INTRODUCTORY DOCUMENT DATED 31 MARCH 2015

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

BOUSTEAD PROJECTS LIMITED

(Incorporated in the Republic of Singapore on 29 May 1996)
(Company Registration Number: 199603900E)

INTRODUCTION OF BOUSTEAD PROJECTS LIMITED TO THE MAIN BOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

This document is issued in connection with the listing and quotation of all the issued ordinary shares (the "**Shares**") in the capital of Boustead Projects Limited (the "**Company**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") by way of an introduction ("**Introduction**"). This Document provides information on our Company and the Shares in compliance with the listing requirements of the SGX-ST.

An application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST all the Shares in issue immediately prior to the date of the commencement of dealing in the Shares on the SGX-ST (the "**Listing Date**"). Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST.

Our Company has received a letter of eligibility from the SGX-ST for the listing and quotation on the Main Board of the SGX-ST of all the Shares in issue immediately prior to the Listing Date. Our Company's eligibility to list on the Main Board of the SGX-ST and our admission to the Official List of the SGX-ST are not to be taken as an indication of the merits of the Introduction, the Shares, our Company, or our Group (as defined herein). The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Document.

This Document is issued for information purposes only. There is no offering of any of the Shares in connection with the Introduction in Singapore or elsewhere and recipients of this Document and all prospective investors in the Shares should not take the Introduction or this Document to be an offer of, or an invitation to purchase, any Shares. This Document is not a prospectus under Singapore law and has not been lodged with, or registered by, the Monetary Authority of Singapore (the "**MAS**"). No Shares shall be allotted or allocated on the basis of this Document.

References in this Document to "herein" or "this document" shall be construed as being references to this Document.

Issue Manager

CIMB BANK BERHAD (13491-P)
Singapore Branch
(Incorporated in Malaysia)

OUR BUSINESS

Design-and-Build or turnkey development of industrial and commercial properties

Constructed and developed more than 80 projects, representing more than 3,000,000 sq m of industrial real estate in Singapore, Malaysia, Vietnam and PRC

Development of industrial properties for lease or sale

Holds 14 wholly-owned industrial properties in Singapore and Wuxi, PRC, together with 50.0% interest in Edward Boustead Centre, amounting to approximately 180,000 sq m

Joint ventures and partnerships to develop and invest in industrial, commercial and other real estate projects

(i) A joint venture to develop about 120,000 sq m of prime industrial land in Nusajaya, Iskandar, Malaysia;
(ii) Part of a consortium to invest for the purchase of TripleOne Somerset in Singapore;
(iii) Part of a consortium (following the completion of the Restructuring Exercise) to invest in the Beijing Tongzhou Integrated Development (Phase 1) in Beijing, PRC; and
(iv) The Boustead Development Partnership.

Our Competitive Strengths:	Strategies and Future Plans:
Comprehensive suite of industrial real estate solutions	Continue the Design-and-Build and/or build-to-suit of single-user industrial properties in Singapore
Focus on enhancing operational efficiencies and cost controls	Expand portfolio of industrial properties held for sale or lease to further strengthen our stream of recurring rental income
Strong, committed and experienced management team	Leverage on the synergistic value of our joint venture partners to: - Enhance our ability to undertake larger-scale Design-and-Build projects; and - Obtain foothold in the regional markets and other property sectors
Established track record with approximately 18 years of operation since 1996	

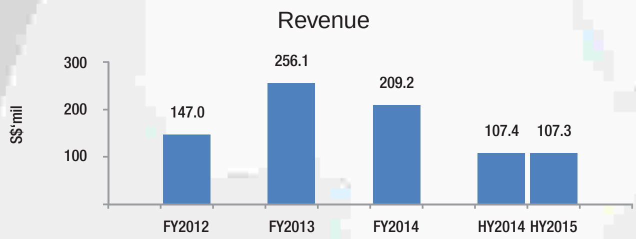
"Over the past decade, we have developed and retained a sizable industrial leasehold portfolio consisting of primarily single-tenanted high quality built-to-suit industrial facilities leased to a group of reputable end-user clients."

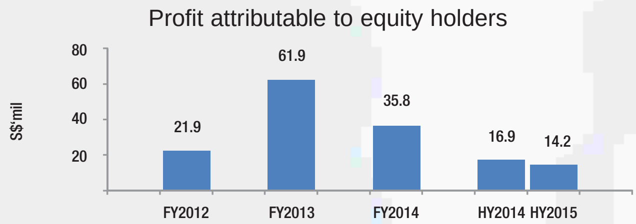
Project Name	Location	Year of Completion	GFA (sq m)	Valuation (S$'million)
Tukang Innovation Park Project	Jurong	2014	24,800	50.0
Energy Alloys Project	Tuas	2014	10,523	19.1
Continental Building Phase II	Kallang	2014	4,936	12.0
Edward Boustead Centre[1]	Ubi	2014	8,759	39.5
Jabil Circuit Project	Tampines	2013	20,020	37.8
Bombardier Aerospace Project	Seletar	2013	6,290	19.3
Continental Building Phase I	Kallang	2012	11,250	31.0
Hankyu Hanshin Express Project	Changi	2011	12,019	26.3
Safran Electronics Asia Project	Changi	2011	6,132	20.0
Panalpina Project	Changi	2008	11,320	24.5
Tuas View Project	Tuas	2008	10,433	21.8
UMS Aerospace Project	Changi	2007	7,014	11.9
Multi+ Panalpina Project	Changi	2005	23,881	46.0
36 Tuas Road Project	Tuas	2013	11,470	44.7
Wuxi Boustead Industrial Development	Wuxi, PRC	2003-2004	13,014	3.4

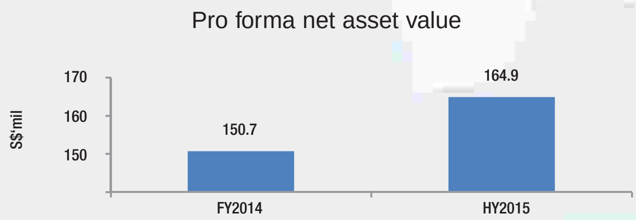
1. Our Group owns 50% interest in this project

"Order books for Design-and-Build projects of approximately S$255.8 million as at the Latest Practicable Date."

Financial Summary[1]:







1. The financial year end is 31 March.

A leading industrial real estate solutions provider with A1-grading for General Building and core engineering expertise in the Design-and-Build and development of build-to-suit projects for multinational corporations and local enterprises.

- ***BCA Construction Excellence Award (Merit) in 2014***
- ***Eight (8) projects awarded Green Mark Gold/Platinum from 2012 to 2014***
- ***Workplace Safety & Health Performance (Silver) Award for four (4) consecutive years from 2009 to 2012***
- ***Two (2) projects awarded LEED Gold in 2013***

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NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Document and any information or representation not so contained must not be relied upon as having been authorised by our Company. The delivery of this Document shall not under any circumstances, imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our affairs, conditions and prospects of our Company, the Shares or Boustead Singapore Limited ("**BSL**") since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, BSL or, as the case may be, our Company will make an announcement of the same to the SGX-ST. Recipients of this Document and all prospective investors in the Shares should take note of such announcements and upon release of such announcement shall be deemed to have notice of such changes.

Recipients of this Document and all prospective investors in the Shares should not construe the contents of this Document as legal, business, financial or tax advice. Recipients of this Document and all prospective investors in the Shares should consult their own professional advisers as to the legal, business, financial, tax and related aspects of holding and owning the Shares.

This Document has been prepared solely for the purpose of the Introduction and may not be relied upon by any persons for purposes other than the Introduction prior to the Listing Date or for any purpose whatsoever on or after the Listing Date. Nothing in this Document constitutes or shall be construed to constitute an offer, invitation or solicitation in any jurisdiction. This Document does not constitute and shall not be construed to constitute an offer, invitation or solicitation to any person to subscribe for or purchase the Shares. This Document does not constitute a prospectus under Singapore law and has not been lodged with or registered by the MAS.

The distribution of this Document may be prohibited or restricted by law in certain jurisdictions. Our Company requires persons into whose possession this Document comes to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to our Company. Persons to whom a copy of this Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, where shareholders of BSL ("**BSL Shareholders**") may have their registered addresses, this Document has not been and will not be despatched to any jurisdictions outside Singapore.

Copies of this Document may be obtained on request, subject to availability, during office hours from:

Boustead Projects Limited 82 Ubi Avenue 4 #07-01 Edward Boustead Centre Singapore 408832	CIMB Bank Berhad, Singapore Branch 50 Raffles Place #35-00 Singapore Land Tower Singapore 048623

For the purposes of trading on the Main Board of the SGX-ST, each board lot of Shares will comprise 100 Shares.

NOTICE TO CPFIS INVESTORS

No further action is required by investors ("**CPFIS Investors**") who have subscribed for or purchased ordinary shares in the issued share capital of BSL ("**BSL Shares**") using their Central Provident Fund ("**CPF**") account savings under the CPF Investment Scheme – Ordinary Account ("**CPF Funds**") in order to receive the Shares. In the case of BSL Shareholders who have purchased BSL Shares using their CPF Funds, entitlements to the Shares will be determined based on the number of BSL Shares standing to the credit of their respective investment accounts with the CPFIS Agent Banks as at the Books Closure Date.

Following the Books Closure Date, CDP will credit the relevant securities accounts at the CPFIS Agent Banks with the relevant number of Shares. The respective CPFIS Agent Banks will notify the relevant BSL Shareholders of the credit and such BSL Shareholders are advised to consult their CPFIS Agent Banks as to the crediting status of their Shares in their respective securities accounts, as CDP will not be sending any notifications to such BSL Shareholders.

As at the date of this Document, an application has been made to CPF for the inclusion of the Shares under the CPF Investment Scheme ("**CPFIS**") and for CPF members to use their CPF Funds, subject to the prevailing applicable CPF rules and regulations, to purchase the Shares from the open market or otherwise, with effect from the date on which the Shares commence trading on a "ready" basis on the SGX-ST. An announcement will be made by or on behalf of the Company on the outcome of the application through an SGXNET announcement to be posted at the website of the SGX-ST at http://www.sgx.com.

Subject to the above-mentioned application being approved by CPF, CPFIS Investors may, subject to applicable CPF rules and regulations, use their CPF Funds to purchase Shares traded on the Main Board of the SGX-ST.

DISTRIBUTION AND SELLING RESTRICTIONS

This Document may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or invitation.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares or the possession, circulation or distribution of this Document or any other offering or publicity material relating to our Company, our Group or the Shares in any country or jurisdiction (other than Singapore, where action for the purpose is required). Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material, circular, form of application or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

FORWARD-LOOKING STATEMENTS

This Document includes forward-looking statements. Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import. All statements other than statements of historical facts included in this Document, including, without limitation, those regarding our expected financial position and results of operations, our business plans and prospects, are forward-looking statements. These forward-looking statements include statements as to our business strategies and plans in future periods, revenue and profitability, expected growth in demand, expected industry trends, anticipated expansion plans, anticipated commencement and completion dates for projects and other matters discussed in this Document that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Important factors which could cause actual results to differ materially from our expectations include, among others:

- the property market in Singapore and the countries in which our Group operates;
- interest rates in the countries where we operate;
- costs associated with environmental, health and safety, and security measures;
- terrorist attacks;
- actions of other governments and their respective regulatory agencies including a loss or downgrade of our Group's licences;

- the outcome of legal and regulatory proceedings which we may become involved;
- the general economic environment in Singapore and the other countries in which our businesses are located;
- the occurrences of catastrophic events, natural disasters and acts of God that affect our business or properties;
- changes in the competitive landscape and our ability to compete under such circumstances;
- changes in the capital markets pertaining to the cost of funds and availability of funds;
- changes in availability and prices of raw materials, construction materials, and/or equipment and machinery which we require to operate our business; and
- other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed elsewhere in the sections entitled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Business" and "Prospects, Business Strategies and Future Plans" of this Document, and all our forward-looking statements made herein and elsewhere are qualified in their entirety by these factors.

Neither we nor the Issue Manager can give any assurance that the forward-looking statements made in this Document will be realised. Such forward-looking statements are made only as of the date of this Document. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Document to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this Document, references to our "**Company**" are to Boustead Projects Limited and unless the context otherwise requires, the terms "**we**", "**us**", "**our**" and "**our Group**" refer to Boustead Projects Limited and its subsidiaries taken as a whole. Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

In this Document, references to "**S$**", "**Singapore dollar**" or "**Singapore cent**" are to the lawful currency of Singapore, references to "**US$**" or "**US dollar**" are to the lawful currency of the United States of America, references to "**RM**" or "**Malaysian Ringgit**" are to the lawful currency of Malaysia, references to "**VND**" or "**Vietnamese Dong**" are to the lawful currency of Vietnam, references to "**THB**" or "**Thai Baht**" are to the lawful currency of Thailand and references to "**RMB**" or "**Renminbi**" are to the lawful currency of PRC.

This Document contains conversions of US dollars, Malaysian Ringgit, Vietnamese Dong and Renminbi amounts into Singapore dollars solely for the convenience of the reader. Unless otherwise indicated, US dollar, Malaysian Ringgit, Vietnamese Dong and Renminbi amounts in this Document have been translated into Singapore dollars based on the exchange rate of S$1.00 = US$0.7208, S$1.00 = RM2.6709, S$1.00 = VND15,465 and S$1.00 = RMB4.4646 each quoted by Bloomberg L.P. on the Latest Practicable Date. However, these translations should not be construed as representations that the US dollar, Malaysian Ringgit, Vietnamese Dong and Renminbi have been, would have been or could be converted into Singapore dollars or that Singapore dollar amounts have been, would have been or could be converted into US dollar, Malaysian Ringgit, Vietnamese Dong and Renminbi at those rates or any other rate or at all. We have included the exchange rates quoted above in its proper form and context in this Document. Bloomberg L.P. has not provided its consent to the inclusion of the exchange rates quoted above and is thereby not liable for the inclusion of the exchange rates extracted from the information services provided by Bloomberg L.P. and disclaim any responsibility in relation to reliance on these exchange rates. While reasonable actions have been taken by us and the Issue Manager to ensure that the above exchange rates have been reproduced in their proper form and context, and the information is extracted accurately and fairly from such information services, we and the Issue Manager have not conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

Certain numerical figures set out in this Document, including financial data presented in millions or thousands and percentages, have been subject to rounding adjustments, and as a result, the totals of the data in this Document may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Document are calculated using the numerical data in our consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in this Document, as applicable, and not using the numerical data in the narrative description thereof.

The information on our websites or any website directly or indirectly linked to such websites, is not incorporated by reference into this Document and should not be relied on.

References to our executive officers and directors are to the Executive Officers and Directors of our Company; references to "our Memorandum and Articles of Association" are to the Memorandum of Association and Articles of Association of our Company; and references to "our share capital" are to the share capital of our Company.

In this Document, unless otherwise stated, references to our properties, portfolio or projects or our ownership of, interests or investments in properties, portfolio or projects refer to properties or projects in which we directly or indirectly have an ownership interest, including through our investments in joint ventures, in which we may have a minority interest and which we may not control.

VALUATIONS, PROPERTY VALUES AND GROSS FLOOR AREA

We have included in Appendix G of this Document the valuations of the properties which our Group has developed and holds for sale and/or lease or in which we hold equity interests. These valuations reflect the market value of the properties at the date of valuation, being generally the estimated amount at which an asset would be exchanged on the date of valuation between a willing-buyer and a willing-seller in an arm's length transaction. The methodologies used by each of the independent valuers (the "**Independent Valuers**") may differ, and are based on assumptions by the Independent Valuers of facts particular to that property. These valuation reports generally provide that the Independent Valuers have relied on information provided by the entity owning the relevant property, and that they do not take responsibility for the accuracy of the information. The methodologies, assumptions and facts relied on by each Independent Valuer and the Independent Valuer's disclaimers are contained in the Independent Valuer's valuation reports and/or valuation certificates which are available for inspection at our office. Please refer to the section entitled "General and Statutory Information — Documents Available for Inspection" of this Document.

We cannot assure you that these valuations and property values reflect accurately the value of our property interests and that our property interests will be realised at such values.

We have included in this Document the gross floor area ("**GFA**") of our property interests. Such GFA is generally determined by reference to the built-up area of the property, excluding, *inter alia*, car park space. For properties under development, the GFA is based on our estimation by reference to, among other things, construction plans, which may change. The GFA of our properties under development, in certain cases, is subject to final verification by survey and regulatory approval.

CORPORATE INFORMATION

Board of Directors	Mr John Lim Kok Min (*Chairman & Independent Non-Executive Director*) Mr Wong Yu Wei (*Deputy Chairman & Executive Director*) Mr Thomas Chu Kok Hong (*Managing Director & Executive Director*) Dr Tan Khee Giap (*Independent Non-Executive Director*) Mr James Lim Jit Teng (*Independent Non-Executive Director*)
Company Secretary	Ms Eng Min Geok, ACIS
Registered Office	82 Ubi Avenue 4 #07-01 Edward Boustead Centre Singapore 408832
Registration Number	199603900E
Share Registrar	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Issue Manager	CIMB Bank Berhad, Singapore Branch 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623
Legal Adviser to the Introduction and our Company as to Singapore Law	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Adviser to our Company as to Malaysia Law	Kee Norainn & Partners Suite 03-16, Level 3, Indah Walk 3 Jalan Indah 15 Taman Bukit Indah 81200 Johor Bahru Malaysia
Legal Adviser to our Company as to PRC Law	JunZeJun Law Offices 6/F, South Tower Financial Street Center No. 9 Financial Street Xicheng District Beijing 100033 PRC
Legal Adviser to our Company as to Vietnam Law	CSP Legal LLC 2 Ngo Duc Ke Street #13-01 Me Linh Point Tower District 1 Ho Chi Minh City Vietnam

Legal Adviser to our Company as to Thai Law	SBC International Law Associates Company Limited 317 Kamol Sukosol Building Level 8 Suite 8B Silom Road Bangkok 10500 Thailand
Independent and Reporting Auditor	PricewaterhouseCoopers LLP 8 Cross Street #17-00 PWC Building Singapore 048424 Partner-in-charge: Yee Chen Fah (Member of the Institute of Singapore Chartered Accountants)
Principal Bankers	United Overseas Bank Limited 80 Raffles Place UOB Plaza 1 Singapore 048624 DBS Bank Ltd. 12 Marina Boulevard DBS Asia Central @ Marina Bay Financial Centre Tower 3 Singapore 018982 Malayan Banking Berhad 2 Battery Road Maybank Tower Singapore 049907 The HongKong and Shanghai Banking Corporation Limited 21 Collyer Quay HSBC Building Singapore 049320
Independent Valuers	CBRE Pte. Ltd. 6 Battery Road #32-01 Singapore 049909 Knight Frank Pte. Ltd. 16 Raffles Quay #30-01 Hong Leong Building Singapore 048581 DTZ Debenham Tie Leung (SEA) Pte. Ltd. 100 Beach Road #35-00 Shaw Tower Singapore 189702 Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. 1 Raffles Place #45-00 One Raffles Place Singapore 048616

VPC Alliance (JB) Sdn. Bhd.
Suite 1502 15th Floor
City Plaza
No. 21 Jalan Tebrau
80300 Johor Bahru
Malaysia

Jiangsu Mingchen Land and Real Estate Assessment
Co., Ltd.
Room 1612 Modern International Industry Design Mansion
No. 801 Hongqiao Road
Wuxi
PRC

Colliers International (Hong Kong) Ltd.
Suite 5701 Central Plaza
18 Harbour Road Wanchai
Hong Kong

DEFINITIONS

The following definitions when used in this Document shall bear the same meanings as set forth below unless otherwise defined herein or the context otherwise requires:

Group Companies

Company	:	Boustead Projects Limited
Group	:	Our Company, our subsidiaries and our associated companies following completion of the Restructuring Exercise

Other Corporations and Agencies

BCA	:	Building and Construction Authority
BDP	:	Boustead Development Partnership
Boustead Services	:	Boustead Services Pte. Ltd., a wholly-owned subsidiary of BSL
BSL	:	Boustead Singapore Limited, a company listed on the Main Board of the SGX-ST
BSL Group	:	The group of companies comprising BSL, its subsidiaries and its associated companies (excluding our Group)
CDP *or* ***Depository***	:	The Central Depository (Pte) Limited
EDB	:	Economic Development Board
ISO	:	International Organization for Standardization
Issue Manager	:	CIMB Bank Berhad, Singapore Branch
JTC	:	JTC Corporation
MAS	:	Monetary Authority of Singapore
MOM	:	Ministry of Manpower
MTI	:	Ministry of Trade and Industry
NEA	:	National Environment Agency
OHSAS	:	Occupational Health and Safety Advisory Services
SGX-ST	:	Singapore Exchange Securities Trading Limited

General

Articles of Association *or* ***Articles***	:	Articles of Association of our Company
Audit Committee	:	The audit committee of our Company as at the date of this Document, unless otherwise stated
Board *or* ***Board of Directors***	:	The Board of Directors of our Company or committee constituted thereof

Books Closure Date	:	The date, to be determined by the directors of BSL and announced by BSL, on which the transfer books and register of BSL will be closed in order to determine the entitlements of BSL Shareholders to the Distribution
BSL Loans	:	The amount of approximately S$122.9 million owing by the BSL Group to our Group as at the Latest Practicable Date, to be fully repaid prior to the Introduction pursuant to the Restructuring Exercise
BSL Shareholders	:	Shareholders of BSL
BSL Shares	:	Ordinary shares in the issued share capital of BSL
Build for Sale or Lease Business	:	The development of industrial properties for lease or sale
Code	:	The Code of Corporate Governance 2012
Companies Act	:	The Companies Act, Chapter 50 of Singapore
Controlling Shareholder	:	In relation to a corporation, means a person who: (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the corporation; or (b) in fact exercises control over the corporation
Design-and-Build Business	:	The design-and-build or turnkey development of industrial and commercial properties comprising build-to-suit projects developed and customised based on our customers' needs and property management
Director(s)	:	The director(s) of our Company as at the date of this Document, unless otherwise stated
Distribution	:	The dividend *in specie* by BSL of approximately (but not exceeding) 49.0% of the total issued Shares to BSL Shareholders as at the Books Closure Date on the basis of three (3) Shares for every 10 BSL Shares held, fractional entitlements to be disregarded
Document	:	This document dated 31 March 2015 issued by our Company in respect of the Introduction
EGM	:	The extraordinary general meeting of BSL to be held on Thursday, 16 April 2015 at 3.00 p.m. (and any adjournment thereof), to seek the approval of BSL Shareholders for the Distribution
EPS	:	Earnings per Share
Executive Director	:	A Director who performs an executive function
Executive Officers	:	The key executive officers of our Group as at the date of this Document, unless otherwise stated
Financial Year** or **FY	:	Financial year ended 31 March

Group Restructuring	:	The acquisition by our Company (or our subsidiaries) from the BSL Group of the Relevant Entities and the assignment to our Group of the shareholder's loans owing by Boustead Real Estate Fund to the BSL Group, pursuant to the Restructuring Agreement
GST	:	Goods and Services Tax
HY	:	Six-month financial period ended 30 September
Independent Director(s)	:	The independent Director(s) as at the date of this Document, unless otherwise stated
Introduction	:	The listing of the Shares on the Main Board of the SGX-ST by way of introduction without any offer being made of the Shares for subscription or sale
IT	:	Information technology
IT Support and General Administration Services Agreement	:	The IT support and general administration services agreement dated 23 March 2015 entered into by BSL, through its wholly-owned subsidiary, Boustead Services, with our Company, for the provision of IT support and general administration services by the BSL Group to our Group with effect from the Listing Date
Latest Practicable Date	:	19 March 2015, being the latest practicable date for the purposes of the issue of this Document
Licence Agreement	:	The licence agreement dated 23 March 2015 entered into between our Company and BSL, under which BSL will grant a non-exclusive, non-transferable licence to us for the use of the "Boustead" trade name and certain trade marks in connection with the business of our Group
Listing Date	:	The date on which trading of the Shares on the SGX-ST commences
Listing Manual	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
Market Day	:	A day on which the SGX-ST is open for trading in securities
Nominating Committee	:	The nominating committee of our Company as at the date of this Document, unless otherwise stated
Non-Executive Director	:	A Director who is not an Executive Director (including an Independent Director)
NTA	:	Net tangible assets
PRC *or* ***China***	:	People's Republic of China
PRC Legal Representative	:	A person appointed as a legal representative of a company incorporated in PRC, as required under the laws and regulations of PRC
Pre-Distribution Dividend	:	The dividend of S$80.0 million to be declared and paid by our Company to BSL pursuant to the Restructuring Exercise
R&D	:	Research and development

Relevant Entities	:	Comprising (a) the entire issued share capital of Boustead Trustees Pte. Ltd., Boustead Property Services Pte. Ltd. and Boustead Funds Management Pte. Ltd., (b) all the units comprised in Boustead Real Estate Fund and (c) approximately 5.27% of the total issued share capital of Perennial Tongzhou Development Pte. Ltd.
Remuneration Committee	:	The remuneration committee of our Company as at the date of this Document, unless otherwise stated
Restructuring Agreement	:	The restructuring agreement dated 23 March 2015 entered into between our Company and BSL in connection with the Group Restructuring
Restructuring Exercise	:	The restructuring exercise which will be completed immediately prior to the Distribution comprising the following: (a) the Group Restructuring; (b) the acquisition by BP-PRC Pte. Ltd. of Wuxi Boustead Industrial Development Co., Ltd. pursuant to the Wuxi Boustead SPA; (c) the declaration and payment of the Pre-Distribution Dividend; (d) the full settlement of the BSL Loans; and (e) the Sub-Division
SAP	:	Seletar Aerospace Park, Singapore
Securities Account	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
Securities and Futures Act *or* ***SFA***	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended from time to time
Shareholders	:	The registered holders of our Shares, except where the registered holder is CDP, the term "Shareholders" of our Company shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
Shares	:	Ordinary shares in the issued share capital of our Company
Strategic Partnerships	:	Joint ventures and partnerships to develop and invest in industrial, commercial and other real estate projects
Sub-Division	:	The sub-division of the Shares pursuant to the Restructuring Exercise
Substantial Shareholder	:	A person who has an interest or interests in the Shares, where the total votes attached to those Shares is not less than 5.0% of our total votes attached to all the voting shares in our Company
Take-over Code	:	The Singapore Code on Take-overs and Mergers
Thailand	:	Kingdom of Thailand
U.S.	:	United States of America
U.S. Securities Act	:	U.S. Securities Act of 1933, as amended

Vietnam	:	The Socialist Republic of Vietnam
Wuxi Boustead SPA	:	The sale and purchase agreement dated 23 March 2015 entered into by BP-PRC Pte. Ltd. with BSL, for the acquisition of Wuxi Boustead Industrial Development Co., Ltd.

