of the Company was approximately S\$320 million.

On 8 December 2014, the Company announced the disposal of its entire shareholding interest in Hiap Hoe SuperBowl JV Pte Ltd (“**Hiap Hoe SuperBowl**”) to Hiap Hoe Holdings. The residential units of the condominium development property at 5 and 5A Balmoral Road known as “Treasure at Balmoral” were the main assets held by Hiap Hoe SuperBowl. The Company had disclosed in the above announcement the intention to sell the properties *en-bloc* but interest and offer received from unrelated third parties were soft and below its expectations. Further details of the sale of Hiap Hoe SuperBowl are set out in the Company’s circular to shareholders dated 6 March 2015. It was also disclosed in the IFA letter attached as Appendix A to the above circular that the sale of Hiap Hoe SuperBowl was also precipitated by the extension charges payable to the Singapore Land Authority on the unsold properties under the Qualifying Certificate (“**QC**”) rules. The disposal of Hiap Hoe SuperBowl was approved by Shareholders on 23 March 2015 and the disposal completed on 26 March 2015.

The Group’s remaining residential units at “Waterscape At Cavenagh” held by Cavenagh Properties are also subject to the QC rules. As at the Announcement Date, 50 units out of the 200-units development of “Waterscape At Cavenagh” remained unsold. “Waterscape At Cavenagh” obtained its temporary occupation permit (“**TOP**”) in September 2014.

Under the QC rules, “foreign housing developers” (which includes all public listed developers) issued with QCs have up to five years to complete construction of their residential projects and have to sell all the units within two years of obtaining their TOPs. To extend the sales period beyond two years after TOP, “foreign housing developers” have to pay extension charges which work out to 8% of the land purchase price for the first year of extension, 16% for the second year and 24% from the third year onwards. The extension charges are pro-rated based on unsold units over the total units in the project. The Company/Cavenagh Properties being a public listed developer is governed under the above QC rules. As “Waterscape At Cavenagh” obtained its TOP in September 2014, the Group is guided by the deadline of 23 September

2016 to achieve 100% sales of the development. The Group has since paid an extension fee of S\$1,188,000 to extend the sales period by six months to 23 March 2017.

The Company has stated as its rationale that the Disposal represents a good opportunity for the Group to realise a gain over the carrying value of the unsold 50 units at "Waterscape At Cavenagh" while avoiding future additional extension charges of about S\$1,188,000, S\$4,752,000 and S\$7,128,000 for extension of time till 23 September 2017, 23 September 2018 and 23 September 2019 respectively.

## 5. INFORMATION ON CAVENAGH PROPERTIES

Cavenagh Properties is a private limited company incorporated in Singapore. The principal activity of Cavenagh Properties is property development and ownership of the residential units at "Waterscape At Cavenagh".

Cavenagh Properties has an issued and fully paid-up share capital of S\$1.0 million comprising one million Sale Shares which are all owned by the Company.

Cavenagh Properties is the developer of "Waterscape At Cavenagh", a freehold residential development comprising two 6-storey blocks and four 7-storey blocks comprising a total of 200 units of apartment and penthouses. The development was launched in 2010, completed and TOP obtained in September 2014. As at the Announcement Date, Cavenagh Properties has 50 remaining unsold units ("**Properties**") which comprise the main assets held by Cavenagh Properties.

### 5.1 Financial information of Cavenagh Properties

#### *Financial performance*

Cavenagh Properties did not record any revenue for the financial year ended 31 December 2015 ("**FY2015**") as there was no sale of units at the residential development during FY2015, the Properties being the main asset of Cavenagh Properties. As a result, Cavenagh Properties incurred a net loss after tax of S\$1.38 million for FY2015 which was due mainly to administrative expenses and income tax arising from adjustments in deferred tax liabilities.

For the nine months ended 30 September 2016 ("**9M2016**"), Cavenagh Properties recorded revenue of S\$3.15 million from the sale of one unit from the residential development, and a net loss after tax of S\$0.29 million. The net loss was due mainly to administrative cost, distribution and selling expenses, and income tax due to over provision of tax in prior years.

As the Properties are remaining completed unsold units held for sale, the evaluation of Cavenagh Properties' past historical financial performance will not be meaningful for the purpose of the Disposal.

#### *Financial position*

As can be seen from the table below, as at 30 September 2016, the main assets of Cavenagh Properties are the Properties and its main liabilities are the amounts due to the Group, namely the Company and its wholly-owned subsidiary, WestBuild Construction Pte Ltd ("**WestBuild**").