Units and Others

% *or* ***per cent.***	:	Per centum
psf	:	Per square foot
sq ft	:	Square feet
sq m	:	Square metres

For the purposes of this Document, the following persons' names in the second column below are also known by the names set out in the first column:

Name used		**Name in National Registration Identity Card (NRIC) / Passport**
FF Wong	:	Wong Fong Fui @ Wong Ah Wah
James Lim Jit Teng	:	Lim Jit Teng @ Lim Yit Teng
John Lim Kok Min	:	Lim Kok Min
Koh Boon Teik	:	Koh Boon Teik (Xu Wende)
Thomas Chu Kok Hong	:	Chu Kok Hong @ Choo Kok Hong
Wong Yu Wei	:	Wong Yu Wei (Huang Youwei)

The terms "depositor", "depository agent" and "depository register" have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The terms "subsidiary" and "substantial shareholder" shall have the meanings ascribed to them in Sections 5 and 81 of the Companies Act respectively.

Any reference in this document to any legislation or enactment refers to the legislation or enactment as amended or re-enacted unless the context otherwise requires. Any word defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Document shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time and date in this Document shall be a reference to Singapore time and date unless otherwise stated.

Unless we specify otherwise or the context otherwise requires, all references to our "Shares" refer to ordinary shares in the capital of our Company.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the business of our Group, the following glossary provides a description (which should not be treated as being definitive of their meanings) of some of the technical terms and abbreviations used in this Document relating to our business. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms:

defects liability period	:	With respect to our Design-and-Build Business, this refers to the period of time commencing after the completion of the project (completion deemed to be achieved upon the issuance of the relevant completion certificate) until the receipt of the relevant maintenance certificate, during which the contractor is under a contractual obligation to rectify defects. With respect to our Build for Sale or Lease Business, this refers to the period of time during which the vendor of the project is under a contractual obligation to rectify defects in properties sold or leased in accordance with the terms of the relevant sale and purchase or lease agreement
Design-and-Build	:	A delivery model where the turnkey contractor takes responsibility for the roles of designer, construction project manager and the main contractor
LEED	:	Leadership in Energy and Environmental Design
M&E	:	Mechanical and electrical engineering
main contractor	:	Any construction entity which oversees all aspects of a construction project from planning, cost control and project management, and sub-contracts part or all of the work in a construction project to sub-contractors
MRO	:	Maintenance, repair and overhaul
MYE	:	Man-Year Entitlement, which reflects the total quota of foreign construction workers allocated to a main contractor (being a company that contracts a project directly from the developer or owner) for a specific construction project. Based on the value of projects/contracts awarded by developers/owners, main contractors are allocated a number of man-years (one (1) man-year being equivalent to one (1) year of employment under a work permit) required to complete a project, and the number of foreign workers it is entitled to employ
sub-contractor	:	Any construction entity which contracts with another construction entity to perform part of or all of the work the latter has already contracted to do
TOP	:	Temporary Occupation Permit, which is issued by the BCA at the time when a building is deemed to be suitable for occupation
variation order	:	Variation works which are not included in the original scope of works and/or excluded works from the original scope of works

GLOSSARY OF PROJECTS

This glossary contains a brief description of selected significant projects undertaken by our Group as further described in the section entitled "Business – Business and Operations" of this Document.

AIMS AMP Industrial Facility	:	A six-floor industrial facility at Defu Industrial Estate
Ang Mo Kio Industrial Park Project I[(1)]	:	A seven-floor integrated manufacturing, technology and office facility at Ang Mo Kio Industrial Park
Ang Mo Kio Industrial Park Project II[(1)]	:	A six-floor integrated manufacturing, technology and office facility at Ang Mo Kio Industrial Park
Applied Materials Building	:	A five-floor integrated manufacturing, logistics and office facility at Changi North Industrial Estate
BASF Production Facility	:	A two-floor antioxidant production facility at Jurong Island
Bell Helicopter MRO Facility	:	A two-floor integrated MRO hangar and office facility at SAP
Bombardier Aerospace Project	:	A three-floor integrated aircraft service centre, MRO hangar and office facility at SAP
CFS Food Production Facility	:	A six-floor integrated food production, logistics, cold storage and office facility at Jurong Industrial Estate
Continental Building Phase I	:	A seven-floor R&D and technology centre for automotive technology at Kallang iPark
Continental Building Phase II	:	An additional six-floor R&D and technology centre adjoining the existing Continental Building Phase I at Kallang iPark
Edward Boustead Centre	:	An eight-floor production facility with an ancillary office at 82 Ubi Avenue 4
Energy Alloys Project	:	A single-level manufacturing facility with a mezzanine office at Tuas View Industrial Estate
Greenpac Greenhub	:	A four-floor integrated manufacturing and R&D facility at Tukang Innovation Park, one (1) of the first industrial buildings in Singapore to quantify its carbon footprint during construction
Hankyu Hanshin Express Project	:	A four-floor logistics facility at Changi International LogisPark which is directly linked and shares integrated ramp-up facilities with the Multi+ Panalpina Project
Homefix Integrated Logistics and Office Facility	:	A seven-floor light industrial facility at Paya Lebar iPark
IBM Singapore Technology Park	:	A three-floor integrated manufacturing, logistics and office facility at Tampines Hi-Tech Park
Jabil Circuit Project	:	A three-floor integrated manufacturing, technology and office facility at Tampines Hi-Tech Park
Kerry Logistics Centre	:	A four-floor integrated ramp-up logistics and office facility at Tampines LogisPark

Kuehne & Nagel Logistics Facility	:	A five-floor integrated logistics, cold storage and office facility at Jurong Industrial Estate
Kulim Manufacturing Facility[(1)]	:	A medical device manufacturing facility for a U.S. multinational corporation at Kulim Hi-Tech Park, Kedah, Malaysia
Loyang Industrial Estate Testbed Facility[(1)]	:	An integrated MRO hangar and integrated test bed facility, located beside Singapore Changi Airport
Multi+ Panalpina Project	:	A two-floor ramp-up logistics facility at Changi International LogisPark
one-north Project I[(1)]	:	An integrated design and R&D centre comprising a nine-floor tower connected to a six-floor tower with three basement levels at Fusionopolis, one-north
one-north Project II[(1)]	:	A business park development comprising a seven-floor building and conservation of three (3) black and white bungalows at one-north
Pan Asia Project	:	A four-floor integrated ramp-up logistics and office facility at Changi International LogisPark
Panalpina Project	:	A five-floor logistics facility at Changi International LogisPark which is directly linked and shares integrated ramp-up facilities with the Multi+ Panalpina Project
Prologis Warehouse Facility	:	Extension of existing warehouse space at Changi North Industrial Estate
RE&S Food Processing Facility	:	A seven-floor integrated food processing and office facility at Paya Lebar iPark
Safran Electronics Asia Project	:	A two-floor integrated manufacturing and office facility at Changi North Industrial Estate
SAP Project I[(1)]	:	An integrated manufacturing and ancillary support facility at SAP for a leading power systems company
SAP Project II[(1)]	:	An integrated engine testing and control facility at SAP
SAP Project III[(1)]	:	A two-floor regional service repair, distribution and office facility at SAP
SAP Project IV[(1)]	:	A two-floor aerospace training centre with two (2) wings of flight simulator halls at SAP
SAP Project V[(1)]	:	An integrated maintenance, repair and overhaul hangar and mezzanine office facility at SAP
SDV Green Hub	:	A five-floor integrated ramp-up logistics and office facility at Jurong Industrial Estate
Shinko Plantech Processing Facility	:	A four-floor food processing facility at Tuas View Industrial Estate
StarHub Green	:	A seven-floor high-tech office building at Ubi Industrial Estate
Sun Venture Investments Project	:	A four-floor office building at 50 Scotts Road

Tampines LogisPark Integrated Logistics Facility[(1)]	:	A three-floor integrated ramp-up logistics and office facility at Tampines LogisPark
Tembusu Demineralisation Plant	:	A 17,280 cubic metres per day demineralisation plant and ancillary buildings at Jurong Island
TripleOne Somerset	:	A 17-storey Grade A commercial development comprising an office tower with two (2) levels of retail space and a two (2) basement level car park located at Somerset Road, Singapore
Tuas Biomedical Park Project I[(1)]	:	A two-floor integrated manufacturing pilot facility at Tuas Biomedical Park II
Tuas Biomedical Park Project II[(1)]	:	A two-floor integrated Asia Pacific regional data centre with data storage facilities for a Fortune 100 transnational healthcare and pharmaceutical corporation at Tuas Biomedical Park II
Tuas Industrial Estate Project I[(1)]	:	A three-floor integrated waste recycling and office facility at Tuas Industrial Estate
Tuas Industrial Estate Project II[(1)]	:	A single-floor warehouse facility at Tuas Industrial Estate
Tuas View Project[(1)]	:	A two-floor integrated manufacturing and office facility at Tuas View Industrial Estate
Tukang Innovation Park High-Tech Facility[(1)]	:	An integrated high-tech production and R&D centre at Tukang Innovation Park
Tukang Innovation Park Project[(1)]	:	A two-floor regional MRO service and training centre with an adjoining eight-floor office building at Tukang Innovation Park
Ubi Avenue 1 Project[(1)]	:	A six-floor strata-titled light industrial facility at Ubi Industrial Estate
UMS Aerospace Project	:	A two-floor manufacturing facility at Changi North Industrial Estate
World Courier Project	:	A three-floor specialised cold chain logistics facility at Changi North Industrial Estate
Wuxi Boustead Industrial Development	:	Four (4) industrial facilities at Lot 117#B, Wuxi National Hi-Tech Industrial Development Zone, Jiangsu, PRC
XP Power Manufacturing Facility	:	A three-floor integrated manufacturing and office facility at My Phuoc 3 Industrial Park, Vietnam

Note:

(1) These customers have not given consent for the disclosure of their identity.

SUMMARY

This summary highlights information contained elsewhere in this Document and may not contain all of the information that may be important to you, or that you should consider before deciding to invest in our Shares. You should read this entire Document, including, among others, our financial statements and related notes and the section titled "Risk Factors", before making a decision to invest in our Shares.

OVERVIEW

We are the real estate solutions business division of BSL, a global infrastructure-related engineering services and geo-spatial technology group listed on the Main Board of the SGX-ST since 17 October 1975, with a market capitalisation of approximately S$847.9 million, as at the Latest Practicable Date.

Our principal business can be categorised into three (3) main segments, namely:

(a) design-and-build or turnkey development of industrial and commercial properties comprising build-to-suit projects developed and customised based on our customers' needs and property management ("**Design-and-Build Business**");

(b) development of industrial properties for lease or sale ("**Build for Sale or Lease Business**"); and

(c) joint ventures and partnerships to develop and invest in industrial, commercial and other real estate projects ("**Strategic Partnerships**").

Design-and-Build Business

Our Group is a leading industrial real estate solutions provider with core engineering expertise in the Design-and-Build and development of build-to-suit projects comprising industrial facilities, industrial parks and business parks for multinational corporations and local enterprises. We have a strong track record of delivering projects tailored to suit our customers' specific needs. Our Group has in-depth experience in designing and constructing customised build-to-suit facilities for a wide variety of customers and have constructed and developed more than 80 projects, representing more than 3,000,000 sq m of industrial real estate in Singapore, Malaysia, Vietnam and PRC for, among others, the aviation, commercial, food processing, logistics, petrochemical, pharmaceutical and technology industries. In particular, our Group has completed 46 industrial property projects in the last three (3) financial years ended 31 March 2014 and for the period from 1 April 2014 to the Latest Practicable Date.

Build for Sale or Lease Business

Over the past decade, we have developed and retained a sizable industrial leasehold portfolio consisting of primarily single-tenanted high quality built-to-suit industrial facilities leased to a group of reputable end-user clients. Some of our key end-user master tenants include AusGroup Singapore Pte. Ltd., Bombardier Aerospace Services Singapore Pte Ltd, Continental Automotive Singapore Pte Ltd, Hankyu Hanshin Express (Singapore) Pte Ltd, Jabil Circuit (Singapore) Pte Ltd, Panalpina World Transport (Singapore) Pte Ltd, Safran Electronics Asia Pte Ltd and UMS Aerospace Pte Ltd. Following the completion of the Restructuring Exercise, we will hold 14 wholly-owned industrial properties in Singapore and Wuxi, PRC and a 50.0% equity interest in the industrial property known as Edward Boustead Centre, located at 82 Ubi Avenue 4, Singapore 408832 in our portfolio amounting to approximately 180,000 sq m which provides recurring rental income for our Group.

Strategic Partnerships

We have entered into several joint ventures and strategic partnerships, including (i) a joint venture with AME Land Sdn Bhd, Tat Hong International Pte Ltd and L&M Ground Engineering Sdn Bhd to develop about 120,000 sq m of prime industrial land in Nusajaya, Iskandar, Malaysia; (ii) a consortium led by Perennial Real Estate Holdings Pte. Ltd. to invest for the purchase of TripleOne Somerset in Singapore which is due to undergo asset enhancement; and (iii) the Boustead Development Partnership ("**BDP**"). The objective of these partnerships is to develop and/or invest in modern logistics and high quality industrial facilities as well as other industrial and commercial properties in Singapore and overseas, by leveraging on the synergistic value of working with our joint venture partners. In addition, as part of the BDP framework, BDP has been granted a right of first refusal to invest in any industrial property in Singapore to be developed or redeveloped, over which our Group has secured an exclusive negotiation right or signed a heads of agreement for its purchase. Please refer to the section entitled "Business – Business and Operations – Strategic Partnerships – Boustead Development Partnership" of this Document for further details on BDP.

Following the completion of the Restructuring Exercise, our Group will also be part of another consortium led by Perennial Real Estate Holdings Pte. Ltd. to invest in the Beijing Tongzhou Integrated Development (Phase 1) in Beijing, PRC.

Please refer to the section entitled "Business – Overview" of this Document for further details.

OUR COMPETITIVE STRENGTHS

We are able to provide a comprehensive suite of industrial real estate solutions

We believe that our multi-disciplinary integrated in-house design and implementation capabilities spanning the full life cycle of a project enable us to deliver a more comprehensive suite of industrial real estate solutions to better suit our customers' needs and specifications and control costs while delivering quality to our customers.

In addition, we believe that we are one of the few industrial real estate solutions providers in Singapore that are able to provide both Design-and-Build capabilities and sale or lease options under our Build for Sale or Lease Business to our customers to suit their capital allocation, financing and operational needs.

We focus on enhancing operational efficiencies and cost controls

We believe that our Group continues to maintain its competitive advantage through the following measures:

- maximising efficiency and productivity of our operations;
- working closely with our panel of consultants to attain sustainable materials for our projects;
- continuing to develop and implement new techniques and plans to derive cost savings;
- leveraging the provision of labour by sub-contractors to maintain a variable cost structure to better align costs with peak or seasonal demand; and
- working closely with customers to implement cost saving and resource sharing initiatives.

We have an established track record

With almost 20 years of experience in the construction and property development business, we believe that we have established our reputation as a reliable and proven specialist provider of industrial real estate solutions. Our completed projects in our Design-and-Build Business and Build for Sale or Lease Business have won numerous awards as further described in the section entitled "Business – Awards and Accreditation" of this Document. We are also a leader in work safety standards as evidenced by our bizSAFE Mentor qualification and a pioneer of advanced environmentally-sustainable industrial facilities under the BCA Green Mark and U.S. LEED programmes.

Please refer to the section entitled "Business – Awards and Accreditation" of this Document for further details.

We have a strong, committed and experienced management team

Our success is supported by our experienced management team, led by our Executive Directors, Mr Wong Yu Wei and Mr Thomas Chu Kok Hong, who each have between 10 to 15 years of experience in the construction industry. Their extensive experience, along with that of our Executive Officers and the rest of our senior management team comprising four (4) deputy directors, each of whom have between five (5) to eight (8) years of working experience with our Group, enables our Group to identify new opportunities and to grow our business, allowing us to maintain our competitive advantage in the industry.

Please refer to the section entitled "Business – Competitive Strengths" of this Document for further details.

OUR STRATEGIES AND FUTURE PLANS

With the expected growth of the Singapore economy, steady stream of fixed asset investments and supply of industrial space released by JTC, our Group will continue to identify opportunities in Singapore to undertake the Design-and-Build and/or build-to-suit of single-user industrial properties, which requires high levels of technical specifications, for multinational corporations (particularly for the aerospace, high-tech, manufacturing, R&D, media, IT, biomedical and pharmaceutical sectors) in Singapore. Our Group has also formed the BDP as well as joint ventures with other partners such as Tat Hong International Pte Ltd and Perennial Real Estate Holdings Pte. Ltd. The objective of these partnerships is to develop and/or invest in modern logistics and high quality industrial facilities as well as other industrial and commercial properties in Singapore and overseas, by leveraging on the synergistic value of working with our joint venture partners. We aim to capitalise on the strengths (including the financial standing) of these reputable partners and enhance our ability to undertake Design-and-Build projects of a larger scale.

Our Group also plans to expand our portfolio of industrial properties held for sale or lease through undertaking the development of build-to-suit single-user industrial properties to further increase our stream of recurring rental income. Our Group may also consider, at the appropriate time, the formation of an industrial real estate investment trust to unlock the value of our industrial leasehold portfolio and free up capital for future growth and investments.

Outside of Singapore, our Group intends to continue the strategy of undertaking joint ventures, partnerships or strategic investments in regional markets such as Malaysia, Vietnam, PRC and Indonesia. Our Group aims to establish a foothold in these regional markets by leveraging on the knowledge and experience of our partners and our Group's expertise built up over the years in Singapore to secure and undertake the Design-and-Build and development of industrial and commercial properties in these markets.

In addition, our Group sees potential in markets such as Iskandar, Malaysia which has implemented investor-friendly policies in attracting foreign direct investments and is exploring opportunities to build up land banks in such markets for future developments.

Please refer to the section entitled "Prospects, Business Strategies and Future Plans" of this Document for further details.

WHERE YOU CAN FIND US

Our registered office is located at 82 Ubi Avenue 4, #07-01 Edward Boustead Centre, Singapore 408832. Our telephone number is (65) 67483945 and our facsimile number is (65) 67489250. Information on our website, found at http://www.bousteadprojects.com, or any website directly or indirectly linked to such websites or the websites of any of our related corporations or other entities in which we may have an interest is not incorporated by reference into this Document and should not be relied upon.

RISK FACTORS

An investment in the Shares involves risk. Prospective investors should rely on their own evaluation and carefully consider the following risk factors, in addition to other information contained elsewhere in this Document, before investing in the Shares. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the following risks and other factors elsewhere in this Document. If any of the risks described herein actually occur, our performance, prospects, financial condition, results of operations and ability to make dividend payments could be negatively affected, the trading price of the Shares, if any, could decline and investors may lose all or part of their investment.

Unless quantified in the relevant risk factors set out herein, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Any potential investor in the Shares should pay particular attention to the fact that we are governed in jurisdictions such as Malaysia, Vietnam, PRC and Thailand by a legal, regulatory and business environment which in some material respects may be different from that which prevails in Singapore and other countries. In addition, the following risk factors may not be exhaustive, and additional risks and uncertainties not presently known to us or which are currently deemed to be immaterial may become material in the future, which could have a material adverse effect on our performance, prospects, financial condition, results of operations and ability to make dividend payments or the trading price of the Shares, if any. Investors should be aware that the price of the Shares may fluctuate. Investors should also note that they may not recoup all or any portion of their original investment.

RISKS RELATING TO OUR GROUP'S BUSINESS

Our Group is dependent on the performance of the engineering and construction industries, the property market and the ability to attract foreign direct investment in the countries we operate

Our business is subject to the performance of the engineering and construction industries, the property market and the ability to attract foreign direct investment in the countries we operate in, where property prices are largely affected by demand and supply for properties. We remain cautious of our Group's business prospects amidst the current headwinds faced in the industrial property market in Singapore such as increased competition from existing competitors and new entrants in the industry, continuing downward pressure on occupancy rates, prices of industrial space and rental indices due to the forecast increase in supply of industrial space in the next two (2) years. Please refer to the sections entitled "Business – Competition" and "Prospects, Business Strategies and Future Plans" of this Document for more details. The demand and supply for properties could be adversely affected by factors such as:

- the availability, number and size of industrial land parcels released by JTC and its allocation and land use policies;
- weakness in the local and regional economies;
- decline in foreign direct investments;
- competition from other property developers and construction companies;
- surge in supply of properties for lease or sale;
- adverse government regulations or policies, in particular policies regulating the property market and foreign direct investments;
- absence of financing for purchase of properties; and/or
- higher interest rates.

To the extent that any of these factors occur, they are likely to impact the demand for our services, our pricing and our profit margins which will then affect the business, financial condition, results of operations and prospects of our Group.

Our Group holds properties on leases from JTC, which contain certain provisions and are heavily regulated and subject to frequent introduction of new regulations, which may adversely affect our industrial property business

Our Group holds industrial properties in Singapore that are held under leases from JTC (which in turn is the lessee of such properties under the relevant leases from the Singapore Government). These leases may be subject to terms and conditions ordinarily found in leases granted by JTC or leases from the Singapore Government, including provisions that may require us to surrender free of cost to the lessor portions of the respective properties that may be required in the future for certain public uses, such as roads, drainage, railways, rapid transit systems and other public improvements. There have been previous instances in which lessees of land from JTC have been required to surrender portions of their land for roads, without compensation, pursuant to similar provisions in the relevant land leases. If we are required to surrender a portion of one of our properties, it may have an adverse impact on the operations, profitability and financial performance of our Group. Our leases from JTC also contain the right of lessors to re-enter the properties, and terminate the lease (without compensation) in the event the lessees fail to observe or perform the terms and conditions of the relevant lease, or any seizure or sale is made in respect of such properties held under leases from JTC.

As at the Latest Practicable Date, the legal titles in respect of the Tukang Innovation Park Project, the Energy Alloys Project, Continental Building Phase II, the Jabil Circuit Project, the Bombardier Aerospace Project and Continental Building Phase I are pending issuance by JTC to our respective subsidiaries pursuant to the respective building agreements entered into between our subsidiaries and JTC in respect of these properties. Under the terms of the respective building agreements, JTC will grant the land lease titles in respect of these respective properties upon fulfilment of certain conditions including but not limited to meeting a fixed investment criteria whereby we and our tenants are required to invest certain minimum investment amounts in building and civil works and plant and machinery by the investment deadlines as stipulated. Should we and/or our tenant fail to meet the fixed investment criteria by the specified deadline, and we are unable to obtain an extension of time to meet the criteria, JTC may in its absolute discretion reduce the term of the relevant lease in accordance with the terms of the building agreement. Please refer to the section entitled “Business – Business and Operations – Build for Sale or Lease Business” of this Document for further details.

In addition, properties held under leases from JTC are heavily regulated and subject to frequent introduction by JTC of new regulations and land allocation policies, including further measures by JTC to facilitate overall industrial land use planning and development needs in Singapore, which may adversely affect our business. For instance, from 2013 to 2014, JTC has announced and introduced a series of new measures as follow:

- increased the minimum sublet quantum to be occupied by approved anchor subtenants from 50.0% to 70.0% of total GFA within five (5) years from TOP and 70.0% thereafter and the approved anchor subtenant must satisfy JTC’s assessment of value-added, remuneration per worker and skilled worker profile, as well as the minimum GFA requirement;

- new leases from JTC as well as transfers/assignments and lease renewals of JTC properties by owners should give JTC the right to buy the relevant property should the lessee decide to sell the property in the future (excluding sale and lease-back transactions and mortgagee sales); and

- revision of assignment of lease policy which resulted in industrialists and third-party facility providers who own industrial properties on JTC-leased sites being subject to a longer assignment prohibition period and the extension of the minimum occupation period for anchor tenants of third-party facility providers.

We are unable to assure you that JTC will not adopt additional and more stringent industry policies, regulations and measures in the future. It is also impossible to ascertain the extent of the impact of any such measures. Compliance with the terms of JTC's leases may restrict our flexibility to respond to changing real estate market conditions, re-let a property to different tenants or perform valuable asset enhancements. If we fail to adapt our operations to new policies, regulations or measures that may come into effect from time to time with respect to the property industry, we may be required by JTC to rectify such breaches as well as pay liquidated damages in respect of the breaches. For subsequent offences, we may be barred from further subletting, transfers, assignments or renewals, as the case may be. JTC may also exercise its right of repossession under the relevant lease. Should we be subject to such penalties by JTC, our business, operations, results of operations and financial position may be adversely affected.

Our Group is affected by government measures to cool the property market in the countries in which we operate in

For the last three (3) financial years ended 31 March 2014, our revenues were principally derived from our Design-and-Build Business and our Build for Sale or Lease Business, mainly in Singapore. As such, we may be vulnerable to the series of measures implemented by the Singapore Government to cool the Singapore property market. In particular, on 11 January 2013, the Singapore Government announced that a seller's stamp duty will be imposed on industrial properties which are bought or acquired on or after 12 January 2013 and sold or disposed of within three (3) years. The amount of seller's stamp duty payable in respect of industrial properties shall be 15.0%, 10.0% and 5.0% of the sale price or market value, whichever is higher, if the holding period of the property is one (1) year, two (2) years and three (3) years, respectively.

The Singapore Government also introduced the total debt servicing ratio ("**TDSR**") to tighten the rules relating to loan-to-value limits. When assessing a property loan (new or refinancing), financial institutions are now required to take into account the borrower's monthly repayments of all outstanding debt obligations over monthly gross income so that the TDSR does not exceed 60.0%.

Although the various control measures are intended to promote more balanced supply and demand in the long-term and have a far more direct and imminent impact on the residential property market compared to the industrial property market where we predominantly operate in, such measures may affect the purchasing power of potential buyers of industrial and commercial properties and dampen the general sentiments of the industrial property market. In addition, there is no assurance that the Singapore Government will not introduce additional measures from time to time to regulate the property market. The continuation of the existing measures and the introduction of any new measures by the Singapore Government may materially and adversely affect our Group's business, financial condition and results of operations.

These changes in policies may dampen the industrial property market that our Group operates in. Upfront land premium adds to the capital cost of ownership, requiring additional equity and borrowings. Increases in the assignment prohibition period will create less liquidity in the industrial property market and increases in the subletting of anchor tenancy from 50.0% to 70.0% may result in lower capital value of properties if anchor tenants are no longer able to lease out the space vacated by sub-tenants.

In Malaysia, while the Malaysian government's recent cooling measures including raising real property gains tax and increasing the minimum price at which foreign investors can buy property have affected mainly residential properties, there is no assurance that the Malaysian government will not introduce additional measures from time to time to regulate the property market, including industrial properties in Malaysia.

In the event that the Singapore Government or the governments in the countries in which we operate in currently or in the future introduce new or more stringent measures which impact the overall performance of the property market of Singapore and other countries in which we operate in currently or in the future, including Malaysia, Vietnam, PRC and Thailand, our operations, profitability and financial performance may be adversely affected.

Our Group is subject to revenue and profit volatility

Our revenue from our Design-and-Build Business in any financial year may fluctuate as it is predominantly project-based and is dependent on the number, value and stage of completion of the Design-and-Build projects which we undertake. These Design-and-Build projects are entered into on a non-recurring basis and it is critical that we are able to continuously and consistently secure new projects of similar value and volume. In the event that our Group is unable to undertake the same number of, or even any, new Design-and-Build projects, or that our Design-and-Build projects are delayed, our Group's revenue and profits recognised in that particular year, and thus, our financial position, may be adversely affected.

In addition, as our Design-and-Build projects vary in terms of engineering specifications, complexity and scale and face different competitive conditions at the time of bidding, this will give rise to varying project margins. For example, our Group recorded an unusually low margin (compared to on-going average margins) for a recently completed large Design-and-Build project in the three (3) months ended 31 December 2014. Despite the low margin, our Group decided to undertake this project due to the size and significance of the project and the absolute amount of expected profits to be recognised. Accordingly, there is no assurance that the amount of revenue and profits as well as profit margins from our Design-and-Build projects will remain comparable each year. As such, potential investors should note that the historical financial performance and financial condition of our Group are not to be taken as an indication of future financial performance and financial condition of our Group in any financial reporting period.

We are subject to government legislation, regulations and policies which affect the construction industry in countries in which we operate in and require various licences and permits for our operations

We are subject to government legislation, regulations and policies which affect the construction industry in Singapore and other countries which we operate in currently or in the future, including, among others, those as set out in "Appendix I – Government Regulations" of this Document, governing, among other things:

(a) employment of workers (including foreign workers) in Singapore, such as overtime limits, the MYE allocation system and the conditions of the work permits of foreign workers;

(b) licensing of builders;

(c) approval and execution of plans of building works;

(d) workplace safety and health; and

(e) environmental matters such as public health and noise pollution,

the contravention of which may subject our Group, our employees and/or our Directors to statutory penalties which may be significant, such as fines imposed by the relevant authorities or we may have to modify, suspend or discontinue our operations. We have, in the past, been subject to penalties imposed by certain government authorities. Please refer to the sections entitled "Risk Factors – Risks Relating to our Group's Business – Our business operations may be affected by accidents, the receipt of stop-work orders and/or violation of workplace safety and health regulatory requirements at our construction sites" and "Risk Factors – Risks Relating to our Group's Business – We are subject to environmental health regulations imposed by the NEA" for further details. Any conviction for such contravention may have a material adverse effect on our business, financial conditions, results of operations and prospects.

We have implemented systems and procedures to comply with such legislation, regulations and policies and we believe that we are materially in compliance with such legislation, regulations and policies. Our licences and permits may also be granted for fixed periods of time after which the expiry of these need to be renewed from time to time. There is no assurance that upon expiration of such licences and permits, we will be able to successfully renew them in a timely manner or at all, or that the renewal of such licences and permits will not be attached with conditions which we may find difficult to comply with, or that if the relevant authorities enact new laws and regulations, we will be able to successfully meet their requirements.

Failure by us to obtain, renew or maintain the required licences and permits, or cancellation, suspension or revocation of any of our licences and permits may result in the interruption of our operations and may have a material adverse effect on our business. Government legislation, regulations and policies affecting the construction industry in Singapore are also subject to amendments from time to time. Any such changes could adversely affect our business operations and/or have a negative effect on the demand for our construction services.

The compliance with such changes may also increase our costs and any significant increase in compliance costs arising from such changes may adversely affect our financial performance. There is no assurance that any changes in government legislation, regulations and policies will not have an adverse effect on our financial performance and financial condition. Please refer to "Appendix I – Government Regulations" of this Document for further details.

We are required to maintain our BCA grading status for our business

Although business entities which are not registered with the BCA are not precluded from conducting business as contractors or suppliers outside the public sector, registration in the Contractors Registration System maintained by the BCA is a pre-requisite to tender for projects in the public sector. To maintain our Group's BCA grading status of A1 (under the category CW01 for General Building), we have to, among others: (a) secure projects with an aggregate value of at least S$150.0 million over a five-year period, of which S$75.0 million is in respect of projects in Singapore, S$112.5 million is in respect of projects where our Group is involved as the main contractor or nominated contractor and there is at least one (1) project with a contract value of at least S$37.5 million, (b) have a minimum paid-up capital and net worth of S$15.0 million, (c) have in our employment at least 24 holders of approved professional qualifications and (d) possess the requisite ISO certifications. Please refer to "Appendix I – Government Regulations – Summary of Applicable Laws and Regulations in Singapore" of this Document for further details on our certifications.

If we are unable to meet the requisite criteria, we may be downgraded in terms of the level of classification. In such an event, the financial value of contracts that we can tender for would be smaller and we may not be allowed to bid for contracts which have a higher industrial classification as a pre-requisite for tender. This would adversely affect our business, results of operations and financial condition.

We are liable for defects or failure in the design aspects of our projects

In relation to the projects under our Design-and-Build Business and our Build for Sale or Lease Business, we may also be exposed to any liabilities arising from any defect or failure in the design aspects of the projects even if we had engaged external consultants such as architects and engineers to design such projects.

As at the Latest Practicable Date, although we have not been made liable for any liabilities arising from any defect or failure in the design aspects only of our projects, there is no assurance that such liability will not arise in future. If a purchaser were to succeed in obtaining a court judgment or an arbitration award against us for claims on the grounds of design defect or failure, such claims may have a material adverse effect on our financial performance and financial condition.

We may be involved in legal and other proceedings arising from our operations from time to time

Our Group may, from time to time, be involved in disputes with various parties involved in our Design-and-Build projects. Such parties include, among others, our clients, tenants, contractors, sub-contractors, suppliers, construction companies and purchasers of our properties. These disputes may lead to legal and/or other proceedings that would result in our Group incurring additional costs, and delay our completion of the project. It would also divert both financial and human resources from our business operations. For instance, a customer has commenced or purported to commence arbitration proceedings against us, subject to determination by the arbitral tribunal, disputing our final payment claim issued in 2014 in respect of Design-and-Build works completed for a warehouse facility in Singapore. In this regard, our Company believes it has good grounds to recover our payment claim and intends to defend the customer's claim vigorously. In respect of some of the alleged defects, we had in turn also commenced arbitration against one of our sub-contractors to claim an indemnity and/or for loss and damages. Should an arbitral award be awarded in respect of these arbitration proceedings against our Company and in favour of the counterparty, we may potentially be subject to a net payment of approximately

S$3.2 million plus costs and interest to the customer as well as any costs that may be awarded to the sub-contractor. As at the Latest Practicable Date, discussions between ourselves and the customer to resolve the dispute are, to our understanding, still on-going. Please refer to the section entitled "Business – Legal Proceedings" of this Document for further details.

In the event that the legal and other proceedings cannot be resolved in a timely manner, or the legal proceedings result in unfavourable decrees as determined by the court, we may have to incur high legal or administrative costs as well as pay large amounts of damages or compensation and we may suffer a delay in the construction or completion of our Design-and-Build projects.

In addition, our Group may, from time to time, have to deal with issues or disputes in connection with regulatory bodies in the course of our operations, which may result in our Group being subject to administrative proceedings and unfavourable orders, directives or decrees that may result in financial losses and delay the construction or completion of our projects.

Our Group's business and expansion plans are capital intensive and subject to our ability to raise capital

Our Group's ability to develop and invest in properties depends on the availability of funding, including cash generated from our operations, issue(s) of securities and bank borrowings. Our Group's ability to obtain financing is dependent on factors including, among others, the prevailing economic conditions in Singapore and globally, our Group's on-going results of operations and financial performance, the general condition of the property market, government regulations and the acceptability of the financing terms offered.

There is no assurance that our Group would be able to obtain additional financing, either on a short-term or a longer term basis, when capital is required. If our Group is unable to secure necessary financing or secure such financing on terms which are favourable to us, whether through external debt financing, equity financing and/or internally generated cash flows required to maintain or expand our Group's banking facilities, this could adversely affect the growth in our business and the improvement in profitability.

If debt financing is obtained, our Group will be normally exposed to risks associated with debt financing including adverse changes in interest rates and the inability to meet payments of principal and interest. This is because a material increase in interest rates would increase borrowing and financing costs, which may in turn weaken our projects' and our Group's financial standing when seeking future financing to be secured on our projects or group financials. Our Group will also be subject to the risk that our existing borrowings may be terminated by the lenders upon the occurrence of certain events (such as the failure to make interest payments, rectify any breach in the agreements or meet project completion timelines) and we may not be able to refinance our existing borrowings or that terms of any refinancing will not be as favourable as the terms of our existing borrowings. In addition, we may be subject to covenants that may limit our ability to pay dividends, require us to seek consent for the payment of dividends, or require us to dedicate a portion of our cash flow from operations to payments of our debts, which would consequently reduce our cash flow for capital expenditures, working capital requirements and other general corporate purposes, and limit our flexibility in planning for, or reacting to, changes in our business and our industry.

Please refer to the section entitled "Capitalisation and Indebtedness" of this Document for further details on our total indebtedness.

We are exposed to the credit risks of our customers and consequently liquidity risks

Generally, we bill our customers on a monthly basis according to the proportion of work completed with respect to the contract value of the project, as recommended by our customer's representative, quantity surveyor or architect. The credit terms granted to customers under our Design-and-Build Business, which are stipulated in our contracts, are typically 35 days from the invoice date. Such progress payments may be received over the course of the project, which may take between one and a half (1.5) years to two (2) years to complete. Our trade receivables' turnover days for our Design-and-Build Business in FY2012, FY2013, FY2014 and HY2015 were 55 days, 59 days, 51 days and 78 days respectively. Please refer to the section entitled "Business – Credit Policy" of this Document for further details.

In the event that we fail to closely monitor our receivables or make timely submission of our progress payment claims, we may encounter liquidity problems. Furthermore, the time lag increases the risk of bad debts as the financial position of our customers may deteriorate over the same period of time. As such, our Group's operating results may be adversely affected if there is any significant default in payment by our customers.

In addition, our financial performance and position are dependent, to a certain extent, on the creditworthiness of our customers. If there are any unforeseen circumstances affecting our customers' ability or willingness to pay us, we may experience payment delays or non-payment. In such events, our Group's financial performance and financial position will be adversely affected. In FY2012 and FY2013, our allowance for impairment of receivables was approximately S$2,841,000 and S$59,000 respectively. No allowance was made for impairment of receivables in each of FY2014 and HY2015.

Our ability to secure new Design-and-Build projects may depend on our ability to secure performance bond guarantees

In line with the industry practice, certain of our Design-and-Build projects in which we act as the main contractor require a performance bond to be furnished by a bank or an acceptable financial institution to guarantee our contractual performance in the project. Generally, the performance bond for each of such projects covers up to approximately 10.0% of the contract value of the project. In the event that we default on our contractual obligations, the project owner would be entitled to call on the bond with the bank or financial institution and our liquidity and financial position may be adversely affected.

There is no assurance that we can continue to secure performance bonds for our new projects in the future or that the performance bonds may be secured on terms that are acceptable to us or on terms as favourable as those previously obtained. If we are unable to secure performance bond guarantees from our banks or acceptable financial institutions, we may be unable to secure new projects, and this would have a material adverse effect on our revenue and profitability.

Our business operations may be affected by accidents, the receipt of stop-work orders and/or violation of workplace safety and health regulatory requirements at our construction sites

Due to the nature of the construction industry, accidents or mishaps may occur even though we had implemented and complied with the requisite health and safety measures. Major accidents and mishaps would severely disrupt our operations and lead to a delay in the completion of a project. In the event that there are several claims for damages arising from these accidents and mishaps, and if our insurance policies do not provide sufficient coverage, then our business, results of operations and financial condition may be adversely affected.

If any of our project sites contravenes the requisite safety standards imposed by the regulatory authorities, we could be issued with stop-work orders which may severely disrupt our operations. On 25 September 2012, our Group was issued a partial stop-work order by the MOM with respect to one (1) of our worksites, which required us to cease the carrying on of all formwork or formwork-related activities where a person would be liable to fall more than two (2) metres. The stop-work order was in relation to the lack of or inadequacy of safety measures put in place for working at heights and falling hazards and was lifted on 28 September 2012 upon rectification (such as the barricading of all open sides and the effective covering of all floor openings where workers could fall more than two (2) metres in height).

We may also incur fines and penalties imposed by the relevant government authorities in relation to any breaches of workplace safety and health regulations on worksites. In such an event, our business operations, financial performance and financial condition may be materially and adversely affected. We have, from time to time in the ordinary course of our operations, incurred fines imposed by the MOM in relation to miscellaneous breaches of workplace safety and health regulations on worksites, such as failure to guard with effective barriers to prevent falls on worksites. Each of these fines are typically between S$500 to S$2,000 and the aggregate of such fines paid by our Group in FY2012, FY2013 and FY2014 and the period from 1 April 2014 to the Latest Practicable Date were approximately S$1,000, S$4,500, S$500 and S$2,000 respectively.

In 2005 and 2006, we experienced two (2) worksite accidents and one (1) worksite accident, respectively, which in aggregate resulted in three (3) fatalities from a fall from height. Save for the above accidents, we have not experienced any fatal accidents at our worksites up to the Latest Practicable Date. Following investigations conducted by the MOM, the MOM issued us with summons, composition fines and stop-work orders in respect of the worksites at which these accidents took place. To the best of our Company's knowledge, as at the Latest Practicable Date, we have not been required to provide any further assistance to the MOM and no legal proceedings have been instituted against us. Save for the foregoing, as at the Latest Practicable Date, we have not incurred any material financial or legal liabilities in respect of the aforesaid accidents.

The MOM has also implemented a demerit points system for the construction sector. Contractors who are found to have violated safety requirements at worksites will be given demerit points. A contractor which accumulates more than 18 demerit points within a 12-month period will be issued a warning. Further accumulation of more than 18 demerit points within a 12-month period following the warning may result in the contractor being debarred from applying for new work passes or to renew work passes for all foreign workers. Although we have not received any such demerit points, in such an event that we do receive such demerit points, our ability to hire foreign labour may be limited and this may delay or adversely affect our ability to complete our projects.

In addition, we have, from time to time in the ordinary course of our operations, received letters of censure from the BCA in relation to our failure to meet the requisite numbers and proportions for different classes of registered construction personnel employed or engaged in connection with our projects, as prescribed in the Building Control Act, Chapter 29 of Singapore. Should we fail to comply with these prescribed limits in the future, we may incur financial penalties, receive further letters of censure or other directions or restrictions, or have our builder's licences suspended for a certain period or even revoked.

We are subject to environmental health regulations imposed by the NEA

We have, from time to time in the ordinary course of our operations, incurred fines imposed by the NEA in relation to, *inter alia*, the propagation of vectors or discharge of silty water into the storm water drainage system at a worksite. Each of these fines is typically between S$1,000 to S$4,500 and the aggregate of such fines paid by our Group in FY2012, FY2013, FY2014 and the period from 1 April 2014 to the Latest Practicable Date were approximately S$1,000, S$8,000, S$7,500 and S$3,000 respectively. Under the Control of Vectors and Pesticides Act, Chapter 59 of Singapore, the maximum penalty that we may be subject to for propagation of vectors is a fine not exceeding S$5,000 or S$10,000 in the case of a second or subsequent conviction. Further, the maximum fine for non-compliance with an order made by the Director-General of Public Health is S$20,000 or S$50,000 in the case of a second or subsequent conviction. In addition, we had on 15 November 2012, 15 August 2013 and 6 March 2014 received summons for attendance at the Subordinate Courts of Singapore in respect of non-compliance (which occurred in May 2012, March 2013 and October 2013, respectively), where we were issued a notice from the Director-General of Environmental Protection to restrict all construction work at the worksites of our projects to be carried out within a prescribed daily time frame of between 7.00 a.m. and 10.00 p.m. Under the Environmental Protection and Management Act, Chapter 94A of Singapore, the maximum fine for non-compliance with such notice is S$10,000 for every day during which the notice is not complied with. To address these incidents, we have implemented certain measures to avoid recurrences of such incidents. For example, to eradicate water stagnation at our worksites, daily inspections of each worksite are conducted to ensure that any stagnant water is removed or treated with appropriate chemicals to prevent the breeding of mosquitoes. In addition, we utilise filtration machines on our worksites to filter any silty water before discharge into the drainage systems at each worksite. Any conviction for future contraventions may have a material adverse effect on our business, financial conditions, results of operations and prospects.

We may not be able to sustain our competitive edge over the competitors in our industry

While we have specific engineering capabilities in order to cater to our client's specifications for the projects under our Design-and-Build Business, we continue to face competition from both international and local developers. Some of these competitors are established global players in the engineering and construction industries and the property market. Our Group has to compete with new entrants to the industry such as an increasing number of construction companies which are expanding into the industrial real estate industry as well. In order to compete effectively, we intend to identify opportunities in Singapore to undertake the Design-and-Build and/or build-to-suit of single-user industrial properties and undertake joint ventures, partnerships or strategic investments in regional markets such as Malaysia, Vietnam, PRC and Indonesia.

There is therefore no assurance that our Group will be able to compete effectively with our existing and future competitors or adapt quickly to changing market conditions and trends. In the event we are unable to remain competitive in the development and construction industries, our business, results of operations and financial condition would be adversely affected. Please refer to the section entitled "Business – Competition" of this Document for further details.

Our financial performance is dependent on our successful bidding for new projects and the non-cancellation of secured projects

As most of our projects are undertaken on a non-recurring basis, it is critical that we are able to continuously and consistently secure new projects of similar value and volume. There is no assurance that we will be able to do so. In the event that we are not able to continually and consistently secure new projects of similar or higher value and on terms and conditions that are favourable to us, this could have an adverse impact on our financial performance. In addition, the scope of work in a project, which is dependent on its scale and complexity, may affect the profit margin of the project and our financial performance.

Cancellation or delay in the commencement of secured projects due to factors such as changes in our customers' businesses, poor market conditions and lack of funds on the part of the project owners may adversely affect us. In addition, there may be a lapse of time between the completion of our projects and the commencement of our subsequent projects. Any cancellation or delay of projects could lead to idle or excess capacity, and in the event that we are unable to secure replacement projects on a timely basis, this may adversely affect our business operations and financial condition.