S\$	Unaudited As at 30 September 2016
<b>Current assets</b>	
Development properties	71,479,038
Cash at bank	1,024,505
Other current assets	1,155,477
<b>Total assets</b>	<b>73,659,020</b>

S\$	Unaudited As at 30 September 2016
<b>Current liabilities</b>	
Due to Hiap Hoe Limited	62,115,511
Due to WestBuild Construction Pte Ltd	1,762,595
Other liabilities	1,647,422
Provision for tax	1,040,653
<b>Total liabilities</b>	<b>66,566,180<sup>(1)</sup></b>
<b>Equity</b>	
Share capital	1,000,000
Retained profits	6,384,063
Net loss for the year	(291,223)
<b>Total equity</b>	<b>7,092,839<sup>(1)</sup></b>

**Source:** Management

**Note:**

(1) Does not add up due to rounding.

As at 30 September 2016, the unaudited NAV of Cavenagh Properties was S\$7.1 million and is equal to its unaudited net tangible asset as Cavenagh Properties has no intangible assets.

Of the total assets, 97.0% of the total assets of Cavenagh Properties (S\$71.5 million) are represented by the Properties. Cavenagh Properties' accounting policy for development properties/properties held for sale are to measure them at the lower of cost or net realisable value. Hence, in connection with the Disposal, the Company had commissioned the Valuer to revalue the Properties to provide an updated assessment of the market value of the Properties as at 30 September 2016. A copy of the Valuation Certificate dated 18 October 2016 is attached as an Annexure to this Letter.

The Valuer had adopted the comparable sales method in arriving at the market value of the Properties at S\$95,470,000 on an *en-bloc* basis as at 30 September 2016. This represents a revaluation surplus of S\$24.00 million above the net book value of the Properties of S\$71.48 million as at 30 September 2016. As a result, the RNAV of Cavenagh Properties as at 30 September 2016 is S\$31.08 million, and is the basis of determining the Consideration for the Sale Shares.

Of the total liabilities, 96.0% of the total liabilities (S\$63.9 million) relate to the amounts due to the Group, namely the Company and its subsidiary, WestBuild. These amounts owing to the Group are unsecured, interest-free and repayable on demand, and arose mainly from the declaration of dividend of retained earnings by Cavenagh Properties. As at 26 October 2016, these amounts owing to the Group had been fully repaid by Cavenagh Properties.

## 6. EVALUATION OF THE DISPOSAL AS AN INTERESTED PERSON TRANSACTION

In our evaluation of the Disposal as an Interested Person Transaction, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale for the Disposal;
- (b) assessment of the Consideration for the Disposal;
- (c) financial effects of the Disposal; and
- (d) other relevant considerations.



## 6.1 Rationale for the Disposal

It is not within our terms of reference to comment or express an opinion on the merits of the Disposal or the future prospects of the Group after the Disposal. Nevertheless, we have reviewed the Company's rationale for the Disposal as set out in Section F of the Announcement and reproduced in *italics* below.

*The Properties comprise the main assets held by CPPL. The introduction of cooling measures by the Singapore government have dampened the local property market. In particular, the implementation of the Total Debt Servicing Ratio ("TDSR") and Additional Buyer's Stamp Duty ("ABSD") have made it challenging for developers of luxury residential units which typically come with a higher price point. Foreigners, who traditionally account for the majority of the purchasers of high end residential developments in prime districts, have been deterred by the ABSD and diverted their investments to markets outside Singapore. Consequently, the Group has experienced a notable reduction in the pool of potential buyers and has not been successful in selling the remaining units of the Properties despite different marketing activities and strategies rolled out by various marketing agents.*

*Furthermore, as a publicly listed entity, the Group has to comply with Qualifying Certificate ("QC") rules whereby foreign housing developers (including public listed developers) have up to five (5) years to complete the construction of their residential project(s) and sell all the units within two (2) years of the development(s) obtaining their Temporary Occupation Permit ("TOP"). In order to extend the sales period beyond two (2) years after TOP, QC extension charges are payable which work out to 8%, 16% and 24% of the land purchase price for the first, second and third year (onwards) of extension respectively.*

*As the project obtained its TOP in September 2014, the Group is guided by the deadline of 23 September 2016 to achieve 100% sales of the development. The Group has since paid an extension fee of \$1,188,000 to extend the sales period by 6 months to 23 March 2017. Market conditions for the next few months are expected to remain subdued and the authorities did not provide any clear sign that the cooling measures will be lifted anytime soon in the near future.*

*The Proposed Disposal will enable the Group to realise a gain of \$23,990,962 over the carrying value of the Properties as at 30 September 2016 while avoiding future additional extension charges of about \$1,188,000, \$4,752,000 and \$7,128,000 for extension of time till 23 September 2017, 23 September 2018 and 23 September 2019 respectively. Upon the completion of the Proposed Disposal, the Group will be able to deploy the estimated net cash proceeds of \$30,959,782 for other corporate purposes.*

## 6.2 Assessment of the Consideration for the Disposal

The Consideration for the Disposal is equivalent to the RNAV of Cavenagh Properties as at 30 September 2016.