Our order books may not be an accurate indicator of our future performance

As at the Latest Practicable Date, our order books for the uncompleted portion of works based on secured Design-and-Build contracts and confirmed or expected variation orders amounted to approximately S$255.8 million. Please refer to the section entitled "Business – Order Book" of this Document for more details.

Our order books may not be an accurate indicator of our future revenue conversion as we have not taken into account any potential renegotiations, cancellations or deferrals of orders in calculating our order books, the occurrence of any of which may have an adverse impact on our revenue and profitability. Potential renegotiations, cancellations or deferrals may be due to factors beyond our control and are, by nature, uncertain. There is therefore no assurance that we can successfully convert all our existing orders into revenue.

We may not be able to successfully implement our business strategies

In determining our strategies and future plans, we have made certain assumptions about the future economic performance of the countries in which we currently operate and that we have identified as our key investment regions.

The successful implementation of our strategies will entail identifying opportunities in Singapore to undertake the Design-and-Build and/or build-to-suit of single-user industrial properties and undertaking joint ventures, partnerships or strategic investments in overseas markets such as Malaysia, Vietnam, PRC and Indonesia. Our ability to successfully implement our strategies is also dependent on various other factors including, but not limited to, the competition we face in our business and the sufficiency of working capital requirements.

In addition, while we have planned such expansion based on the outlook and our understanding of the current property market and general economic situation, there is no assurance that such expansion plans will be commercially successful or that the actual outcome of those expansion plans will match our expectations. If these develop into actual events, they may have an adverse impact on our business and financial position in the future.

Please refer to the section entitled "Prospects, Business Strategies and Future Plans" of this Document for further details.

The loss of any key members of senior management may affect our Group's continuing ability to compete

We believe that our continuing success is dependent to a certain extent upon the abilities and continuing efforts of our existing directors and senior management. Our Executive Directors and Executive Officers each have had approximately 10 to 15 years of experience in the real estate development and construction industries.

In addition, our business is highly dependent on skilled and trained personnel. Thus, having a team of experienced and skilled personnel is essential in maintaining the quality of services. If we face a high turnover of such personnel and we are unable to find suitable and timely replacements for such skilled labour, this could adversely impact our business operations and competitiveness.

Our Group's investment in foreign subsidiaries, associated companies, joint ventures and partnerships are exposed to foreign exchange fluctuation risks

Our Group's reporting currency is Singapore dollars and the function and reporting currencies of our foreign subsidiaries, associated companies, joint ventures and partnerships are in various foreign currencies including without limitation the Malaysian Ringgit, Vietnamese Dong, Thai Baht and Renminbi.

The current volume of overseas business contributing to the Group is insignificant and as such the foreign exchange exposure is immaterial. However, with increased focus in overseas markets, in particular Malaysia, we anticipate the rising volume of business in these foreign markets to increase our foreign currency exposure. The Group will consider hedging foreign currency risks after reviewing the foreign currency requirements for operations and investments. In any hedging execution, estimates or forecasts of the foreign currency cash flow may not necessarily result in a perfect hedge and hence will be subject to foreign exchange gain or loss to the Group. Please refer to the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Foreign Exchange Management" of this Document for further details.

Our Group is subject to risks associated with joint ventures

Under our Group's business strategy, we will continue to, from time to time, enter into construction, real estate development and property investment projects through the formation of joint ventures. These joint ventures involve a certain amount of business risks such as the inability or unwillingness of joint venture partners to fulfil their obligations under the joint venture agreements. Any changes in government regulations may affect restrictions on ownership which could result in a decline in our Group's investments in these joint ventures or a loss in our Group's ability to influence the management, directors and decisions made by these joint ventures. There is no assurance that we will not, in the future, encounter such business risks which, if financially material, will have an adverse effect on our Group's financial position and results of operations.

Our insurance coverage may not be adequate

We face the risk of loss or damage to our property and machinery due to fire, theft and natural disasters, such as floods. Such events may cause disruption or cessation in our operations, thus adversely affecting our business operations, financial performance and financial condition.

Whilst our insurance policies cover some losses in respect of damage to our properties and machinery, they may not be sufficient to cover all of our potential losses in extraordinary events. In the event such loss exceeds the insurance coverage or is not covered by the insurance policies that we have taken up, we may be liable to cover the shortfall of the amounts claimed and our financial performance and financial condition may be adversely affected.

In relation to the construction projects which we undertake as the main contractor, we have taken up workmen's compensation under the Work Injury Compensation Act, Chapter 354 of Singapore, public liability insurance, foreign workers' medical insurance and contractors' all risks insurance in connection with our projects in Singapore and based on contract requirements. In the event that insurance coverage is insufficient to meet the claims arising in respect of the projects, we may be exposed to losses which may adversely affect our profitability. Please refer to the section entitled "Business – Insurance" of this Document for further details on our insurance coverage.

Our Group is subject to development and construction risks relating to the development and asset enhancement of our properties

Our Group may, from time to time, undertake, or subject the properties in which we have an interest to development or asset enhancement initiatives. The implementation of a development project or an asset enhancement initiative, as well as the time and costs required to complete a development project or an asset enhancement initiative may be adversely affected by various factors, *inter alia*:

- delays or inability to obtain all necessary zoning, land use, building, development and other required government and regulatory licences, permits, approvals and authorisations;
- construction risks delaying the completion of development projects or resulting in additional costs to our Group;
- the need to make significant capital expenditures without receiving revenue from these properties until future periods;
- possible shortage of available cash to fund construction and capital improvements and the related possibility that financing for these capital improvements may not be available on acceptable terms or at all; and
- uncertainties as to market demand or a loss of market demand after construction or asset enhancement work has begun.

We cannot assure you that any or all of the current or future development or asset enhancement projects affecting the properties in which we have an interest will be completed within the anticipated time frame or budget, if at all, whether as a result of the factors specified above or for any other reason. The inability to complete a major development or asset enhancement project within the anticipated time frame and budget could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our Group is subject to the credit risk of non-payment of our lessees or the risk of non-renewal or early termination of leases

We are subject to potential volatility in our earnings if the lessees of our properties fail to fulfil their contract lease payment obligations as and when they fall due. Further, if a substantial number of lessees in our properties do not renew their leases at the end of a lease cycle or a significant number of early terminations occur, and replacement tenants cannot be found in a timely manner and on terms acceptable to us, there is likely to be a material adverse effect on our developments, which could materially and adversely affect the business, financial condition and results of operations of our Group.

Our Group is subject to risks relating to the quality and extent of the title to or interests in the properties in our portfolio

Our interest in the properties in our portfolio is set out in the section entitled "Business – Business and Operations – Build for Sale or Lease Business" of this Document. The quality, nature and extent of the title to the land and properties in our portfolio of property interests varies, depending on a number of factors, *inter alia*:

- the country and location of the property;
- the laws and regulations applicable to the property;

- the stage of development of the property;

- the extent to which the contract pursuant to which the property interest was acquired has been performed, the extent to which the terms and conditions thereunder have been complied with, and the amount of the purchase consideration which has been paid;

- the extent of compliance by us or any other relevant party (including previous owners, the vendor of the property and the entity in which we have invested that has acquired or is acquiring the property) with all relevant laws and regulations relating to the ownership, use, sale, development or construction of the property;

- the manner under which the interest in the property is held;

- in the case where the property interests are leasehold interests, the extent of compliance by us or any other relevant party; and

- the capacity, power, authority and general creditworthiness of the counterparties to the contractual and other arrangements through which we have acquired our interest in the property.

The limitations described above on the quality, nature and extent of the title to the land and properties in our portfolio of property interests may impact our ability to deal with and have control over our property interests, and the conditions under which we may own, develop, operate or manage the property. We cannot assure you that the quality, nature and extent of the title to our property interests will not be challenged or adversely impacted or will not adversely affect our ability to deal with our property interests and in turn the value of our investment in these properties. For instance, in respect of our properties in Wuxi Boustead Industrial Development, as we lease and do not hold the land use right to the land on which our buildings in Wuxi Boustead Industrial Development are situated, we face restrictions in transferring, disposing or dealing in the interests of our properties. In addition, should there be any restrictions imposed by the Wuxi government on Wuxi New District Economic Development Company to lease the land to us, our lease of the land from Wuxi New District Economic Development Company will be affected and may be terminated prior to expiry. Consequently, our sub-lease of our properties in Wuxi Boustead Industrial Development to our tenants will also be affected. Please refer to the section entitled "Business – Business and Operations – Build for Sale or Lease Business – Properties Built for Lease (Overseas)" of this Document for further details. The termination of our lease and/or sub-lease with our tenants may have an adverse effect on our business and financial performance including a reduction in rental income received from these tenants.

As at the Latest Practicable Date, we have yet to obtain the legal titles in respect of certain of our industrial properties in Singapore held under JTC leases pending the fulfilment of certain conditions. Please refer to the section entitled "Risk Factors – Risks Relating to our Group's Business – Our Group holds properties on leases from JTC, which contain certain provisions and are heavily regulated and subject to frequent introduction of new regulations, which may adversely affect our industrial property business" of this Document.

The properties in which we have interests are currently located in various countries, and the extent and quality of title depends on the laws and regulations of the relevant jurisdiction. Certain of these jurisdictions may have an immature property law and lack a uniform title system. As such, there is potential for dispute over the quality of, existence and nature of the title purchased from previous landowners or property owners. In addition, we may be engaged in protracted negotiations each time we acquire land or property, which may result in purchases of property (and thereby the obtaining of title) being delayed or not proceeding in the event that negotiations are unsuccessful. In addition, title insurance is not generally available in the countries we have invested in, and our property interests are not covered by title insurance. In the event we are not able to obtain, or there is a delay in obtaining, clear title to the land and properties we have an interest in, or our claim to title is the subject of a dispute, our business, financial condition, results of operations and prospects may be adversely affected.

Due diligence on our properties may not identify all material defects, breaches of laws and regulations and other deficiencies

We cannot assure you that our reviews, surveys or inspection (or the relevant review, survey or inspection reports on which we have relied) would have revealed all defects or deficiencies affecting properties that we have interests in or manage, including to the title thereof. In particular, we cannot assure you as to the absence of latent or undiscovered defects, deficiencies or inaccuracies in such reviews, surveys or inspection reports. Such defects or deficiencies may require significant capital expenditures or obligations to third-parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our Group is exposed to general risks associated with the ownership and management of real estate

Real estate investments are generally illiquid, limiting the ability of an owner or developer to convert property assets into cash on short notice with the result that property assets may be required to be sold at a discount in order to ensure a quick sale. Such illiquidity also limits our ability to manage our portfolio in response to changes in economic or other conditions and may affect our ability to vary the size and mix of our portfolio. Moreover, potential buyers may face difficulties in securing timely and commercially favourable financing terms. These factors could affect our gains from realisation of our investments in real estate assets, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

Variation orders, disputes and claims may adversely affect our operating cash flows, profitability and/or financial condition

During the course of a project, our clients may request that we perform additional works which are not specified in the original tender or contract or to carry out variations to the specifications stipulated in the original tender or contract. If the variation order is not determined beforehand, disputes as to the cost of variation orders and extension of time may also arise. An increase in variation costs would erode our profit margin and failure by the clients to grant an extension of time may extend the completion date of the project and result in liquidated damages.

Disputes may also arise between our clients and sub-contractors for reasons including differences in the interpretation of acceptable quality standards of workmanship and materials used, disagreements over the valuation of work-in-progress and the non-adherence to contract specifications. Such disputes may result in a reduction in the contracted price that our clients are obligated to pay us which may adversely affect the business and the profitability of the project.

We are also required to make good all defects or failure in architectural, structural and M&E design for projects under our Design-and-Build Business and our Build for Sale or Lease Business. Our Company may also incur additional costs during the maintenance period to make good any defective workmanship. An industry practice has since been established for the customer to withhold an agreed percentage of the contract sum, typically up to 10.0% of each progress payment due to us (until the accumulated retention monies reach approximately 5.0% of the total contract value), as retention monies to defray the costs of rectification, repair and reconstruction of any imperfections, faults or defects which may surface during the maintenance period. The retention monies will be reduced to 2.5% of the contract value at practical completion of the project and the remaining 2.5% retention monies will be held by our customer for the duration of the maintenance period which is typically 12 months after the date of obtaining TOP or practical completion of the relevant project (as the case may be).

We may therefore encounter difficulties or delays in collecting the full sum or any part of the retention monies due and may run the risk of incurring additional costs to make good the imperfection, fault or defect or reconstruction of works under dispute, to the extent that our profit margin is eroded or losses are incurred for the project.

Moreover, where we are in breach of any terms of the contract in respect of projects under our Design-and-Build Business, our clients are entitled to claim for liquidated damages for delays in completion or other losses suffered by them by offsetting the same from the retention monies or enforcing the performance bond. If the performance bond is called upon, we will be required to indemnify the relevant insurance company or financial institution for such payment, as well as any damages arising from disputes. This may have an adverse effect on our financial performance and financial condition.

Our business may be dependent on the services of our suppliers and sub-contractors

We purchase raw materials from our suppliers and engage sub-contractors to provide various services for our projects, including, among others, sourcing of construction materials, architectural works and specialist engineering works. Our suppliers and sub-contractors are selected based on, among others, their ability to provide timely delivery, their experience in that area of work, our past working experience with them as well as the competitiveness of their quotations given. However, we cannot assure that the materials and services rendered by these suppliers and sub-contractors will be satisfactory, that they will meet our requirements for quality or that they will deliver in a timely manner. Any financial or technical difficulties faced by the suppliers and sub-contractors would also affect their ability to carry out their work. The suppliers' and sub-contractors' inability to complete satisfactorily or on time may cause delays in our construction projects, resulting in additional costs to us or exposing us to the risk of liquidated damages. In addition, we, being the main contractors, would have to be liable for the suppliers' and sub-contractors' defaults if we are not able to pass such loss or damage on to our suppliers or sub-contractors.

Further, there is no assurance that we would be able to continue sourcing for materials or services from our major suppliers and sub-contractors at prices that are favourable to us. In the event that our major suppliers and sub-contractors terminate the supply of their materials and services to us, we may not be able to seek alternative sources in a timely manner and/or at reasonable prices. As a result, our projects might be delayed, and we may face cost overruns which could adversely affect our business, results of operations and financial condition.

We may be adversely affected by increase in costs such as fluctuations in construction material prices and any other cost overruns

In preparation for our projects, we carry out internal costing and budgetary estimates, which are based on quotations from our suppliers and sub-contractors, and our own cost estimations. However, due to unforeseen circumstances, such as adverse soil conditions, unfavourable weather conditions and unanticipated construction constraints, we might have to incur higher costs than what was originally budgeted. In addition, some of our contracts do not allow for adjustments to the contract value consequent upon a rise in the cost, among others, of labour, material, equipment and sub-contracted services. Under such circumstances, cost overruns would have to be absorbed by us. In such an event, our profitability and financial performance could be adversely affected.

We also face fluctuations in construction material prices. An increase in the prices of construction materials would increase overall costs of the project. Fluctuations in construction material prices may arise due to political, economic and social reasons in the source countries of these materials. For example, the Indonesian government had in early 2007 imposed a ban on sand exports, which created a shortage in the supply of sand to Singapore, which led to an increase in the cost of our project raw materials such as steel and concrete.

Generally, our Group enters into short-term (less than one (1) year) supply contracts for construction materials on a project to project basis. If we are unable to find alternative sources of construction materials upon the expiry of the short-term supply contracts, or if we are generally unable to source for materials at a favourable or acceptable price, then our profit margin may be adversely affected.

We are reliant on foreign labour

The construction industry is highly labour intensive. As the cost of local labour in Singapore is high and the supply of local labour is scarce, we and our sub-contractors are highly dependent on the supply of foreign workers.

Factors which may affect the supply of foreign workers include a change in policies either in the foreign workers' countries of origin or a change in policies and regulations imposed by the Singapore regulatory authorities. For instance, the availability of foreign workers to the construction industry in Singapore is regulated by the MOM through policy instruments such as the imposition of levies and quotas based on the MYE. In the Singapore Government's Budget 2012, the MOM announced a further 5.0% cut in the MYE quota for new projects with effect from July 2012. This is in addition to the 15.0% cut in the MYE quota for new projects with effect from July 2013 as announced in the Singapore Government's Budget 2011 and the reduction in the MYE quota by 25.0% over three (3) years for the construction sector as announced in the Singapore Government's Budget 2010. In such event, we may be entitled to employ less foreign workers and if we are unable to seek alternative sources of labour for our projects at the same or lower cost, our financial performance may be materially and adversely affected. Similarly, our suppliers and sub-contractors may be entitled to employ fewer foreign workers and if they are unable to seek alternative sources of labour at the same or lower cost, this may affect their ability to supply the products or services or carry out the work for which they were contracted, thus delaying the completion of or failing to complete our projects, resulting in additional costs for us or exposing us to the risk of liquidated damages.

We are also susceptible to any increases in such levies and any sudden withdrawal in the supply of foreign workers which will negatively impact our earnings and financial performance. As announced in the Singapore Government's Budget 2015, there will be further increases in such levies in addition to the increase in the levies which were previously announced in the Singapore Government's Budget for the years 2010 to 2014. The changes to the levies are being phased in from January 2012 till July 2017. Our payroll costs may increase and the profitability of our Group may be materially and adversely affected.

Please refer to "Appendix I – Government Regulations" of this Document for further details.

Excessive warranty claims may adversely affect our Group's financial position

We provide limited warranty for certain projects under our Design-and-Build Business and Build for Sale or Lease Business for a standard period of between one (1) and 10 years on certain items of work. The limited warranty covers defects and any premature wear and tear of the materials and workmanship used in our projects. Rectification and repair works to be carried out by us that are covered under the limited warranty would not be chargeable to the customers. As such, excessive warranty claims for rectification and repair works may have an adverse effect on our Group's financial position.

Occurrence of any acts of violence or outbreaks of infectious disease or other serious public health concerns in Asia and elsewhere could adversely impact our Group

Terrorist attacks and other acts of violence or war may affect the regional and worldwide markets, and may consequently affect our business and financial performance. Such terrorist attacks or armed conflict may result in political and economic instability in the markets which we operate in, and this could result in a loss of business confidence, which could lead to economic recession and have an adverse effect on our business, results of operations and financial condition. The consequences of any of these terrorist attacks or armed conflict are unpredictable and we are not able to foresee these events that can have an adverse effect.

In addition, we are exposed to risks in respect of outbreaks of severe acute respiratory syndrome, avian influenza, swine flu, ebola and/or other communicable diseases in Singapore and the region, which could materially and adversely affect our business. In the event that such an outbreak occurs at any of our Group's facilities, we would be required to temporarily suspend our affected operations and we may have to quarantine our employees which could materially affect our business, results of operations and financial condition.

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE

Our Group is subject to significant government regulation in the jurisdictions where we operate

We are subject to government legislation, regulations and policies of the jurisdictions which we operate in, including, those set out in "Appendix I – Government Regulations" of this Document, governing, *inter alia*:

- licensing of builders;
- approval and execution of plans of building works;
- workplace safety and health;
- environmental matters such as public health and noise pollution; and

- employment of workers (including foreign workers), such as overtime limits, MYE allocation system and the conditions of the work permits of foreign workers,

the contravention of which may subject our Group, our employees and/or our Directors to statutory penalties which may be significant, such as fines imposed by the relevant authorities, and we may have to modify, suspend or discontinue our operations.

Furthermore, many of these permits, consents and approvals are granted for fixed periods of time which have to be renewed after these permits have expired. There can be no assurance that we would apply for and obtain the relevant permits, consents and approvals required for our projects or otherwise within the statutory time limits, and there can be no assurance that the relevant authorities will issue any such permits, consents or approvals in time or at all. Failure by our Group to renew, maintain or obtain the required permits, consents or approvals, or cancellation, suspension or revocation of any of our permits, consents or approvals may result in the interruption of our operations and may have a material adverse effect on our business.

The laws and regulations in the jurisdictions we operate in are at times ambiguous and their interpretations and applications can be inconsistent or uncertain, making compliance with them challenging, and potentially detrimental to our Group.

The government legislation, regulations and policies of the jurisdictions which we operate in are also subject to amendments from time to time. Any such changes could adversely affect our business operations and/or have a negative effect on the demand for our Design-and-Build Business. The compliance with such changes may also increase our costs and any significant increase in compliance costs arising from such changes may adversely affect our financial performance. There is no assurance that any changes in government legislation, regulations and policies will not have an adverse effect on our financial performance and financial condition.

Our Group is subject to the risk of expropriation of our properties in the countries where we operate

The laws of the relevant countries in which our properties are currently located and regions into which we may, in the future, expand to, may allow their respective governments to various degrees, to compulsorily acquire land and buildings under certain circumstances, including if it is in the public interest to do so, and under circumstances where compensation may be less than the value of the relevant property or building.

In the event that all or any part of our land or property is compulsorily acquired, the compensation paid in respect of the acquired property could be less than its market value or the price we have paid for acquiring the property, which could adversely affect our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR SHARES

Our Controlling Shareholders will be able to exercise substantial control over our Company and may have interests that are different from those of our other Shareholders

After the Distribution, our Controlling Shareholders, namely BSL and Mr FF Wong will directly hold an aggregate of approximately 67.7% of our total issued Shares. By virtue of their shareholding in our Company, our Controlling Shareholders will be able to exercise significant influence over all matters requiring Shareholders' approval. Such transactions include the election of directors, selection of senior management, amount and timing of dividend payments and other distributions, acquisition of or merger with another entity, overall strategic and investment decisions, issuance of securities and adjustment to our capital structure and amendments to our Articles of Association. The remaining Shareholders may not be able to block any Shareholders' action or obtain the approval requiring a majority vote except where the Controlling Shareholders are required by the rules of the Listing Manual to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Group that may benefit our Shareholders.

Future issues or sales of our Shares, and the availability of a large number of our Shares for sale, could depress our Share price

The sale of a significant number of our Shares in the public market after the Distribution, or the perception that such sales may occur, could materially and adversely affect the market price of our Shares. These factors could also affect our ability to sell additional equity securities. We anticipate that our Controlling Shareholders will collectively hold an aggregate of approximately 67.7% of our total issued share capital after the completion of the Distribution.

Although our Controlling Shareholders are subject to a moratorium, any substantial issuance or sale or perceived substantial issuance or sale of our Shares over a short period of time after the expiry of the applicable moratorium period (where applicable) by our Company or such Controlling Shareholders could cause our Share price to fall. Except as otherwise described under the section entitled "Share Ownership – Moratorium" of this Document, there will be no restrictions on the ability of our Controlling Shareholders to sell their Shares either on the SGX-ST or otherwise.

Our post-Introduction Share price may not be reflective of our value and our Share price may be volatile in the future

The admission of our Company on the Main Board of the SGX-ST will be by way of the Introduction. Unlike a listing undertaken together with an initial public offering, there will not be a price-discovery process such as book-building undertaken prior to and in connection with the Listing. As such, the price of our Shares immediately post-Introduction may not reflect an appropriate value for our Company.

The price of our Shares may fluctuate widely, depending on many factors, including:

- changes in market valuations and share prices of companies with similar businesses to our Group that may be listed in Singapore;
- announcements of significant acquisitions, strategic alliances or joint ventures;
- fluctuations in stock market prices and trading volume;
- involvement in material litigation;
- addition or departure of key personnel;
- success or failure of management in implementing business and growth strategies;
- variations in operating results;
- changes in equity research analysts' recommendations, perceptions or estimates of our Group's financial performance;
- general changes in rules/regulations with regard to the industries that our Group operates in, including those that affect the demand for our Group's properties and services; and
- changes in conditions affecting the industries in which our Group operates, the general economic conditions or stock market sentiments or other events or factors.

We may not be able to pay dividends in future

Our ability to declare dividends in relation to the Shares will depend on, among others, our operating results, financial condition, other cash requirements including capital expenditures, the terms of borrowing arrangements, other contractual restrictions and other factors deemed relevant by our Directors. This is in turn dependent on the successful implementation of our strategy and financial, regulatory and general economic conditions and other factors that may be specific to us or specific to our industry, many of which are beyond our control. There is no assurance that we will pay dividends on our Shares in the future. Please refer to the section entitled "Dividend Policy" of this Document for further details.

Investors may not be able to participate in future issues of our Shares

If we offer to our Shareholders rights to subscribe for additional Shares or any rights of any other nature, we will have discretion as to the procedure to be followed in making the rights available to our Shareholders or in disposing of the rights for the benefit of our Shareholders and making the net proceeds available to our Shareholders. We may choose not to offer the rights to our Shareholders who have a registered address outside Singapore. For example, we will not offer such rights to our Shareholders who are U.S. persons (as defined in Regulation S under the U.S. Securities Act) or who have a registered address in the U.S. unless:

- a registration statement is in effect, if such registration statement under the U.S. Securities Act is required in order for us to offer such rights to holders and sell the securities represented by such rights; or

- the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the U.S. Securities Act.

We have no obligation to prepare or file any registration statement under the U.S. Securities Act. Accordingly, Shareholders who are U.S. persons or who have a registered address in the U.S. may be unable to participate in rights offerings and may experience a dilution in their holdings as a result.

Singapore law contains provisions that could discourage a take-over of our Company

The Take-over Code and Sections 138, 139 and 140 of the Securities and Futures Act (collectively, the "**Singapore Take-over and Merger Provisions**") contain certain provisions that may delay, deter or prevent a future take-over or change in control of our Company for so long as our Shares are listed for quotation on the SGX-ST. Except with the consent of the Securities Industry Council of Singapore, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of our voting Shares is required to extend a take-over offer for our remaining voting Shares in accordance with the Singapore Take-over and Merger Provisions. Except with the consent of the Securities Industry Council of Singapore, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of our voting Shares (either on his own or together with parties acting in concert with him) acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period. While the Singapore Take-over and Merger Provisions seeks to ensure an equality of treatment among shareholders, its provisions could substantially impede the ability of Shareholders to benefit from a change of control and, as a result, may adversely affect the market price of our Shares and the ability to realise any benefit from a potential change of control.

The listing by Introduction may not result in an active or liquid market for our Shares

Prior to the Introduction, there has been no public market for our Shares. An active public market for our Shares may not develop or be sustained after the Introduction. While we have applied to the SGX-ST and have received a letter of eligibility from the SGX-ST for our Shares to be listed and quoted on the SGX-ST, the listing and quotation does not, however, guarantee that a trading market for our Shares will develop, or if a market does develop, there is no guarantee of the liquidity of that market for our Shares. There may be a limited number of Shares available for trading at any given time, resulting in reduced trading liquidity of the Shares. Although it is currently intended that our Shares will remain listed on the SGX-ST, there is no guarantee of the continued listing of our Shares.

SELECTED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Document, including the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Document, and (i) the "Independent Auditor's Report on the Combined Financial Statements of Boustead Projects Limited and its Subsidiaries for the Financial Years ended 31 March 2014, 31 March 2013 and 31 March 2012"; (ii) the "Independent Auditor's Report on the Unaudited Interim Combined Financial Information of Boustead Projects Limited and its Subsidiaries for the Six-month Periods ended 30 September 2014 and 30 September 2013" and (iii) the "Reporting Auditor's Report on the Unaudited Pro Forma Financial Information of Boustead Projects Limited and its Subsidiaries for the Six Months Ended 30 September 2014 and Financial Year Ended 31 March 2014" as set out in Appendix D, Appendix E and Appendix F of this Document respectively.

The unaudited pro forma balance sheets of our Group as at 30 September 2014 and as at 31 March 2014 have been prepared based on our unaudited combined financial statements for the six-month financial period ended 30 September 2014 and audited combined financial statements for the financial year ended 31 March 2014. Our unaudited pro forma balance sheets illustrate the effects of (i) the acquisition by our Company from BSL of the approximately 5.27% equity interest held in Perennial Tongzhou Development Pte. Ltd.; (ii) the declaration and payment of the Pre-Distribution Dividend and (iii) the full settlement of the amounts owing by BSL to our Group and vice versa via a combination of cash and offsetting against the consideration payable by the Group to BSL pursuant to the acquisition of Wuxi Boustead Industrial Development Co., Ltd. and the Group Restructuring, as if these adjustment events had occurred on 30 September 2014 and 31 March 2014. Please refer to the section entitled "Restructuring Exercise" of this Document and notes 1.2,1.3 and 1.4 of the "Reporting Auditor's Report on the Unaudited Pro Forma Financial Information of Boustead Projects Limited and its Subsidiaries for the Six Months Ended 30 September 2014 and Financial Year Ended 31 March 2014" as set out in Appendix F of this Document for further details on the Restructuring Exercise and the basis of preparation of the unaudited pro forma balance sheets of our Group as at 30 September 2014 and as at 31 March 2014.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME[1]

	Audited			Unaudited	
	FY2012 (S$'000)	**FY2013 (S$'000)**	**FY2014 (S$'000)**	**HY2014 (S$'000)**	**HY2015 (S$'000)**
Revenue	**147,038**	**256,107**	**209,165**	**107,412**	**107,290**
Cost of sales	(108,233)	(193,618)	(156,264)	(85,654)	(78,002)
Gross profit	**38,805**	**62,489**	**52,901**	**21,758**	**29,288**
Other income	1,683	2,121	2,260	1,030	1,272
Other gains - net	2,492	15,904	5,111	5,085	165
Expenses					
Distribution and marketing	(3,168)	(3,423)	(3,628)	(1,552)	(1,986)
Administrative	(13,923)	(12,510)	(15,951)	(6,699)	(8,712)
Finance	(675)	(997)	(727)	(275)	(530)
Share of results of an associated company and a joint venture	–	–	(572)	–	(800)
Profit before income tax	**25,214**	**63,584**	**39,394**	**19,347**	**18,697**
Income tax expense	(3,324)	(1,659)	(3,581)	(2,442)	(4,554)
Total profit for the year / period	**21,890**	**61,925**	**35,813**	**16,905**	**14,143**
Profit attributable to:					
Equity holders of the Company	21,890	61,925	35,813	16,905	14,195
Non-controlling interests	–	–	–	–	(52)
	21,890	**61,925**	**35,813**	**16,905**	**14,143**
Basic EPS attributable to equity holders of the Company (cents) [2]	6.84	19.35	11.19	5.28	4.44
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
- Currency translation gains arising from consolidation	1,298	14	42	58	43
Other comprehensive income, net of tax	1,298	14	42	58	43
Total comprehensive income for the year / period	**23,188**	**61,939**	**35,855**	**16,963**	**14,186**
Total comprehensive income attributable to:					
Equity holders of the Company	23,188	61,939	35,855	16,963	14,238
Non-controlling interests	–	–	–	–	(52)
	23,188	**61,939**	**35,855**	**16,963**	**14,186**

Notes:

(1) The combined statements of comprehensive income of our Group have been prepared assuming the completion of the Group Restructuring (other than the acquisition of approximately 5.27% of the total issued share capital of Perennial Tongzhou Development Pte. Ltd. which does not have any material impact on the above financial information) and the acquisition of Wuxi Boustead Industrial Development Co., Ltd. from BSL had taken place on 1 April 2011.

(2) Basic EPS attributable to equity holders of the Company has been computed by dividing the profit attributable to equity holders of the Company by the issued share capital of 320,000,000 Shares following the Sub-Division.

UNAUDITED PRO FORMA BALANCE SHEETS[1]

	Unaudited	
	As at 31 March 2014	As at 30 September 2014
	(S$'000)	(S$'000)
ASSETS		
Current assets		
Cash and cash equivalents	70,870	117,513
Properties held for sale	30,368	30,322
Trade and other receivables	68,942	79,218
Contracts work-in-progress	1,291	7,367
Total current assets	**171,471**	**234,420**
Non-current assets		
Trade and other receivables	9,183	7,438
Investment in an associated company	1,172	1,316
Investment in a joint venture	4,467	4,080
Available-for-sale investments	38,350	38,350
Investment properties	108,962	132,162
Property, plant and equipment	752	858
Total non-current assets	**162,886**	**184,204**
Total Assets	**334,357**	**418,624**
LIABILITIES		
Current liabilities		
Borrowings	5,415	7,155
Trade and other payables	114,420	108,942
Current income tax liabilities	8,598	8,764
Contracts work-in-progress	3,379	2,790
Total current liabilities	**131,812**	**127,651**
Non-current liabilities		
Borrowings	46,740	121,763
Trade and other payables	3,295	2,514
Deferred income tax liabilities	1,772	1,772
Total non-current liabilities	**51,807**	**126,049**
Total Liabilities	**183,619**	**253,700**
Net Assets	**150,738**	**164,924**
EQUITY		
Capital and reserves attributable to equity holders of the Group		
Share capital	15,000	15,000
Currency translation reserve	1,190	1,233
Accumulated profits	134,548	148,743
	150,738	164,976
Non-controlling interests	–	(52)
Total equity	**150,738**	**164,924**

Note:

(1) The unaudited pro forma balance sheets of our Group have been prepared assuming the Restructuring Exercise had been completed on 31 March 2014 and 30 September 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our Group's business, results of operations and financial position should be read in conjunction with the full text of this Document, including (i) the "Independent Auditor's Report on the Combined Financial Statements of Boustead Projects Limited and its Subsidiaries for the Financial Years ended 31 March 2014, 31 March 2013 and 31 March 2012"; (ii) the "Independent Auditor's Report on the Unaudited Interim Combined Financial Information of Boustead Projects Limited and its Subsidiaries for the Six-month Periods ended 30 September 2014 and 30 September 2013" and (iii) the "Reporting Auditor's Report on the Unaudited Pro Forma Financial Information of Boustead Projects Limited and its Subsidiaries for the Six Months Ended 30 September 2014 and Financial Year Ended 31 March 2014" as set out in Appendix D, Appendix E and Appendix F of this Document respectively.

This discussion contains forward-looking statements that involve risks and uncertainties. Our Group's actual results may differ significantly from those projected in the forward looking-statements. Factors that may cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Document, particularly in the section entitled "Risk Factors" of this Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Issue Manager, BSL or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled "Notice to Investors – Forward-Looking Statements" of this Document.

OVERVIEW

We are a leading industrial real estate solutions provider with core engineering expertise in the Design-and-Build and development of build-to-suit projects comprising industrial facilities, industrial parks and business parks for multinational corporations and local enterprises. We have a strong track record of delivering projects tailored to suit our customers' specific needs. Our Group has in-depth experience in designing and constructing customised build-to-suit facilities for a wide variety of customers and have constructed and developed more than 80 projects, representing more than 3,000,000 sq m of industrial real estate in Singapore, Malaysia, Vietnam and PRC for, among others, the aviation, commercial, food processing, logistics, petrochemical, pharmaceutical and technology industries. In particular, our Group has completed 46 industrial property projects in the last three (3) financial years ended 31 March 2014 and for the period from 1 April 2014 to the Latest Practicable Date.

Our Group possesses the A1 grading by the BCA under the registration category CW01 for General Building enabling us to tender for public sector projects in Singapore of an unlimited contract value.

Over the past decade, we have also developed and retained a sizable industrial leasehold portfolio consisting of primarily single-tenanted high quality built-to-suit industrial facilities leased to a group of reputable end-user clients.

In addition, we have entered into several joint ventures and strategic partnerships to gain a foothold in overseas markets as well as other property sectors such as commercial properties. Through our investments with joint venture partners, we are able to spread the risks of our investments with them and tap on their local knowledge and expertise to break into the targeted overseas market or property sector.

Our principal business can be categorised into three (3) main segments, namely:

(a) design-and-build or turnkey development of industrial and commercial properties comprising build-to-suit projects developed and customised based on the customers' needs and property management ("**Design-and-Build Business**");

(b) development of industrial properties for lease or sale ("**Build for Sale or Lease Business**"); and

(c) joint ventures and partnerships to develop and invest in industrial, commercial and other real estate projects ("**Strategic Partnerships**").

Please refer to the section entitled "Business - Overview" of this Document for further details on our business.

Revenue

Our revenue is predominantly derived from our Design-and-Build Business for the construction of industrial and commercial properties located mainly in Singapore. In addition, we also derive rental income and income from the sale of properties under our Build for Sale or Lease Business.

The following tables summarise the breakdown of our revenue for FY2012, FY2013, FY2014, HY2014 and HY2015 by revenue type and geographical location:

By revenue type

	FY2012		FY2013		FY2014		HY2014		HY2015	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Design-and-Build Business	134,334	91.4	191,488	74.8	187,303	89.5	97,481	90.8	94,901	88.5
Build for Sale or Lease Business										
- Rental income	12,704	8.6	17,238	6.7	21,862	10.5	9,931	9.2	12,389	11.5
- Sale of properties	–	–	47,381	18.5	–	–	–	–	–	–
Total	**147,038**	**100.0**	**256,107**	**100.0**	**209,165**	**100.0**	**107,412**	**100.0**	**107,290**	**100.0**

By geographical location

	FY2012		FY2013		FY2014		HY2014		HY2015	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Singapore	134,856	91.8	253,030	98.8	207,796	99.4	106,488	99.1	106,120	98.9
Malaysia	–	–	–	–	–	–	–	–	797	0.8
Vietnam	9,627	6.5	389	0.2	72	n.m.[(1)]	67	0.1	25	n.m.[(1)]
PRC	2,555	1.7	2,688	1.0	1,297	0.6	857	0.8	348	0.3
Total	**147,038**	**100.0**	**256,107**	**100.0**	**209,165**	**100.0**	**107,412**	**100.0**	**107,290**	**100.0**

Note:

(1) "n.m." denotes not meaningful.

(a) Design-and-Build Business

For FY2012, FY2013, FY2014, HY2014 and HY2015, revenue from our Design-and-Build Business accounted for approximately 91.4%, 74.8%, 89.5%, 90.8% and 88.5% of our total revenue respectively.

We recognise contract revenue from the construction of industrial and commercial properties based on the percentage of completion method by reference to the stage of completion of the contract activity as at the balance sheet date ("**POC Method**"), when the outcome of a construction contract can be estimated reliably. The stage of completion is determined by reference to the proportion of the contract costs incurred to date to the estimated total costs for the contract. When the outcome of a construction contract cannot be estimated reliably, the contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. An expected loss on the contract is recognised as an expense immediately when it is probable that the total contract costs will exceed total contract revenue.

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

Revenue from our Design-and-Build Business is project-based and may vary year-on-year depending on the number, value and stage of completion of the projects undertaken by our Group.

(b) Build for Sale or Lease Business - Rental Income

For FY2012, FY2013, FY2014, HY2014 and HY2015, rental income from the lease of industrial properties under our Build for Sale or Lease Business accounted for approximately 8.6%, 6.7%, 10.5%, 9.2% and 11.5% of our total revenue respectively.

We have developed and retained a sizable industrial leasehold portfolio consisting of primarily single-tenanted high quality built-to-suit industrial facilities leased to a group of reputable end-user clients. As we retain substantially all the risks and rewards incidental to the ownership of these industrial properties, the leases of these properties are classified as operating leases and revenue for operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight line basis over the lease term.

(c) Build for Sale or Lease Business - Sale of Properties

In FY2013, revenue from sale of properties under our Build for Sale or Lease Business accounted for approximately 18.5% of our total revenue in FY2013. We did not recognise any revenue from the sale of properties in FY2012, FY2014 and HY2015.

Revenue from the sale of properties is recognised at the legal completion when all the following conditions are satisfied:

(i) we have transferred to the buyer the significant risks and rewards of ownership of the properties;

(ii) we retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to us; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The major factors that will affect our revenue include, *inter alia*, the following:

(a) the state of the construction industry and the general economy in Singapore, where a strong economy will generally lead to growth in the construction industry;

(b) the general macroeconomic and demand and supply trends affecting the real estate market, in particular, the industrial and commercial real estate sectors in Singapore which will affect rental incomes;

(c) changes in government legislation, regulations or policies, budget and expenditure which may directly affect the construction industry in Singapore;

(d) the number of competitors competing with us in the various tenders from time to time and our ability to bid for and secure new construction projects;

(e) our ability to claim for additional works and variations which are not included in the initial amount agreed in the contract; and

(f) the progress of our construction projects.

Please refer to the section entitled "Risk Factors" of this Document for the factors which may affect our business operations and financial performance.

Cost of Sales

The following table summarises the breakdown of our cost of sales for FY2012, FY2013, FY2014, HY2014 and HY2015 by revenue type:

	FY2012		FY2013		FY2014		HY2014		HY2015	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Design-and-Build Business	107,245	99.1	160,713	83.0	151,317	96.8	83,581	97.6	74,852	96.0
Build for Sale or Lease Business										
- Rental income	988	0.9	1,929	1.0	4,947	3.2	2,073	2.4	3,150	4.0
- Sale of properties	–	–	30,976	16.0	–	–	–	–	–	–
Total	**108,233**	**100.0**	**193,618**	**100.0**	**156,264**	**100.0**	**85,654**	**100.0**	**78,002**	**100.0**

The cost of sales for our business segments are summarised below:

(a) Design-and-Build Business

For FY2012, FY2013, FY2014, HY2014 and HY2015, cost of sales for our Design-and-Build Business accounted for approximately 99.1%, 83.0%, 96.8%, 97.6% and 96.0% of our total cost of sales respectively.

Cost of sales for our Design-and-Build Business comprise mainly sub-contractors' expenses, which include, among others, direct material costs, equipment and installation costs, professional fees and direct overheads. Cost of sales for our Design-and-Build Business is recognised based on the POC Method. All of our construction works and services for our Design-and-Build Business are outsourced to third-party sub-contractors and material and service providers.

Cost of sales for our Design-and-Build Business may also include an estimated cost provided for rectification of potential defects that may occur during the defects liability period. The amount of costs to be provided for rectification varies from project to project, given that each project has its own unique specifications. After the end of the defects liability period, where the actual costs are confirmed and finalised, any excess costs estimated over the actual costs shall be reversed. The amount of excess costs reversed in each financial year will depend on *inter alia*, the number of projects which reached the end of their defects liability period and the extent of their over estimations of the costs provided for rectification.

(b) Build for Sale or Lease Business - Rental Income

For FY2012, FY2013, FY2014, HY2014 and HY2015, our cost of sales for the lease of industrial properties under our Build for Sale or Lease Business accounted for approximately 0.9%, 1.0%, 3.2%, 2.4% and 4.0% of our total cost of sales respectively.

Our cost of sales for the lease of industrial properties comprise mainly depreciation costs associated with the land, building construction, M&E equipment, installation and financing over the expected useful lives of the properties.

(c) Build for Sale or Lease Business - Sale of Properties

In FY2013, our cost of sales for the sale of properties under our Build for Sale or Lease Business accounted for approximately 16.0% of our total cost of sales in FY2013.

Our cost of sales for the sale of properties comprise mainly costs associated with land, building construction, M&E equipment, installation and financing incurred in developing the properties. Cost of sales for our properties sold is recognised based on the completion method.

In respect of the properties under our Build for Sale or Lease Business, the construction costs are capitalised when they are incurred.

The major factors affecting our cost of sales include, *inter alia*, the following:

(a) fluctuations in prices of construction materials;

(b) changes in the cost of employing construction staff and foreign workers;

(c) our ability to continuously source for materials or services from major suppliers and sub-contractors at prices that are acceptable to us;

(d) our ability to manage project costs and resource deployment to avoid cost overruns;

(e) changes or variations to our contracts by our customers; and

(f) unforeseen delays to project progress or failure in completion of projects which may expose us to additional costs and/or liquidated damages.

Please refer to the section entitled "Risk Factors" of this Document for the factors which may affect our cost of sales.

Gross Profit and Gross Profit Margin

The following tables summarise the breakdown of our gross profit and gross profit margin for FY2012, FY2013, FY2014, HY2014 and HY2015 by revenue type:

Gross Profit

	FY2012		FY2013		FY2014		HY2014		HY2015	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Design-and-Build Business	27,089	69.8	30,775	49.2	35,986	68.0	13,900	63.9	20,049	68.5
<u>Build for Sale or Lease Business</u>										
- Rental income	11,716	30.2	15,309	24.5	16,915	32.0	7,858	36.1	9,239	31.5
- Sale of properties	–	–	16,405	26.3	–	–	–	–	–	–
Total	**38,805**	**100.0**	**62,489**	**100.0**	**52,901**	**100.0**	**21,758**	**100.0**	**29,288**	**100.0**

Gross Profit Margin

	FY2012	FY2013	FY2014	HY2014	HY2015
	%	%	%	%	%
Design-and-Build Business	20.2	16.1	19.2	14.3	21.1
<u>Build for Sale or Lease Business</u>					
- Rental income	92.2	88.8	77.4	79.1	74.6
- Sale of properties	–	34.6	–	–	–
Overall gross profit margin	**26.4**	**24.4**	**25.3**	**20.3**	**27.3**

Other Income

Our other income comprises mainly interest income earned on cash deposits and sub-lease income from land leased to our sub-tenants.

Our interest income, which amounted to approximately S$0.7 million, S$1.1 million, S$1.2 million, S$0.5 million and S$0.7 million in FY2012, FY2013, FY2014, HY2014 and HY2015 respectively, represents interest earned on cash deposits placed with financial institutions or with BSL which consolidates the excess cash from its subsidiaries for capital management purposes. Please refer to the section entitled "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions" of this Document for further details on the cash deposits placed with BSL.

Our sub-lease income, which amounted to approximately S$1.0 million, S$1.1 million, S$1.1 million, S$0.5 million and S$0.6 million in FY2012, FY2013, FY2014, HY2014 and HY2015, represents land rental received from the purchasers of properties on 19 plots of land located at Tuas West in Singapore which our Group had developed and sold in FY2007 and FY2008. Even though the developed properties have been sold by our Group, our Group continues to hold the residual master land lease title issued by JTC for a lease term of 45 years commencing from 31 December 2005, while the purchasers were issued with sub-lease titles.

Other Gains - Net

Our other gains – net, which amounted to approximately S$2.5 million, S$15.9 million, S$5.1 million, S$5.1 million and S$0.2 million in FY2012, FY2013, FY2014, HY2014 and HY2015 respectively, comprise mainly net gains derived from the disposal of assets held for sale, available-for-sale investment, joint venture and subsidiaries and net currency translation losses/gains.

Expenses

Our expenses comprise: (a) distribution and marketing expenses, (b) administrative expenses and (c) finance expenses.

Distribution and Marketing Expenses

Our distribution and marketing expenses, which amounted to approximately S$3.2 million, S$3.4 million, S$3.6 million, S$1.6 million and S$2.0 million in FY2012, FY2013, FY2014, HY2014 and HY2015 respectively, comprise mainly commissions paid to marketing agents, tender submissions fees, and salaries and bonuses of our marketing employees.

Our distribution and marketing expenses accounted for approximately 17.8%, 20.2%, 17.9%, 18.2% and 17.7% of our total expenses for FY2012, FY2013, FY2014, HY2014 and HY2015 respectively.

Administrative Expenses

Our administrative expenses, which amounted to approximately S$13.9 million, S$12.5 million, S$16.0 million, S$6.7 million and S$8.7 million in FY2012, FY2013, FY2014, HY2014 and HY2015 respectively, comprise mainly salaries and bonuses of our management, operation and administrative employees, rental of office space, industrial properties land rent, property tax, repair and maintenance costs, professional and legal fees, training and recruitment fees, and reimbursement of tax losses transfer.

Our administrative expenses accounted for approximately 78.4%, 73.9%, 78.6%, 78.6% and 77.6% of our total expenses for FY2012, FY2013, FY2014, HY2014 and HY2015 respectively.

Finance Expenses

Our finance expenses, which amounted to approximately S$0.7 million, S$1.0 million, S$0.7 million, S$0.3 million and S$0.5 million in FY2012, FY2013, FY2014, HY2014 and HY2015 respectively, comprise interest expense for loans obtained from banks to finance the development of our industrial properties.