As explained in Section 5.1 of this Letter, assessment of the historical financial performance of Cavenagh Properties is not meaningful as Cavenagh Properties was incorporated to undertake the residential development project of "Waterscape At Cavenagh", and the development has been completed and partially sold. The remaining unsold units constituting the Properties are the main assets of Cavenagh Properties.

We have therefore assessed the Consideration for the Sale Shares using the net asset or NTA based valuation approach.

The NTA based valuation provides an estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time and would be more relevant for asset-based companies or where the subject company intends to realise or convert the uses of all or most of its assets. Such a valuation approach would be particularly appropriate when

applied in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings based valuation.

As the Properties are recorded in the books of Cavenagh Properties at lower of cost or net realisable value, the Company had commissioned the Valuer to carry out an independent valuation of the Properties. As a result, the RNAV of Cavenagh Properties was determined to be S\$31.08 million as at 30 September 2016 and is the basis for the Consideration for the Sale Shares. As Cavenagh Properties does not have any intangibles, the NAV of Cavenagh Properties is the same as its NTA as at 30 September 2016.

The Company and the Purchaser had agreed to use the unaudited financial statements of Cavenagh Properties as at 30 September 2016, being the latest available management accounts of Cavenagh Properties prior to the signing of the SPA.

The computation of the RNAV of Cavenagh Properties is shown below:

	S\$	S\$
NAV as at 30 September 2016		7,092,839
Market value of the Properties	95,470,000	
Net book value of the Properties	(71,479,038)	
	<hr/>	
Revaluation surplus on the Properties		23,990,962
<b>RNAV as at 30 September 2016</b>		<hr/> <b>31,083,801</b> <hr/>

In assessing the revaluation surplus arising from the market value of the Properties, we have also considered whether there is any potential tax liability on the revaluation surplus which may affect the NAV of Cavenagh Properties, especially if the Properties were to be sold at the market value. In a hypothetical scenario where the Properties are sold, Cavenagh Properties would incur potential tax liabilities according to the applicable corporate income tax rate in Singapore of 17%.

Management has informed us that, to the best of their knowledge and belief, in the event that the Properties are sold, the above potential tax liabilities may crystallise. Based on this, the potential tax liability on the revaluation surplus on the Properties would amount to S\$4.08 million (17% of S\$23.99 million).

As the Consideration for the Sale Shares is based on the RNAV of Cavenagh Properties without taking into consideration the potential tax liabilities when the Properties are sold, the Consideration for the Sale Shares is at a premium of 15.1% above the RNAV of Cavenagh Properties if these potential tax liabilities have been included (S\$31.08 million / S\$27.00 million).

For the avoidance of doubt, we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, real properties) of Cavenagh Properties. We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the Valuation Certificate for such asset appraisals and have not made any independent verification of the contents thereof. The stated values of the Properties are based on the valuations performed by the Valuer. We do not assume any responsibility to inquire about the basis of such valuations.

### 6.3 Financial effects of the Disposal

Details on the financial effects of the Disposal on the Group as set out in Section H of the Announcement. The financial effects are for illustrative purposes only and do not purport to reflect the actual financial effects or the future financial performance of the Company and the Group after the completion of the Disposal.

In summary, the Disposal would result in the following financial effects for the Group:

(i) NTA

The NTA of the Group and NTA per Share will increase due mainly to the gain on disposal of Cavenagh Properties arising from the revaluation surplus on the Properties; and

(ii) Earnings

The earnings of the Group and earnings per Share will likewise increase arising from the gain on disposal of Cavenagh Properties above its NTA.

There is no impact on the issued share capital of the Group as no shares were issued in connection with the Disposal.

Gross gearing and/or cash balances of the Group will improve significantly as the Disposal is to be settled in cash and all outstanding intercompany amounts due from Cavenagh Properties had been fully settled in cash as well.

## **6.4 Other relevant considerations**

### **6.4.1 Extension charges avoided**

As described in Section 4 and Section 6.1 of this Letter, the Group would avoid incurring additional extension charges on the Properties under the QC rules following the completion of the Disposal.