Our finance expenses accounted for approximately 3.8%, 5.9%, 3.6%, 3.2% and 4.7% of our total expenses for FY2012, FY2013, FY2014, HY2014 and HY2015 respectively.

Share of Results of an Associated Company and a Joint Venture

Our share of results of an associated company and a joint venture represents our share of results from the following:

(a) a 50.0% equity interest in a joint venture company, BP-Ubi Development Pte. Ltd., which through a wholly-owned subsidiary, owns the Edward Boustead Centre located at 82 Ubi Avenue 4, Singapore 408832; and

(b) a 35.0% equity interest in an associated company, THAB Development Sdn Bhd, which holds six (6) plots of vacant industrial land located in Iskandar, Johor, Malaysia.

Income Tax Expense

We are mainly subject to income tax at the applicable statutory rate in Singapore with limited exposure to the applicable statutory rates in Malaysia, Vietnam and PRC.

The following table sets out the statutory tax rates in Singapore and the effective tax rate applicable to the Group for FY2012, FY2013, FY2014, HY2014 and HY2015:

	FY2012	FY2013	FY2014	HY2014	HY2015
Prevailing statutory tax rate in Singapore (%)	17.0	17.0	17.0	17.0	17.0
Effective tax rate (%)	13.2	2.6	9.1	12.6	24.4

Our effective tax rates for FY2012, FY2013, FY2014 and HY2014 were lower than the prevailing Singapore corporate tax rate of 17.0% due mainly to the following:

(a) transfer of tax losses from other subsidiaries of BSL to our Group (in respect of FY2012 and FY2014). Please refer to the section entitled "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions" of this Document for further details on the tax losses transferred to us;

(b) reversal of prior years' tax provisions (in respect of FY2013 and FY2014) as a result of final tax assessments on the gains from past disposal of industrial properties;

(c) gains from the disposal of wholly-owned subsidiaries and available-for-sale investments and assets held for sale being treated as capital gains which attracted no tax (in respect of FY2013 and FY2014); and

(d) tax expense on construction profits earned for industrial properties sold subsequently having been accounted for in prior years rather than in the financial year of sale.

Our effective tax rate for HY2015 was higher than the Singapore prevailing tax rate mainly due to tax expense on profits from inter-company Design-and-Build projects.

INFLATION

During FY2012, FY2013, FY2014 and HY2015, our financial performance was not materially affected by inflation although our margins may have been affected if we were not able to pass on the increase in our cost of sales to our customers.

REVIEW OF OPERATING PERFORMANCE

FY2013 compared to FY2012

Revenue

Our total revenue increased by approximately S$109.1 million or 74.2% from approximately S$147.0 million in FY2012 to approximately S$256.1 million in FY2013 due mainly to (i) an increase in revenue from our Design-and-Build Business; (ii) an increase in rental income from our Build for Sale or Lease Business; and (iii) sale of two (2) industrial properties from our Build for Sale or Lease Business in FY2013.

Design-and-Build Business

Revenue from our Design-and-Build Business increased by approximately S$57.2 million or 42.6% from approximately S$134.3 million in FY2012 to approximately S$191.5 million in FY2013. The increase was mainly due to:

(a) an increase in revenue contribution of approximately S$110.8 million in aggregate from projects with significant contract values of which the majority of the construction works were completed in FY2013 compared to FY2012. Such projects included the Kerry Logistics Centre, the Ang Mo Kio Industrial Park Project I, the Ang Mo Kio Industrial Park Project II, the Hafary Centre, the Greenpac Greenhub and the Shinko Plantech Processing Facility; and

(b) revenue contribution of approximately S$36.9 million in aggregate from new projects which commenced during FY2013, namely the Loyang Industrial Estate Testbed Facility, the SAP Project III (a repair, distribution and office facility), Robinson Square and the BASF Production Facility.

The above increases in revenue were partially offset by:

(a) a decrease in revenue contribution of approximately S$40.6 million in aggregate from projects of which a significantly lower portion of the construction works were completed in FY2013 compared to FY2012. Such projects include Fortis Colorectal Hospital, the Bell Helicopter MRO Facility, the Tuas Biomedical Project II, the Tembusu Demineralisation Plant and the XP Power Manufacturing Facility (located in Vietnam); and

(b) a decrease in revenue contribution of approximately S$50.0 million in aggregate from projects which had been completed in FY2012 and therefore did not contribute any revenue in FY2013. Such projects include the Homefix Integrated Logistics and Office Facility, the Tukang Innovation Park High–Tech Facility, the SAP Project I (an integrated manufacturing and ancillary support facility), the Pan Asia Project, the World Courier Project, the SAP Project II (an integrated engine and testing facility) and the 38@Alexandra Terrace office building.

Build for Sale or Lease Business - Rental Income

Our rental income from the lease of industrial properties under our Build for Sale or Lease Business increased by approximately S$4.5 million or 35.4% from approximately S$12.7 million in FY2012 to approximately S$17.2 million in FY2013. The increase was mainly due to:

(a) rental income of approximately S$3.0 million from the new lease for the Continental Building Phase I which had commenced in April 2012;

(b) increase in rental income by approximately S$1.0 million arising from the full-year lease in FY2013 as compared to an 8-month lease in FY2012 for the existing lease for the Hankyu Hanshin Express Project which commenced in August 2011; and

(c) increase in rental income from the Safran Electronics Asia Project and the Multi+ Panalpina Project by approximately S$0.5 million in aggregate in FY2013 as compared to FY2012 due to increase in rental rates.

Build for Sale or Lease Business - Sale of Properties

In FY2013, we sold two (2) industrial properties in Singapore, being the Ubi Avenue 1 Project and the manufacturing, logistics and office facility located at Tuas West Avenue, under our Build for Sale or Lease Business, which were held as properties held for sale, for an aggregate consideration of approximately S$47.4 million. We did not record any sale of properties in FY2012.

Cost of Sales

Our cost of sales increased by approximately S$85.4 million or 78.9% from approximately S$108.2 million in FY2012 to approximately S$193.6 million in FY2013, which was generally in tandem with the increase in the Group's total revenue.

The increase in cost of sales was mainly due to:

(a) an increase in sub-contractors' expenses of approximately S$53.5 million or 49.9% from approximately S$107.2 million in FY2012 to approximately S$160.7 million in FY2013 as a result of the increase in our construction activities in FY2013 for our Design-and-Build Business;

(b) an increase in depreciation of approximately S$0.9 million for our portfolio of industrial properties built for lease as a result of:

    (i) a full-year depreciation in FY2013 for the Continental Building Phase I of which a new lease commenced in April 2012; and

    (ii) an additional eight (8) months of depreciation in FY2013 as compared to FY2012 for the Hankyu Hanshin Express Project of which the lease had commenced in August 2011; and

(c) costs of approximately S$31.0 million attributed to the two (2) industrial properties which we sold in FY2013.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately S$23.7 million or 61.1% from approximately S$38.8 million in FY2012 to approximately S$62.5 million in FY2013, which was in line with the increase in our revenue.

Our overall gross profit margin decreased by approximately 7.6% from approximately 26.4% in FY2012 to approximately 24.4% in FY2013. The decrease in our gross profit margin was mainly due to the decrease in the gross profit margin from our Design-and-Build Business from approximately 20.2% in FY2012 to approximately 16.1% in FY2013 as the projects which had significant revenue contribution in FY2013 had lower gross profit margins compared to the projects which had significant revenue contribution in FY2012.

The decrease was partially offset by the high gross profit margin from the two (2) industrial properties sold under our Build for Sale or Lease Business in FY2013.

Other Income

Our other income increased by approximately S$0.4 million or 23.5% from approximately S$1.7 million in FY2012 to approximately S$2.1 million in FY2013, mainly due to the increase in interest income by approximately S$0.3 million as a result of higher average cash deposits placed with banks and the BSL Group during FY2013 and an increase in sub-lease income by approximately S$0.1 million.

Other Gains - Net

Our other gains - net increased by approximately S$13.4 million or more than five (5) times from approximately S$2.5 million in FY2012 to approximately S$15.9 million in FY2013. The increase was mainly due to (i) an increase in gain from disposal of subsidiaries by approximately S$6.9 million from the sale of a subsidiary holding an industrial property; (ii) a gain on disposal of an available-for-sale investment of approximately S$5.8 million following the sale of our approximately 19.7% shareholding interest in a company which is primarily involved in a self-storage business; and (iii) a decrease in net currency translation losses of approximately S$0.9 million arising from a US dollar-denominated intercompany loan provided to our subsidiary in Vietnam. The increase was partially offset by a decrease of approximately S$0.3 million in gains on disposal of a joint venture.

Expenses

Distribution and Marketing Expenses

Our distribution and marketing expenses increased by approximately S$0.2 million or 6.3% from approximately S$3.2 million in FY2012 to approximately S$3.4 million in FY2013. The increase was mainly due to higher payroll costs for our marketing employees as a result of annual salary increments and bonuses arising from better financial performance in FY2013.

Administrative Expenses

Our administrative expenses decreased by approximately S$1.4 million or 10.1% from approximately S$13.9 million in FY2012 to approximately S$12.5 million in FY2013. The decrease was mainly due to an absence of reimbursement of approximately S$2.4 million to certain subsidiaries of BSL for the transfer of tax losses in FY2012 which did not recur in FY2013, partially offset by an increase of approximately S$1.0 million in property tax and land rent in respect of (i) an industrial property of which the lease had commenced in April 2012 and (ii) an industrial property in respect of which the lease had commenced in August 2011.

Finance Expenses

Our finance expenses increased by approximately S$0.3 million or 42.9% from approximately S$0.7 million in FY2012 to approximately S$1.0 million in FY2013. The increase was mainly due to a net increase in loans amounting to approximately S$16.1 million during FY2013 to finance certain of our industrial properties held for lease under our Build for Sale or Lease Business.

Income Tax Expense

Notwithstanding that our profit before income tax had increased from approximately S$25.2 million in FY2012 to approximately S$63.6 million in FY2013, our income tax expense decreased by approximately S$1.7 million or 50.1% from approximately S$3.3 million in FY2012 to approximately S$1.7 million in FY2013.

The decrease in our income tax expense was mainly due to a reversal of prior years' tax provision in FY2013 as a result of favourable tax assessments on the gains from the disposal of two (2) industrial properties in prior years which were treated as capital gains rather than trading income, partially offset by an increase in tax expense arising from higher profitability in FY2013 after netting off income not subject to income tax and an absence of any transfer of tax losses from certain subsidiaries of BSL to us in FY2013 as compared to FY2012.

FY2014 compared to FY2013

Revenue

Our total revenue decreased by approximately S$46.9 million or 18.3% from approximately S$256.1 million in FY2013 to approximately S$209.2 million in FY2014 due mainly to (i) a decrease in revenue from our Design-and-Build Business and (ii) an absence of sale of properties under our Build for Sale or Lease Business in FY2014, partially offset by an increase in rental income from the lease of industrial properties under our Build for Sale or Lease Business.

Design-and-Build Business

Revenue from our Design-and-Build Business decreased by approximately S$4.2 million or 2.2% from approximately S$191.5 million in FY2013 to approximately S$187.3 million in FY2014.

The decrease was mainly due to:

(a) a decrease in revenue of approximately S$76.3 million in aggregate from projects which had been completed in FY2013 and therefore did not contribute any revenue in FY2014. Such projects included the Greenpac Greenhub, the Hafary Centre, the Shinko Plantech Processing Facility, the Ang Mo Kio Industrial Park Project II, the Fortis Colorectal Hospital and the Bell Helicopter MRO Facility; and

(b) a decrease in revenue of approximately S$61.9 million in aggregate from three (3) projects of which a significantly lower portion of the construction work was performed in FY2014 compared to FY2013. Such projects included the Kerry Logistics Centre, the Ang Mo Kio Industrial Park Project I and the Loyang Industrial Estate Testbed Facility.

The decreases in revenue were partially offset by:

(a) revenue contribution of approximately S$42.1 million in aggregate from three (3) new projects which had commenced construction in FY2014. These three (3) projects were the one-north Project I, the Edward Boustead Centre and the Tuas Biomedical Park Project I; and

(b) an increase in revenue contribution of approximately S$92.0 million in aggregate from five (5) projects of which a significantly higher portion of construction work was performed in FY2014 as compared to FY2013. Such projects were the Tampines LogisPark Integrated Logistics Facility, the AIMS AMP Industrial Facility, the SAP Project III (a service repair, distribution and office facility), Robinson Square and the RE&S Food Processing Facility.

Build for Sale or Lease Business - Rental Income

Our rental income from the lease of industrial properties under our Build for Sale or Lease Business increased by approximately S$4.7 million or 27.3% from approximately S$17.2 million in FY2013 to approximately S$21.9 million in FY2014. The increase was mainly due to three (3) new leases which had commenced in May 2013 (being the Jabil Circuit Project), July 2013 (being the Bombardier Aerospace Project) and November 2013 (being 36 Tuas Road), partially offset by a loss of rental income from the Boustead Tongzhou Logistics Centre which we had disposed in June 2013.

Build for Sale or Lease Business - Sale of Properties

We did not record any sale of industrial properties under our Build for Sale or Lease Business in FY2014.

Cost of Sales

Our cost of sales decreased by approximately S$37.3 million or 19.3% from approximately S$193.6 million in FY2013 to approximately S$156.3 million in FY2014.

The decrease in cost of sales was mainly due to:

(a) a decrease in sub-contractors' expenses of approximately S$9.4 million or 5.8% from approximately S$160.7 million in FY2013 to approximately S$151.3 million in FY2014 as a result of the decrease in our construction activities for our Design-and-Build Business in FY2014 and increase in reversal of cost provisions due to past over provisions of costs for rectification of potential defects; and

(b) a decrease of costs attributed to properties sold under our Build for Sale or Lease Business of approximately S$31.0 million as we did not sell any industrial properties in FY2014.

The decreases were offset by an increase of approximately S$3.0 million in the costs of our portfolio of industrial properties held for lease under our Build for Sale or Lease Business arising mainly from three (3) new leases which had commenced during FY2014.

Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately S$9.6 million or 15.3% from approximately S$62.5 million in FY2013 to approximately S$52.9 million in FY2014, in line with the decrease in our revenue.

Our overall gross profit margin increased by approximately 3.7% from approximately 24.4% in FY2013 to approximately 25.3% in FY2014. The increase in our gross profit margin was mainly due to the increase in the gross profit margin from our Design-and-Build Business from approximately 16.1% in FY2013 to approximately 19.2% in FY2014 as the projects which had significant revenue contribution in FY2014 had higher gross profit margins compared to the projects which had significant revenue contribution in FY2013. The increase in our gross profit margin was also partially attributable to the increase in reversal of cost provisions which resulted in a decrease in our cost of sales.

Such increases were partially offset by the lower gross profit margin from the lease of industrial properties under our Build for Sale or Lease Business due to higher depreciation expenses for three (3) new leases which commenced during FY2014 and less than full occupancy for one (1) of the new leases.

Other Income

Our other income increased by approximately S$0.2 million or 9.5% from approximately S$2.1 million in FY2013 to approximately S$2.3 million in FY2014 mainly due to an increase in interest income from banks and the BSL Group as a result of higher average cash balance.

Other Gains - Net

Our other gains - net decreased by approximately S$10.8 million or 67.9% from approximately S$15.9 million in FY2013 to approximately S$5.1 million in FY2014. The decrease was mainly due to the absence of gains of approximately S$16.0 million in aggregate from a disposal of a subsidiary and disposal of available-for-sale investment in FY2013, offset by a net gain on disposal of assets held for sale of approximately S$5.3 million following the disposal of the entire issued and paid-up share capital of Boustead Projects (North China) Pte. Ltd., which holds an industrial property located in Tongzhou, PRC, in FY2014.

Expenses

Distribution and Marketing Expenses

Our distribution and marking expenses increased by approximately S$0.2 million or 5.9% from approximately S$3.4 million in FY2013 to approximately S$3.6 million in FY2014. The increase was mainly due to annual salary increments and an increase in headcount during FY2014.

Administrative Expenses

Our administrative expenses increased by approximately S$3.5 million or 28.0% from approximately S$12.5 million in FY2013 to approximately S$16.0 million in FY2014. The increase was mainly due to:

(a) an increase in payroll and recruitment cost of approximately S$1.0 million in aggregate arising from annual salary increments and the increase in headcount during FY2014;

(b) reimbursement of approximately S$0.8 million to certain subsidiaries of BSL for the transfer of tax losses in FY2014;

(c) an increase of approximately S$1.1 million in property tax and land rent arising from the commencement of three (3) new leases of our industrial properties in FY2014;

(d) an increase in legal and professional fees of approximately S$0.3 million due mainly to legal fees incurred for a legal suit which was successfully defended and for new loans taken up in FY2014 for certain of our industrial properties; and

(e) an increase of approximately S$0.1 million in depreciation expenses on equipment purchased for our operations during FY2014.

Finance Expenses

Our finance expenses decreased by approximately S$0.3 million or 30.0% from approximately S$1.0 million in FY2013 to approximately S$0.7 million in FY2014 mainly due to a reduction in bank borrowings following the disposal of the entire issued and paid-up share capital of Boustead Projects (North China) Pte Ltd, which holds an industrial property located in Tongzhou, PRC.

Share of Results of an Associated Company and a Joint Venture

Our share of results of an associated company and a joint venture amounted to a loss of approximately S$0.6 million in FY2014, and comprised the following:

(a) a loss of approximately S$0.4 million relating to elimination of profits from the provision of construction services by our Company to our 50.0% joint venture company, BP-Ubi Development Pte. Ltd., upon consolidation; and

(b) a loss of approximately S$0.2 million from our 35.0% equity interest in an associated company, THAB Development Sdn Bhd, relating to interest costs.

Income Tax Expense

Notwithstanding that our profit before income tax had decreased from approximately S$63.6 million in FY2013 to approximately S$39.4 million in FY2014, our income tax expense increased by approximately S$1.9 million or 111.8% from approximately S$1.7 million in FY2013 to approximately S$3.6 million in FY2014.

The increase in our income tax expense was mainly due to the decrease in the amount of reversal of prior years' tax provisions as a result of favourable tax assessments on gains from the disposal of industrial properties in prior years. Our Group enjoyed favourable tax assessments on one (1) property in FY2014 as compared to two (2) properties in FY2013.

The above increase in tax expense was partially offset by a reduction in tax expense arising from lower profitability and the transfer of tax losses from certain subsidiaries of BSL to our Group in FY2014.

HY2015 compared to HY2014

Revenue

Our revenue decreased by approximately S$0.1 million or 0.1% from approximately S$107.4 million in HY2014 to approximately S$107.3 million in HY2015, due mainly to a decrease in revenue from our Design-and-Build Business, offset by an increase in rental income from the lease of industrial properties under our Build for Sale or Lease Business.

Design-and-Build Business

Our revenue from our Design-and-Build Business decreased by approximately S$2.6 million or 2.7% from approximately S$97.5 million in HY2014 to approximately S$94.9 million in HY2015.

The decrease in revenue was mainly due to:

(a) a decrease in revenue of approximately S$62.6 million in aggregate from six (6) projects completed between HY2014 and HY2015. Such projects included the Ang Mo Kio Industrial Park Project I, the Loyang Industrial Estate Testbed Facility, the RE&S Food Processing Facility, the BASF Production Facility, the SAP Project III (a service repair, distribution and office facility) and the Jabil Circuit Project; and

(b) a decrease in revenue of approximately S$8.3 million arising from a reduction in construction work done in HY2014 compared to HY2015 for the Tampines LogisPark Integrated Logistics Facility.

The decreases in revenue were partially offset by:

(a) an increase in revenue of approximately S$9.6 million in aggregate from six (6) new projects which our Group had commenced construction for after HY2014, the majority of which were attributed to the CFS Food Production Facility, the Kuehne & Nagel Logistics Facility and the Prologis Warehouse Facility; and

(b) an increase in revenue contribution of approximately S$58.7 million in aggregate from five (5) projects of which a significantly higher portion of the construction work was performed in HY2015 compared to HY2014, the majority of which was attributed to the one-north Project I, the Tuas Biomedical Park Project I and the Edward Boustead Centre.

Build for Sale or Lease Business - Rental income

Our rental income from the lease of industrial properties under our Build for Sale or Lease Business increased by approximately S$2.5 million or 25.3% from approximately S$9.9 million HY2014 to approximately S$12.4 million in HY2015. The increase was mainly due to the full six-month rental contribution in HY2015 from three (3) new leases, being the Jabil Circuit Project, the Bombardier Aerospace Project and 36 Tuas Road, which had commenced during or after HY2014.

Build for Sale or Lease Business - Sale of properties

We did not record any sale of properties under our Build for Sale or Lease Business in both HY2014 and HY2015.

Cost of Sales

Our cost of sales decreased by approximately S$7.7 million or 9.0% from approximately S$85.7 million in HY2014 to approximately S$78.0 million in HY2015. The decrease was mainly due to a decrease in sub-contractors' expenses of approximately S$8.7 million or 10.4% from approximately S$83.6 million in HY2014 to approximately S$74.9 million in HY2015 mainly as a result of the decrease in construction activities for our Design-and-Build Business in HY2015 and reversal of cost provisions due to past over provisions of costs for rectification of potential defects, offset by the increase in the costs of our portfolio of industrial properties held for lease due to the full six-month lease in HY2015 from three (3) new leases which had commenced during or after HY2014.

Gross Profit and Gross Profit Margin

Notwithstanding the decrease in our revenue, our gross profit increased by approximately S$7.5 million or 34.4% from approximately S$21.8 million in HY2014 to approximately S$29.3 million in HY2015 due mainly to (i) an increase in gross profit of approximately S$6.2 million from our Design-and-Build Business as a result of reversal of cost provisions in HY2015 which resulted in a decrease in our cost of sales and (ii) an increase in gross profit of approximately S$1.4 million from the lease of industrial properties under our Build for Sale or Lease Business in line with the increase in revenue.

Our overall gross profit margin increased by approximately 34.5% from approximately 20.3% in HY2014 to approximately 27.3% in HY2015. The increase was mainly due to the reversal of cost provisions for our Design-and-Build Business in HY2015 which resulted in an improvement of approximately 6.8% in the gross profit margins from approximately 14.3% in HY2014 to approximately 21.1% in HY2015. This was partially offset by a decrease in the gross profit margin for the lease of industrial properties under our Build for Sale or Lease Business mainly due to the depreciation expense of an industrial property newly acquired and leased in HY2015.

Other Income

Our other income increased by approximately S$0.3 million or 30.0% from approximately S$1.0 million in HY2014 to approximately S$1.3 million in HY2015 mainly due to an increase in interest income earned from banks arising from higher average cash holdings in FY2014.

Other Gains - Net

Our other gains - net decreased by approximately S$4.9 million or 96.1% from approximately S$5.1 million in HY2014 to approximately S$0.2 million in HY2015 due to an absence of net gain in HY2014 from disposal of assets held for sale of approximately S$5.0 million following the disposal of the entire issued and paid-up share capital of Boustead Projects (North China) Pte. Ltd., which holds an industrial property located in Tongzhou, PRC.

Expenses

Distribution and Marketing Expenses

Our distribution and marketing expenses increased by approximately S$0.4 million or 25.0% from approximately S$1.6 million in HY2014 to approximately S$2.0 million in HY2015. The increase was mainly due to an increase in headcount, annual salary increments and bonus provision during HY2015.

Administrative Expenses

Our administrative expenses increased by approximately S$2.0 million or 29.9% from approximately S$6.7 million in HY2014 to approximately S$8.7 million in HY2015, mainly due to:

(a) an increase in payroll costs of approximately S$1.3 million as a result of an increase in headcount, annual salary increments, bonus provisions and performance shares awarded to our key management staff;

(b) an increase of approximately S$0.4 million in bank charges and legal professional fees as a result of new loans and refinancing taken up in HY2015 for certain of our industrial properties; and

(c) an increase of approximately S$0.3 million in property tax and land rent arising from the commencement of new leases of our industrial properties during or after HY2014.

Finance Expenses

Our finance expenses increased by approximately S$0.2 million or 66.7% from approximately S$0.3 million in HY2014 to approximately S$0.5 million in HY2015 as a result of a net increase of approximately S$76.7 million of bank borrowings in HY2015 to finance or refinance certain of our industrial properties held for lease.

Share of Results of an Associated Company and a Joint Venture

Our share of results of an associated company and a joint venture amounted to a loss of approximately S$0.8 million in HY2015, and comprised the following:

(a) a loss of approximately S$0.9 million from our 50.0% joint venture company, BP-Ubi Development Pte. Ltd., as a result of (i) our share of losses of the joint venture due to depreciation expenses of approximately S$0.2 million and (ii) an elimination of profits of approximately S$0.7 million from the provision of construction services by our Company to the joint venture company upon consolidation; and

(b) a gain of approximately S$0.1 million from our 35.0% equity interest in THAB Development Sdn Bhd as a result of a capitalisation of interest expense.

Income Tax Expense

Notwithstanding that our profit before income tax had decreased from approximately S$19.3 million in HY2014 to approximately S$18.7 million in HY2015, our income tax expense increased by approximately S$2.2 million or 91.7% from approximately S$2.4 million in HY2014 to approximately S$4.6 million in HY2015. The increase was mainly due to a lower income tax expense in HY2014 mainly as a result of the non-taxable gain derived from the disposal of the entire issued and paid-up share capital of Boustead Projects (North China) Pte Ltd, which holds an industrial property located in Tongzhou, PRC.

REVIEW OF UNAUDITED PRO FORMA BALANCE SHEETS

A review of our unaudited pro forma balance sheets as at 31 March 2014 and 30 September 2014 (which have been prepared assuming the Restructuring Exercise had been completed on such dates) is set out below:

Current assets

Our current assets comprised cash and cash equivalents, properties held for sale, trade and other receivables and contracts work-in-progress, which together accounted for 51.3% and 56.0% of our total assets as at 31 March 2014 and 30 September 2014 respectively.

Our cash and cash equivalents amounted to approximately S$70.9 million and S$117.5 million as at 31 March 2014 and 30 September 2014 respectively, which are held as current account deposits and fixed deposits in various banks in Singapore and PRC and are mainly denominated in S$ and RMB.

Our properties held for sale, which amounted to approximately S$30.4 million and S$30.3 million as at 31 March 2014 and 30 September 2014 respectively, represent certain of our industrial properties held for lease or sale located in Singapore and PRC. Our properties held for sale, which are leased to non-related parties under operating leases, are recorded at the lower of cost or net realisable value and are not subject to depreciation. Please refer to the sections entitled “Business – Business and Operations – Properties Built for Lease (Singapore)” and “Business – Business and Operations – Properties Built for Lease (Overseas)” and “Appendix G – Valuation Certificates and Reports” of this Document for further details on our properties held for sale.

Our current trade and other receivables amounted to approximately S$68.9 million and S$79.2 million as at 31 March 2014 and 30 September 2014 respectively, and comprised:

(a) trade receivables from non-related parties of approximately S$30.8 million and S$47.3 million as at 31 March 2014 and 30 September 2014 respectively, relating to receivables from customers for our Design-and-Build Business. Our trade receivables had increased by approximately S$16.5 million from 31 March 2014 to 30 September 2014 due to an invoice of approximately S$16.8 million raised to a major customer which was collected in October 2014;

(b) retentions of approximately S$9.2 million and S$8.7 million as at 31 March 2014 and 30 September 2014 respectively, relating to receivables from our customers for our construction business, to be repaid on the expiry of the defects liability period, which is less than one (1) year from the end of the respective financial year/period;

(c) deposits of approximately S$4.6 million and S$4.7 million as at 31 March 2014 and 30 September 2014 respectively, relating to down payments made to sub-contractors to obtain better pricing;

(d) prepayments of approximately S$3.0 million and S$2.3 million as at 31 March 2014 and 30 September 2014 respectively, relating to property tax payments for our industrial properties;

(e) other debtors of (i) approximately S$5.2 million as at 31 March 2014 relating to GST input tax for an acquisition of an industrial property in November 2014 and advances due from a former subsidiary in PRC which was subsequently repaid and (ii) approximately S$3.9 million as at 30 September 2014 relating to an advance granted to a supplier by Wuxi Boustead Industrial Development Co., Ltd. (a wholly-owned subsidiary of BSL to be transferred to our Group pursuant to the Restructuring Exercise), as a deposit for supplies for the BSL Group's energy-related engineering business, which is repayable on demand from Wuxi Boustead Industrial Development Co., Ltd. The amount due from the supplier will be settled prior to the completion of the Introduction;

(f) trade receivables of approximately S$4.1 million and nil as at 31 March 2014 and 30 September 2014 respectively, due from our 50.0% joint venture company, BP-Ubi Development Pte. Ltd., for construction services provided to it by our Company; and

(g) advances of approximately S$12.0 million as at both 31 March 2014 and 30 September 2014 from our associated company, THAB Development Sdn Bhd, for the purpose of land acquisition for development.

Our contracts work-in-progress amounted to approximately S$1.3 million and S$7.4 million as at 31 March 2014 and 30 September 2014 respectively, and relate to amounts due from customers for work performed on our construction projects, where revenue was recognised prior to invoicing to these customers. Our contracts work-in-progress had increased by approximately S$6.1 million from 31 March 2014 to 30 September 2014 due to six (6) projects, where the revenue recognition for these uncompleted contracts was ahead of the invoicing to these clients.

Non-current assets

Our non-current assets comprise of trade and other receivables, investment in an associated company, investment in a joint venture, available-for-sale investments, investment properties and property, plant and equipment, which together accounted for approximately 48.7% and 44.0% of our total assets as at 31 March 2014 and 30 September 2014 respectively.

Our non-current trade and other receivables amounted to approximately S$9.2 million and S$7.4 million as at 31 March 2014 and 30 September 2014 respectively, and relate to receivables from our customers for our construction business, to be repaid on expiry of the defects liability period, which is more than one (1) year from the end of the respective financial year/period.

Our investment in an associated company amounted to approximately S$1.2 million and S$1.3 million as at 31 March 2014 and 30 September 2014 respectively, and relates to our 35.0% equity interest in THAB Development Sdn Bhd, which holds six (6) plots of vacant industrial land located in Iskandar, Johor, Malaysia.

Our investment in a joint venture amounted to approximately S$4.5 million and S$4.1 million as at 31 March 2014 and 30 September 2014 respectively, and relates to our 50.0% equity interest in BP-Ubi Development Pte. Ltd., which through a wholly-owned subsidiary owns the Edward Boustead Centre.

Our available-for-sale investments amounted to approximately S$38.4 million as at both 31 March 2014 and 30 September 2014 and relate to (i) an approximately 5.27% equity interest in Perennial Tongzhou Development Pte. Ltd. following completion of the Restructuring Exercise, representing approximately 4.0% effective interest in Beijing Tongzhou Integrated Development (Phase 1), a mixed-use project located in Beijing's Tongzhou District; and (ii) an approximately 5.5% equity interest in Perennial Somerset Investors Pte. Ltd., which holds a commercial property, TripleOne Somerset, in Singapore.

Our investment properties, which amounted to approximately S$109.0 million and S$132.2 million as at 31 March 2014 and 30 September 2014 respectively, represent certain of our industrial properties held for lease or sale located in Singapore. Our investment properties, which are leased to non-related parties under operating leases, are recorded at cost less accumulated depreciation. Our investment properties had increased from 31 March 2014 to 30 September 2014 due to the completion of three (3) industrial properties held for lease after HY2014.

Please refer to the sections entitled "Business and Operations – Properties Built for Lease (Singapore)" and "Business – Business and Operations – Properties Built for Lease (Overseas)" and "Appendix G – Valuation Certificates and Reports" of this Document for further details on our investment properties.

Our property, plant and equipment amounted to approximately S$0.8 million and S$0.9 million as at 31 March 2014 and 30 September 2014 respectively, and comprised plant and machinery, office computers, office equipment, furniture and fittings, and renovations.

Current liabilities

Our current liabilities comprise borrowings, trade and other payables, current income tax liabilities and contracts work-in-progress, which together accounted for approximately 71.8% and 50.3% of our total liabilities as at 31 March 2014 and 30 September 2014 respectively.

Our short-term borrowings amounted to approximately S$5.4 million and S$7.2 million as at 31 March 2014 and 30 September 2014 respectively, and represent the current portion of our bank borrowings obtained to finance our investment properties and properties held for sale. These bank borrowings bore interest at between 1.36% to 1.46% as at 31 March 2014 and between 1.37% to 2.00% as at 30 September 2014 and are secured over our investment properties and properties held for sale and corporate guarantees from our Company. Please refer to the section entitled "Capitalisation and Indebtedness" of this Document for further details.

Our current trade and other payables amounted to approximately S$114.4 million and S$108.9 million as at 31 March 2014 and 30 September 2014 respectively, and comprised:

(a) trade payables to non-related parties of approximately S$73.7 million and S$75.7 million as at 31 March 2014 and 30 September 2014 respectively, relating to amounts due to our sub-contractors and project cost accruals pending invoices from our sub-contractors;

(b) other payables to non-related parties of approximately S$1.8 million and S$2.0 million as at 31 March 2014 and 30 September 2014 respectively, relating mainly to provisions for property taxes and PRC capital gains tax;

(c) accruals for operating expenses of approximately S$2.8 million and S$2.4 million as at 31 March 2014 and 30 September 2014 respectively, relating to provision for bonuses, and professional fees;

(d) retention sums payable to sub-contractors of approximately S$16.8 million and S$20.4 million as at 31 March 2014 and 30 September 2014 respectively;

(e) deposits of approximately S$19.3 million and S$7.6 million as at 31 March 2014 and 30 September 2014 respectively, relating mainly to deposits from our tenants and a deposit from the purchaser of Boustead Projects (North China) Pte Ltd; and

(f) other payables to a joint venture partner of approximately nil and S$0.8 million as at 31 March 2014 and 30 September 2014 respectively, relating to an advance from our joint venture partner for certain corporate costs in relation to a property joint venture which was discontinued.

Our current income tax liabilities amounted to approximately S$8.6 million and S$8.8 million as at 31 March 2014 and 30 September 2014 respectively.

Our contracts work-in-progress amounted to approximately S$3.4 million and S$2.8 million as at 31 March 2014 and 30 September 2014 respectively, and relate to amounts due to sub-contractors for work performed on our construction projects, where billings to our customers were in excess of our revenue recognition on these projects.

Non-current liabilities

Our non-current liabilities comprise trade and other payables, borrowings and deferred income tax liabilities, which together accounted for approximately 28.2% and 49.7% of our total liabilities as at 31 March 2014 and 30 September 2014 respectively.

Our non-current trade and other payables amounted to approximately S$3.3 million and S$2.5 million as at 31 March 2014 and 30 September 2014 respectively, relating to retention sums payable to sub-contractors.

Our long-term borrowings amounted to approximately S$46.7 million and S$121.8 million as at 31 March 2014 and 30 September 2014 respectively, and represent the non-current portion of our bank borrowings obtained to finance our investment properties and properties held for sale. These bank borrowings bore interest at between 1.36% to 1.46% as at 31 March 2014 and between 1.37% to 2.00% as at 30 September 2014 and are secured over our investment properties and properties held for sale and corporate guarantees from our Company. Our long-term bank borrowings had increased from 31 March 2014 to 30 September 2014 due to bank borrowings obtained in HY2015 to finance or refinance certain of our industrial properties held for lease.

Please refer to the section entitled "Capitalisation and Indebtedness" of this Document for further details.

Our deferred income tax liabilities amounted to approximately S$1.8 million as at both 31 March 2014 and 30 September 2014 respectively.

Equity

As at 31 March 2014, our equity amounted to approximately S$150.7 million and comprised share capital, currency translation reserve and accumulated profits of approximately S$15.0 million, S$1.2 million and S$134.5 million respectively.

As at 30 September 2014, our equity amounted to approximately S$165.0 million and comprised share capital, currency translation reserve and accumulated profits of approximately S$15.0 million, S$1.2 million and S$148.8 million respectively.

LIQUIDITY AND CAPITAL RESOURCES

During FY2012, FY2013, FY2014 and HY2015, we had financed our working capital, property development activities, capital expenditures and other capital requirements through a combination of shareholders' equity, cash generated from operating activities and borrowings from financial institutions.

Our principal uses of cash have mainly been the payment of the costs of our construction projects, property development activities, operating expenses, repayment of bank borrowings, interest expenses, working capital and capital expenditures.

A summary of our combined statements of cash flows[1] for FY2012, FY2013, FY2014 and HY2015 is set out as follows:

	Audited			Unaudited
	FY2012 (S$'000)	**FY2013 (S$'000)**	**FY2014 (S$'000)**	**HY2015 (S$'000)**
Net cash provided by/(used in) operating activities	69,304	9,133	46,030	(3,031)
Net cash (used in)/provided by investing activities	(48,194)	20,490	(82,326)	(26,959)
Net cash (used in)/provided by financing activities	(4,156)	(11,893)	19,014[2]	82,481[2]
Net increase/(decrease) in cash and cash equivalents	16,954	17,730	(17,282)	52,491
Cash and cash equivalents at the beginning of financial year/period	37,196	54,150	71,880	54,598
Cash and cash equivalents at the end of financial year/period	54,150	71,880	54,598	107,089

Note:

(1) The combined statements of cash flows of our Group have been prepared assuming the completion of the Group Restructuring (other than the acquisition of the approximately 5.27% of the total issued share capital of Perennial Tongzhou Development Pte. Ltd.) and the acquisition of Wuxi Boustead Industrial Development Co., Ltd. from BSL had taken place on 1 April 2011.

(2) Based on the unaudited pro forma statements of cash flows of our Group for FY2014 and HY2015, assuming the Restructuring Exercise had been completed on 1 April 2013, the net cash provided by financing activities would be approximately S$35.3 million for FY2014 and approximately S$76.6 million for HY2015.

FY2012

In FY2012, we generated net cash from operating activities of approximately S$69.3 million, which was a result of operating cash flows before changes in working capital of approximately S$17.8 million, net working capital inflows of approximately S$55.4 million and interest received of approximately S$0.7 million, partially offset by interest paid of approximately S$0.7 million and income tax paid of approximately S$4.0 million. The net working capital inflows were mainly due to a decrease in trade and other receivables of approximately S$1.6 million, a decrease in contracts work-in-progress of approximately S$21.6 million and an increase in trade and other payables of approximately S$37.3 million due mainly to the deposit received from the purchaser of an industrial property sold under our Build for Sale or Lease Business and an increase in trade payables and accruals to our sub-contractors and suppliers for our Design-and-Build Business and Build for Sale or Lease Business, partially offset by an increase in properties held for sale of approximately S$5.0 million.

In FY2012, our net cash used in investing activities amounted to approximately S$48.2 million mainly due to additions of investment properties of approximately S$55.8 million, purchase of property, plant and equipment of approximately S$0.2 million and net cash outflow on disposal of joint venture of approximately $0.1 million, partially offset by net cash inflow on acquisition of subsidiaries of approximately S$2.9 million and net cash inflow on disposal of subsidiaries of approximately S$4.9 million.

In FY2012, our net cash used in financing activities amounted to approximately S$4.2 million mainly due to dividends paid of approximately S$11.5 million and repayment of borrowings of approximately S$3.4 million, partially offset by advances from the ultimate holding company of S$10.5 million and borrowings of approximately S$0.3 million.

FY2013

In FY2013, we generated net cash from operating activities of approximately S$9.1 million, which was a result of operating cash flows before changes in working capital of approximately S$49.4 million and interest received of approximately S$1.1 million, partially offset by net working capital outflows of approximately S$34.6 million, interest paid of approximately S$1.0 million and income tax paid of approximately S$5.7 million. The net working capital outflows were mainly due to an increase in trade and other receivables of approximately S$11.4 million, an increase in contracts work-in-progress of approximately S$28.4 million and a decrease in trade and other payables of approximately S$10.4 million, partially offset by a decrease in properties held for sale of approximately S$15.6 million.

In FY2013, our net cash from investing activities amounted to approximately S$20.5 million mainly due to net cash inflow from disposal of subsidiaries of approximately S$52.9 million and proceeds on a disposal of available-for-sale investment of approximately S$11.3 million, offset by purchase of property, plant and equipment of approximately S$0.5 million and additions to investment properties of approximately S$43.1 million.

In FY2013, our net cash used in financing activities amounted to approximately S$11.9 million mainly due to dividends paid of approximately S$22.4 million, repayment of borrowings of approximately S$6.6 million and advances to the ultimate holding company of S$5.6 million, partially offset by proceeds from borrowings of approximately S$22.7 million.

FY2014

In FY2014, we generated net cash from operating activities of approximately S$46.0 million, which was a result of operating cash flows before changes in working capital of approximately S$39.2 million, net working capital inflows of approximately S$14.3 million and interest received of approximately S$1.2 million, partially offset by interest paid of approximately S$0.7 million and income tax paid of approximately S$7.9 million. The net working capital inflows were mainly due to an increase in trade and other payables of approximately S$19.1 million, partially offset by an increase in trade and other receivables of approximately S$2.1 million and an increase in contracts work-in-progress of approximately S$2.8 million.

In FY2014, our net cash used in investing activities amounted to approximately S$82.3 million mainly due to: (i) the purchase of property, plant and equipment of approximately S$0.3 million; (ii) additions to investment properties of approximately S$80.6 million; (iii) net cash outflow on the acquisition of an associated company of approximately S$1.3 million; (iv) loan to an associated company of approximately S$12.2 million; and (v) purchase of an available-for-sale investment of approximately S$17.9 million, partially offset by (a) proceeds from repayment of loan by a joint venture of approximately S$6.3 million; (b) net cash inflow on the disposal of assets held for sale of approximately S$15.8 million; (c) net cash inflow on the disposal of subsidiaries retained as a joint venture of approximately S$7.5 million; and (d) net cash inflow on the disposal of subsidiaries of approximately S$0.3 million.

In FY2014, our net cash inflow from financing activities amounted to approximately S$19.0 million mainly due to proceeds from borrowings of approximately S$27.0 million, and repayment proceeds received from the ultimate holding company of S$23.9 million, offset by dividends paid of approximately S$22.6 million and repayment of borrowings of approximately S$9.3 million.

HY2015

In HY2015, we incurred net cash outflow from operating activities of approximately S$3.0 million, which was a result of operating cash flows before changes in working capital of approximately S$22.5 million and interest received of approximately S$0.7 million, offset by net working capital outflows of approximately S$21.3 million, interest paid of approximately S$0.5 million and income tax paid of approximately S$4.4 million. The net working capital outflows were mainly due to an increase in trade and other receivables of approximately S$8.5 million, an increase in contracts work-in-progress of approximately S$6.7 million and a decrease in trade and other payables of approximately S$6.2 million.

In HY2015, our net cash used in investing activities amounted to approximately S$27.0 million mainly due to purchase of property, plant and equipment of approximately S$0.2 million, additions to investment properties of approximately S$26.2 million and an increase in loan to a joint venture company of approximately S$0.5 million.

In HY2015, our net cash from financing activities amounted to approximately S$82.5 million mainly due to proceeds from borrowings of approximately S$79.5 million and repayment proceeds from the ultimate holding company of S$5.7 million, partially offset by repayment of borrowings of approximately S$2.7 million.

CAPITAL EXPENDITURE, DIVESTMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditure and Divestments

Our major capital expenditures and divestments in FY2012, FY2013, FY2014, HY2015 and for the period from 1 October 2014 up to the Latest Practicable Date were as follows:

Expenditures	**FY2012 (S$'000)**	**FY2013 (S$'000)**	**FY2014 (S$'000)**	**HY2015 (S$'000)**	**From 1 October 2014 to the Latest Practicable Date (S$'000)**
Investment properties	55,756	43,133	80,593	26,190	33,381
Investments[(1)]	–	–	24,083	546	6,534
Plant and machinery	–	411	–	–	19
Office computers	186	81	281	29	140
Office equipment, furniture and fittings	37	2	–	192	5
Total	**55,979**	**43,627**	**104,957**	**26,957**	**40,079**
Divestments					
Investment properties	10,868	43,340	17,423	–	–
Plant and machinery	–	–	–	–	–
Office computers	–	4	–	–	–
Office equipment, furniture and fittings	12	1	–	–	–
Total	**10,880**	**43,345**	**17,423**	**–**	**–**

Note:

(1) Comprises investments in an associated company, a joint venture and available-for-sale investments.

In addition to the above, pursuant to the Restructuring Exercise, we will acquire from BSL approximately 5.27% equity interest in Perennial Tongzhou Development Pte. Ltd. which holds 76.0% of the equity interest in a commercial property development in Tongzhou District, Beijing, PRC for a consideration of approximately S$20.5 million representing BSL's cost of investment when it invested in such project in September 2012. Please refer to the section entitled "Business – Business and Operations – Strategic Partnerships" of this Document for more information on the above project.

The above capital expenditures were made mainly for our business operations and were primarily financed by internally generated funds and bank borrowings.

Commitments

Capital commitments

As at the Latest Practicable Date, we have capital commitments relating to (i) investments in associated companies of approximately S$7.2 million in aggregate to undertake the SAP Project V and the one-north Project II and (ii) the purchase of computer software and hardware of approximately S$0.2 million. We intend to finance these capital commitments through internally generated funds and/or bank borrowings.

Operating lease commitments – payables

We lease mainly land from non-related parties under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

As at the Latest Practicable Date, we have future minimum lease payables under non-cancellable operating leases amounting to approximately S$163.4 million. We intend to finance such operating lease payment commitments through internally generated funds. Our future minimum lease payables under non-cancellable operating leases as at 31 March 2012, 31 March 2013, 31 March 2014, 30 September 2014 and as at the Latest Practicable Date are as follows:

	As at 31 March 2012 (S$'000)	As at 31 March 2013 (S$'000)	As at 31 March 2014 (S$'000)	As at 30 September 2014 (S$'000)	As at the Latest Practicable Date (S$'000)
Not later than one (1) year	2,405	3,194	4,419	4,419	4,419
Later than one (1) year and not later than five (5) years	9,619	12,705	17,678	17,678	17,678
Later than five (5) years	95,781	113,687	145,570	143,361	141,296
Total	**107,805**	**129,586**	**167,667**	**165,458**	**163,393**

Our operating lease payments represent rentals payable by our Group for the leases of leasehold land. Leases of leasehold land by us are negotiated for a term of 30 years with an option to extend for 23 to 30 years from the expiry of the lease terms; for a fixed term of 30 years; or a fixed term of 45 years or 60 years. Rental amounts are fixed for the first year and are subject to an annual revision of rent which will be carried out based on the market rate prevailing on the respective revision dates. The operating lease commitments estimated above were determined based on the assumption that the same rental expense fixed in the first year continues for the remaining terms of the lease.

Operating lease commitments – receivables

We lease out industrial space to non-related parties under non-cancellable operating leases. The lessees are required to pay lease rentals which are subject to periodic rent revisions based on the terms of lease agreements.

As at the Latest Practicable Date, we have future minimum lease receivables under non-cancellable operating leases amounting to approximately S$263.4 million. Our future minimum lease receivables under non-cancellable operating leases as at 31 March 2012, 31 March 2013, 31 March 2014, 30 September 2014 and as at the Latest Practicable Date are as follows:

	As at 31 March 2012 (S$'000)	As at 31 March 2013 (S$'000)	As at 31 March 2014 (S$'000)	As at 30 September 2014 (S$'000)	As at the Latest Practicable Date (S$'000)
Not later than one (1) year	14,755	20,667	25,136	26,692	29,773
Later than one (1) year and not later than five (5) years	55,636	72,209	110,811	106,029	101,656
Later than five (5) years	67,557	72,043	151,585	142,699	131,946
Total	**137,948**	**164,919**	**287,532**	**275,420**	**263,375**

Our operating leases are negotiated for a fixed term of one (1) year to 12 years. The operating lease commitments estimated above are determined by using the revision rates as indicated in the lease agreements for the remaining lease terms.