### **6.4.2 Realisation of the Group's investment in Cavenagh Properties**

The Disposal represents a good opportunity for the Group to realise its investment in Cavenagh Properties in cash.

## **7. OUR OPINION**

In arriving at our opinion in respect of the Disposal as an Interested Person Transaction, we have reviewed and deliberated on the following key considerations which we consider to be pertinent in our assessment:

- (a) rationale for the Disposal;
- (b) assessment of the Consideration for the Disposal;
- (c) financial effects of the Disposal; and
- (d) other relevant considerations.

**Overall, based on our analysis and after having considered carefully the information available to us, we are of the opinion that the Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.**

Our opinion, as disclosed in this Letter, is based on publicly available information and information provided by the Directors and Management and does not reflect any projections of future financial performance of the Company and/or the Group after the completion of the Disposal. In addition, our opinion is based on the economic and market conditions prevailing as at the Announcement Date and is solely confined to our views on the Disposal as an Interested Person Transaction.

This Letter is addressed to the Audit and Risk Committee for their benefit and for the purpose of their consideration of the Disposal as an Interested Person Transaction and their views on the Disposal. The views made by them shall remain their sole responsibility.

Whilst a copy of this Letter may be reproduced for the purpose of the Announcement, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose, other than for the purpose of the Disposal as an Interested Person Transaction, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

Our 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  
**PROVENANCE CAPITAL PTE. LTD.**

Wong Bee Eng  
Chief Executive Officer

**VALUATION CERTIFICATE**

Our Ref: 3437/HH/21/16/PK/ps

18 October 2016

**VALUATION FOR :**  
**CAVENAGH PROPERTIES PTE LTD**  
**18 AH HOOD ROAD**  
**#13-51 HIAP HOE BUILDING AT ZHONGSHAN PARK**  
**SINGAPORE 329983**

**PROPERTY** : Balance 50 unsold units at  
65/65A/65B/65C/65D/65E Cavenagh Road  
"Waterscape At Cavenagh"  
Singapore 229619/20/30/31/32/33

**PURPOSE OF VALUATION** : For the purpose of Proposed Disposal.

**TYPE OF PROPERTY** : 6 units of 2-bedroom apartments, 31 units of 3-bedroom apartments,  
1 unit of 4-bedroom apartments and 12 units of penthouses (total 50  
units) within a residential development known as "Waterscape At  
Cavenagh".

**LEGAL DESCRIPTION** : Land Lot No. : 1374A  
Town Subdivision : 27

**TITLE** : Estate in Fee Simple (Grant Nos. 51 & 67 and GFS Nos. 2988 &  
3029)

**REGISTERED DEVELOPER** : Cavenagh Properties Pte Ltd

**TOTAL SALEABLE FLOOR AREA** : 6,947 sm

**MASTER PLAN 2014** : Zoning - "Residential" with a gross plot ratio of 2.1

Note: The official Master Plan Zoning, Road and Drainage Interpretation Plans have not been applied for.

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KF Property Network Pte Ltd 491B River Valley Road #07-02 Valley Point Singapore 248373

## DESCRIPTION :

The subject development is flanked by Cavenagh Road on its eastern side and the Central Expressway on its western side, and approximately 3.0 km from the City Centre.

"Waterscape At Cavenagh" is a residential development which comprises two 6-storey blocks and four 7-storey blocks, accommodating a total of 200 units of apartments and penthouses. A wide range of facilities including a basement carpark is provided within the development.

The building is constructed of reinforced concrete framework. The apartments and penthouses are typically fitted with solid core timber entrance doors, timber internal doors, anodised aluminium frame glass sliding doors and anodised aluminium frame glass top-hung/casement/fix panel windows.

We understand that the subject development was completed in 2014.

The typical accommodation comprises the following:-

### 2-bedroom units (Types B/B-G<sup>1</sup>/B-G1<sup>1</sup>/B1-G<sup>1</sup>/B1/B2-G<sup>1</sup>)

Living/dining room with adjoining balcony, master bedroom with attached bathroom and adjoining balcony, another bedroom, common bathroom, kitchen and store.

### 3-bedroom units (Types C/C-G<sup>1</sup>/C-G1<sup>1</sup>/C-G2<sup>1</sup>/C-G3<sup>1</sup>/C-G4<sup>1</sup>/C2/C2-G<sup>1</sup>/C4-G<sup>2</sup>/C5-G<sup>2</sup>/C6-G<sup>2</sup>/C7-G<sup>2</sup>)

Living/dining room with adjoining balcony, master bedroom with attached bathroom and adjoining balcony, 2 other bedrooms, common bathroom, kitchen, yard, utility and toilet.

### 4-bedroom units (Types D-G)

Living/dining room with adjoining private enclosed space, master bedroom with attached bathroom, junior master bedroom with attached bathroom, 2 other bedrooms, common bathroom, kitchen, yard, utility and toilet.

Note: <sup>1</sup> Unit has adjoining private enclosed space instead of balcony.

<sup>2</sup> Unit has adjoining private enclosed space and study.

### Penthouses

#### (Types PH-1/PH-2/PH-3<sup>3</sup>)

Living/dining room with adjoining roof terrace, master bedroom with attached bathroom, another bedroom, common bathroom, kitchen and store.

Note: <sup>3</sup>Unit does not have store

#### (Types PH-7)

Living/dining room with adjoining roof terrace, master bedroom with attached bathroom, 2 other bedrooms, common bathroom, kitchen, yard, utility and toilet.

#### (Type PH-10)

Living/dining room with adjoining roof terraces, master bedroom with attached bathroom and adjoining roof terrace, 2 other bedrooms, entertainment room, common bathroom, kitchen, yard, utility and toilet.

#### (Type PH-12)

Living/dining room with adjoining roof terrace, master bedroom with attached bathroom and adjoining roof terrace, junior master bedroom with attached bathroom, 2 other bedrooms, common bathroom, kitchen, yard, utility and toilet.

#### (Types PH-13/PH-14)

Foyer, living/dining room with adjoining roof terrace, master bedroom with attached bathroom and adjoining roof terrace, 3 other bedrooms (2 with adjoining roof terrace), entertainment room, 2 common bathrooms, dry/wet kitchens, yard, utility and toilet.

The typical internal floor finishes consist of marble to living/dining room, homogeneous tiles to balcony or private enclosed space, common bathroom and kitchen, timber strips to bedrooms and ceramic tiles to yard, utility and toilet.

The subject units are generally in good condition and currently vacant.

All main utility and Telecoms services are provided.

**METHOD OF VALUATION** : The Comparable Sales Method

**VALUATION** :

Material Date of Valuation - 30 September 2016

Market Value - \$95,470,000/-  
(Dollars Ninety-Five Million Four Hundred And Seventy Thousand Only)  
ON AN EN-BLOC BASIS

Yours faithfully



Chiam Tok Ling  
B.Sc.(Estate Management) MSISV  
(Appraiser's Licence No: AD 041-2004449G)  
For and on behalf of Knight Frank Pte Ltd

# APPENDIX I

Blk No.	Unit No.	Type	Strata Floor Area (sm)
65	#01-02	C-G	140
65	#01-06	B-G	129
65	#03-02	C	122
65	#04-02	C	122
65	#05-02	C	122
65	#06-02	C	122
65	#06-06	B	99
65	#07-06	PH 1	99
65	#07-02	PH 10	174
65A	#01-08	B-G1	116
65A	#01-12	C-G1	131
65A	#03-12	C	122
65A	#04-12	C	122
65A	#06-12	C	122
65A	#07-08	PH 1	99
65A	#07-12	PH 10	174
65B	#01-14	C-G2	140
65B	#02-15	C-G4	128
65B	#02-14	C	122
65B	#03-14	C	122
65B	#04-14	C	122
65B	#05-14	C	122
65B	#06-14	C	122
65B	#01-18	B1-G	119
65B	#04-18	B1	99
65B	#07-18	PH 2	99
65B	#07-13	PH 10	174



# APPENDIX I

Blk No.	Unit No.	Type	Strata Floor Area (sm)
65C	#01-24	C-G3	142
65C	#01-20	C2-G	143
65C	#02-24	C	122
65C	#03-24	C	122
65C	#04-24	C	122
65C	#05-24	C	122
65C	#06-24	C	122
65C	#02-20	C2	122
65C	#04-20	C2	122
65C	#05-20	C2	122
65C	#06-20	C2	122
65C	#07-20	PH 7	122
65C	#07-19	PH 10	174
65D	#01-26	C4-G	169
65D	#01-27	C5-G	285
65D	#01-28	D-G	198
65D	#06-26	PH 13	245
65E	#01-31	C6-G	188
65E	#01-32	C7-G	161
65E	#01-34	B2-G	122
65E	#06-34	PH 3	110
65E	#06-33	PH 12	145
65E	#06-30	PH 14	261
<b>TOTAL</b>			<b>6,947</b>