Contingent liabilities

We have provided corporate guarantees to banks in connection with certain facilities granted to our subsidiaries holding our portfolio of leasehold properties and the aggregate principal amount of the guarantees provided by our Company amounted to approximately S$106.7 million as at the Latest Practicable Date. Save as disclosed in this section, as at the Latest Practicable Date, we do not have any other contingent liabilities.

FOREIGN EXCHANGE MANAGEMENT

Accounting treatment of foreign currencies

The accounting records of our Group are maintained in S$. Transactions in foreign currencies are recorded in S$ using exchange rates approximating those prevailing at the transaction dates. Foreign currency monetary assets and liabilities as at the balance sheet date are translated into S$ at exchange rates approximating those prevailing as at that date. All resultant exchange differences are dealt with through the income statements.

Foreign exchange exposure

Our reporting currency is in S$ and our operations are primarily carried out in Singapore. The proportions of our revenue, purchases and expenses denominated and transacted in S$, RM, VND, US$ and RMB for each of FY2012, FY2013, FY2014 and HY2015 are as follows (where applicable):

	FY2012 (%)	**FY2013 (%)**	**FY2014 (%)**	**HY2015 (%)**
Percentage of revenue denominated in				
S$	91.8	98.8	99.4	98.9
RM	–	–	–	0.8
US$	6.5	0.2	–	–
RMB	1.7	1.0	0.6	0.3
Total	**100.0**	**100.0**	**100.0**	**100.0**
Percentage of purchases denominated in				
S$	92.5	99.8	99.8	99.2
RM	–	–	–	0.7
VND	5.1	0.1	–	–
US$	2.2	–	–	–
RMB	0.2	0.1	0.2	0.1
Total	**100.0**	**100.0**	**100.0**	**100.0**
Percentage of expenses denominated in				
S$	91.7	95.7	97.8	98.2
RM	–	–	–	0.4
VND	3.9	1.1	0.9	1.0
RMB	4.4	3.2	1.3	0.4
Total	**100.0**	**100.0**	**100.0**	**100.0**

To the extent that our revenue, purchases and expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection/payment, we will be exposed to adverse fluctuations of RM, VND, US$ and RMB against S$, which could adversely affect our earnings.

Our net foreign exchange losses for each of FY2012, FY2013, FY2014 and HY2015 are as follows:

	FY2012	FY2013	FY2014	HY2015
Net foreign exchange losses (S$'000)	(1,300)	(116)	(293)	(81)
As a percentage of profit before income tax (%)	5.2	0.2	0.7	0.4

At present, we do not have a formal hedging policy against foreign exchange exposure given that the volume of our operations outside of Singapore is not significant and in most circumstances, the payments and receipts are denominated in the same currency. We may, however, subject to the approval of our Board, enter into relevant transactions when necessary, to hedge our exposure to foreign currency fluctuations if we deem the foreign exchange risk to be significant.

In addition, should we establish any formal hedging policy in the future, such policy shall be subject to the review and approval by our Board prior to implementation. Our Audit Committee will periodically review the hedging policies, all types of instruments used for hedging as well as the foreign exchange policies and practices of our Group.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in our accounting policies during FY2012, FY2013, FY2014 and HY2015.

Please refer to (a) the "Independent Auditor's Report on the Combined Financial Statements of Boustead Projects Limited and its Subsidiaries for the Financial Years ended 31 March 2014, 31 March 2013 and 31 March 2012"; and (b) the "Independent Auditor's Report on the Unaudited Interim Combined Financial Information of Boustead Projects Limited and its Subsidiaries for the Six-month Periods ended 30 September 2014 and 30 September 2013" as set out in Appendix D and Appendix E of this Document respectively for details on our accounting policies.

DIVIDEND POLICY

Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecasted and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Issue Manager, or any other person. Prospective investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled "Notice to Investors — Forward-looking Statements" of this Document.

In respect of FY2012, FY2013 and FY2014, we declared and paid to BSL, our sole shareholder, dividends of S$14.5 million, S$27.0 million and S$8.0 million respectively or S$0.045 per Share, S$0.084 per Share and S$0.025 per Share respectively, in each case based on our issued share capital of 320,000,000 Shares (after the Sub-Division). Save as disclosed in this section, we have not declared or paid any dividends in respect of the last three (3) financial years ended 31 March 2014 and for the period from 1 April 2014 to the Latest Practicable Date.

In addition, immediately prior to the Introduction, as part of the Restructuring Exercise and subject to approval of BSL Shareholders for the Distribution being obtained at the EGM, we intend to declare and pay the Pre-Distribution Dividend of S$80.0 million to BSL, or approximately S$0.25 per Share, based on our issued share capital of 320,000,000 Shares (after the Sub-Division). Please refer to the section entitled "Share Ownership – Restructuring Exercise" of this Document for further details.

We currently do not have a fixed dividend policy. The declaration and payment of future dividends may be recommended by our Directors at their discretion and the form, frequency and amount of future dividends on our Shares will depend on our earnings, financial position, results of operations, capital needs, plans for expansion and other factors which our Directors may deem appropriate. The dividends that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

(a) the level of our cash and retained earnings;

(b) our actual and projected financial performance; and

(c) our projected levels of capital expenditure and other investment plans.

There can be no assurance that dividends will be paid by us in the future or of the amount or timing of any dividends that will be paid in future. No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in any of the periods discussed.

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Directors. The declaration and payment of dividends will be determined at the sole discretion of our Directors and may be subject to the approval of our Shareholders.

Our Directors may also declare an interim dividend without the approval of our Shareholders. In making their recommendations, our Directors will consider, *inter alia*, our retained earnings and expected future earnings, operations, cash flow, capital requirements and general financing condition, as well as general business conditions and other factors which our Directors may determine appropriate. Future dividends will be paid by us as and when approved by our Shareholders and Directors.

Information relating to taxes payable on dividends is set out under "Appendix C – Taxation" of this Document.

EXCHANGE CONTROLS

Singapore

There are currently no exchange controls in Singapore.

Malaysia

The foreign exchange control framework in Malaysia is governed by the Financial Services Act 2013 ("**FSA**"). The FSA came into force on 30 June 2013, consolidating the regulatory and supervisory framework for Malaysia's banking industry, insurance industry, payment systems and foreign exchange administration matters. The Malaysian foreign exchange policies and rules are administered by Bank Negara Malaysia, which is the Central Bank of Malaysia. These policies and rules regulate both residents and non-residents.

As at the Latest Practicable Date, non-residents are free to repatriate funds from divestment of Malaysian Ringgit assets or profits/dividends arising from investments in Malaysia but the repatriation must be made in a foreign currency other than the currency of Israel. The settlement of investment in Malaysian Ringgit assets can be undertaken either in Malaysian Ringgit or foreign currency.

In respect of borrowings, a resident company is free to borrow any amount in foreign currency (other than the currency of Israel) from (a) licensed onshore banks; (b) international Islamic banks; (c) resident related companies; and (d) non-resident non-bank related companies.

A resident company is also free to borrow in foreign currency up to the equivalent of RM100.0 million in aggregate on a corporate group basis from other non-residents, including financial institutions and related non-bank non-resident companies which are set up solely to obtain credit facilities. Approval from Bank Negara Malaysia would be required for loan amounts which are above the equivalent of RM100.0 million in aggregate on a corporate group basis.

For the purposes of the foreign exchange administration rules in Malaysia, a related company includes the ultimate holding company, parent or head office, branches (unincorporated entities), subsidiaries (companies that are more than 50.0% owned by the resident company), associated companies (companies that have between 10.0% and 50.0% shareholding relationship with the resident company) and sister companies (companies that have common shareholders with the resident company).

There is also no registration requirement to obtain Bank Negara Malaysia's approval for the repayment or prepayment of approved foreign currency borrowings from a non-resident lender by a resident as long as the loan obtained is within the permitted limit or specific permission from the controller has been obtained for the loan, and the repayment is made in accordance with the terms and conditions of the loan.

Repayment of foreign currency borrowings with no fixed tenure or repayment schedule is deemed to be a prepayment, and therefore, the registration requirement is abolished. The approval requirements relating to residents obtaining foreign currency borrowings above the equivalent of RM100.0 million in aggregate on a corporate group basis remain unchanged.

The introduction of the FSA does not expressly provide any change in the exchange control rules that our Company is currently already in compliance with.

PRC

Please refer to "Appendix I – Government Regulations – Summary of Applicable Laws and Regulations in PRC – Foreign Exchange Control" of this Document for more details on the exchange control restrictions in PRC.

Vietnam

Under the investment laws and foreign exchange regulations presently in force in Vietnam, foreign investors are entitled to repatriate or remit profits derived from their business activities, as well as receive payments from the provision of technology and services and from intellectual property, offshore loan principal repayments, as well as interest payments (subject to applicable withholding tax being paid on the interest payments). Foreign investors are also entitled to receive the repayment of their invested capital (upon the dissolution of the company, an approved capital reduction or termination of business co-operation contracts), and other sums of money lawfully owned by the investor. Such repatriation or remittance must be conducted through the capital accounts of the foreign investors opened with the licensed banks located in Vietnam and are also subject to full discharge by the foreign investors of their financial obligations to the government of Vietnam. For the purpose of remittance of payments, foreign investors are required to provide supporting documents to the remitting banks for verification that they are entitled to so remit the payments.

For the repatriation of invested capital, approval from the licensing authority is also required where the amount of repatriated capital exceeds the original amount of the invested capital.

A foreign invested entity is entitled to buy foreign currency for its permitted transactions in accordance with the Vietnamese foreign exchange regulations. Although it is not required to obtain specific approval for such purchases of foreign currency, the foreign invested entity may need to purchase foreign currency from licensed commercial banks on an availability basis, for such permitted transactions, when it does not have sufficient foreign currency in its accounts.

The State Bank of Vietnam announces the average exchange rate in the Foreign Currency Interbank Market of VND against US$ daily in the mass media. Commercial banks (including foreign bank branches) shall determine and announce their buying/selling rates of VND against US$ within the range permitted by the State Bank of Vietnam (which is presently 1.0% above or under the published average exchange rate in the Foreign Currency Interbank Market).

Thailand

Thailand's exchange controls are established by the Exchange Control Act B.E. 2485 (A.D. 1942) and Ministerial Regulation No. 13 (B.E. 2497) issued under the Exchange Control Act ("**ECA**"). Foreign exchange transactions are regulated by the Bank of Thailand. Under the ECA, payment of current transactions, such as payment for imported goods, payment for services outside of Thailand, interest payment on overseas loans, repatriation of profits or dividends on foreign investment, provided that there is evidence of supporting documents, may be made in unlimited amounts and do not require permission. In relation to payment for imported goods, importers may purchase or withdraw foreign currencies from their own foreign currency accounts for import payments upon submission of supporting documents. Letters of credit may also be opened without authorisation.

Outward remittances of amounts properly due to non-residents are permitted for items of a non-capital nature such as service fees, interest, dividends, profits or royalties, provided that supporting documents are submitted to the banks or authorised financial institutions.

Under the ECA, transfers in foreign currency for direct and portfolio investments in Thailand are freely permitted. Proceeds must be surrendered to a bank or an authorised financial institution or deposited in a foreign currency account with a bank or an authorised financial institution in Thailand within 360 days. Repatriation of capital investments may be made freely without requiring permission for repatriation of the principal amounts under loan agreements, repayment of capital investment following the liquidation of a business, and sale of equities, including outward remittances by Thai residents of foreign currencies for the purposes of (a) in the case of a juristic entity, (i) making overseas investments of at least 10.0% in such shareholdings or loan extended to their overseas affiliated business establishments in an unlimited appropriate amount; (ii) lending to overseas establishments in an aggregate amount not exceeding US$50.0 million per year; or (b) in the case of an individual Thai natural person, including in an overseas business entity whose shares are held by that person of not less than 10.0%, or investing or lending to its affiliated business entities abroad as necessary; or (c) buying overseas property not in excess of US$10.0 million.

Institutional investors, namely the Government Pension Fund, Social Security Fund, provident funds, mutual funds (excluding private funds), securities companies, insurance companies, specialised financial institutions, Thai juristic persons with assets of at least THB5.0 billion and companies listed on the Stock Exchange of Thailand are allowed to invest in foreign securities without limit. Such investment shall not exceed the limit set by the supervisory authority, directors or management of each institutional investor.

Other investors can invest in foreign securities through private funds or securities companies without limit provided that such investment shall be subject to the guidelines of and not exceed the limit set by the Securities and Exchange Commission.

Currently, any person purchasing, selling, depositing, or withdrawing foreign currencies with an authorised bank in an amount of US$50,000 or above shall be required to report such foreign exchange transactions to the authorised bank in the form as prescribed by a competent officer.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth our capitalisation and indebtedness as at 28 February 2015, based on the unaudited combined balance sheet of our Group as at 28 February 2015, and as adjusted to reflect the restructuring exercise described in the section "Share Ownership – Restructuring Exercise" of this Document.

The information in this table should be read in conjunction with the sections entitled "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical combined financial statements and unaudited interim combined financial statements, and in each case, the notes thereto included in this Document.

	As at 28 February 2015	
		Unaudited
	Unaudited combined (S$'000)	**As adjusted for the Restructuring Exercise (S$'000)**
Cash and cash equivalents		
- Cash and cash equivalents	110,073	115,476
Indebtedness		
Current		
- Bank borrowings	12,320	12,320
Non-current		
- Bank borrowings	148,818	175,818
Total indebtedness	**161,138**	**188,138**
Shareholders' equity		
- Share capital	15,000	15,000
- Currency translation reserve	848	1,312
- Accumulated profits	232,427	154,403
Total shareholders' equity	**248,275**	**170,715**
Total capitalisation and indebtedness	**409,413**	**358,853**

Cash and cash equivalents

Our cash and cash equivalents are mainly denominated in S$ and RMB. As at 28 February 2015, our cash and cash equivalents (as adjusted for the Restructuring Exercise) amounted to approximately S$115.5 million.

Indebtedness

As at 28 February 2015, we have total indebtedness (as adjusted for the Restructuring Exercise) of approximately S$188.1 million.

As at 28 February 2015, our bank borrowings comprise short-term and long-term bank borrowings of approximately S$12.3 million and S$175.8 million respectively. These bank borrowings are obtained to finance our investment properties and properties held for sale, bear interest at between 1.37% to 2.00% and are secured over our investment properties and properties held for sale and/or corporate guarantees from our Company. Our bank borrowings increased between 30 September 2014 and 28 February 2015 due to bank borrowings obtained to finance or refinance certain of our industrial properties held for lease.

The agreements relating to the bank borrowings contain certain covenants which are typical for financing of such nature. The material covenants require, *inter alia*:

(a) a minimum Debt Coverage Ratio; and

(b) a maximum Security Maintenance Ratio.

For the purpose of the foregoing paragraph:

"**Debt Coverage Ratio**" means the ratio of (a) earnings of our Group on ordinary activities (including earned interest) before interest costs, depreciation and amortisation, but after taxation to (b) the aggregate of interest costs and principal payable on demand or within one (1) year preceding the date of computation; and

"**Security Maintenance Ratio**" means the ratio of the principal amount of drawing made by us under the relevant facility and for the time being owing and outstanding, to the current market value of the mortgaged property last determined by the relevant bank on the basis of the valuation report last delivered to, or obtained by, the relevant bank.

In addition, other customary covenants impose restrictions that limit or may limit our ability to substantially change our shareholding structure, incur additional indebtedness, pay dividends, change our business, dispose of the properties we own and grant additional security over our assets.

To the best of our Directors' knowledge and belief, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments of our Shareholders.

Save as disclosed in this section and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operation" of this Document, we have no other material borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading credits) or acceptance credits, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities as at the Latest Practicable Date.

SHARE OWNERSHIP

SHARE CAPITAL OF OUR COMPANY

Our Company was incorporated in Singapore on 29 May 1996 under the Companies Act as a private limited company under the name "Boustead Projects Pte Ltd". On 25 March 2015, we converted into a public company and changed our name to "Boustead Projects Limited".

As at the date of incorporation, our issued and paid-up share capital was S$2 comprising two (2) ordinary Shares (before the Sub-Division). As at the Latest Practicable Date and the date of this Document, our issued and paid-up share capital was S$15.0 million comprising 15,000,000 Shares (before the Sub-Division). Upon the completion of the Restructuring Exercise, our issued and paid-up share capital will be S$15.0 million comprising 320,000,000 Shares.

Pursuant to written resolutions dated 23 March 2015, our sole shareholder, BSL, approved, among others, the following:

(a) the conversion of our Company into a public company limited by shares and the consequential change of our name to "Boustead Projects Limited";

(b) the adoption of our Memorandum of Association;

(c) the adoption of our Articles of Association;

(d) the approval of the listing and quotation of all the issued Shares on the Main Board of the SGX-ST;

(e) that authority be given to the Directors to (i) issue Shares whether by way of rights, bonus or otherwise; and/or (ii) make or grant any offer, 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, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors shall in their absolute discretion deem fit, issue Shares in pursuance of any Instrument made or granted by the Directors while such authority was in force and/or (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues, provided that:

    (1) the aggregate number of Shares to be issued pursuant to such authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 50.0% of the total issued share capital of our Company immediately following the Introduction (excluding treasury shares), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to the then existing Shareholders shall not exceed 20.0% of the total issued share capital of our Company immediately following the Introduction (excluding treasury shares);

    (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of issued Shares in the capital of our Company shall be based on the total number of issued Shares in the capital of our Company (excluding treasury shares) immediately following the Introduction, after adjusting for:

        (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time such authority is passed;

        (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this resolution; and

        (iii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by such authority, our Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and our Articles; and

(4) unless revoked or varied by our Company in general meeting, such authority shall continue in full force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting is required by law or by our Articles to be held, whichever is earlier; and

(f) that without prejudice to the generality of, and pursuant and subject to the approval of the general mandate to issue Shares set out in (e) above, authority be given to the Directors to issue Shares other than on a *pro rata* basis to Shareholders, at a discount not exceeding 10.0% to the weighted average price of the Shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day), at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit,

provided that:

(1) in exercising the authority conferred by this resolution (f), our Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and our Articles for the time being of our Company; and

(2) (unless revoked or varied by our Company in general meeting) the authority conferred by this resolution (f) shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

Details of the changes in the issued and paid-up share capital of our Company and the entities in our Group for the period of three (3) years preceding the Latest Practicable Date and up to the date of this Document are as follows:

Date	**Number of shares issued**	**Price per share**	**Purpose of issuance**	**Resultant issued and paid-up share capital**
Boustead Crescendas Holdings Pte. Ltd.				
21 February 2014	100	S$1.00	Incorporation	S$100.00
Boustead Crescendas Management Pte. Ltd.[(1)]				
8 May 2014	2	S$1.00	Incorporation	S$2.00
Boustead Crescendas Property Management Pte. Ltd.[(1)]				
8 May 2014	2	S$1.00	Incorporation	S$2.00
Boustead Funds Management Pte. Ltd.				
28 June 2013	2	S$1.00	Incorporation	S$2.00
Boustead Projects E&C Pte. Ltd.				
28 October 2014	2	S$1.00	Incorporation	S$2.00
Boustead Property Services Pte. Ltd.				
28 June 2013	2	S$1.00	Incorporation	S$2.00

Date	Number of shares issued	Price per share	Purpose of issuance	Resultant issued and paid-up share capital
Boustead Projects (Thailand) Co., Ltd				
16 January 2014	10,000	THB100	Incorporation	THB1,000,000
Boustead Trustees Pte. Ltd.				
28 June 2013	2	S$1.00	Incorporation	S$2.00
BP Lands Sdn Bhd				
1 October 2013	2	RM1.00	Incorporation	RM2.00
BP-BBD Pte. Ltd.				
5 January 2012	2	S$1.00	Incorporation	S$2.00
BP-EA Pte. Ltd.				
28 June 2013	2	S$1.00	Incorporation	S$2.00
BP-JCS Pte. Ltd.				
12 March 2012	2	S$1.00	Incorporation	S$2.00
BP-Mandai Pte. Ltd.[(1)]				
11 July 2013	2	S$1.00	Incorporation	S$2.00
BP-PRC Pte. Ltd.				
22 December 2014	2	S$1.00	Incorporation	S$2.00
BP-SCC Pte. Ltd.[(1)]				
28 June 2013	2	S$1.00	Incorporation	S$2.00
BP-TM Pte. Ltd.				
22 December 2014	2	S$1.00	Incorporation	S$2.00
BP-TN Pte. Ltd.				
6 September 2013	2	S$1.00	Incorporation	S$2.00
BP-Ubi Development Pte. Ltd.				
1 February 2013	2	S$1.00	Incorporation	S$2.00
22 August 2013	98	S$1.00	Increase of the issued and paid-up capital	S$100.00
10 July 2014	2	S$1.00	Increase of the issued and paid-up capital	S$102.00
BP-Ubi Industrial Pte. Ltd.				
1 February 2013	2	S$1.00	Incorporation	S$2.00

Date	Number of shares issued	Price per share	Purpose of issuance	Resultant issued and paid-up share capital
THAB Development Sdn Bhd				
23 November 2012	2	RM1.00	Incorporation	RM2.00
18 January 2013	999,998	RM1.00	Increase of the issued and paid-up capital	RM1,000,000
28 October 2013	9,000,000	RM1.00	Increase of the issued and paid-up capital	RM10,000,000
THAB PTP Sdn Bhd				
16 October 2014	100	RM1.00	Incorporation	RM100.00

Note:

(1) BP-Mandai Pte. Ltd., BP-SCC Pte. Ltd., Boustead Crescendas Management Pte. Ltd. and Boustead Crescendas Property Management Pte. Ltd. are in the process of being struck off the register.

Save as disclosed in this section, there are no changes in the issued and paid-up share capital of our Company and our Subsidiaries within the last three (3) years preceding the Latest Practicable Date.

As at the Latest Practicable Date, no person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or any of our subsidiaries.

RESTRUCTURING EXERCISE

In connection with the Distribution and Listing, our Company will undertake the Restructuring Exercise, the key details of which are set out below:

Acquisition of Certain of our Subsidiaries and Investments

On 23 March 2015, our wholly-owned subsidiary, BP-PRC Pte. Ltd., entered into the Wuxi Boustead SPA with BSL for the acquisition of Wuxi Boustead Industrial Development Co., Ltd. (the "**Wuxi Boustead Acquisition**"), for a consideration of approximately RMB22.1 million (approximately S$4.8 million), which was based on the unaudited net asset value of Wuxi Boustead Industrial Development Co., Ltd. as at 28 February 2015. The Wuxi Boustead SPA will take effect upon approval from the State Administration of Foreign Exchange (Wuxi) for the Wuxi Boustead Acquisition and the completion of the Wuxi Boustead Acquisition is subject to the fulfilment of the following conditions: (a) approval from the Wuxi Municipal Bureau of Commerce for the transfer of Wuxi Boustead Industrial Development Co., Ltd.; and (b) completion of formalities for the change of registration in connection with the Wuxi Boustead Acquisition with the State Administration of Foreign Exchange (Wuxi) and the Wuxi Administration for Industry & Commerce of New District. The parties will be commencing the administrative procedures necessary for the transfer of Wuxi Boustead Industrial Development Co., Ltd. to BP-PRC Pte. Ltd. If the transfer of Wuxi Boustead Industrial Development Co., Ltd. pursuant to the Wuxi Boustead SPA is not completed prior to the Introduction, BSL will continue to hold its interest in Wuxi Boustead Industrial Development Co., Ltd. on trust for our Company and/or its nominee(s) until completion of the Wuxi Boustead SPA, pursuant to the terms of the Declaration of Trust (as defined herein).

BSL, being the registered sole owner of Wuxi Boustead Industrial Development Co., Ltd., executed a declaration of trust in favour of our Company and/or its nominees (the "**Declaration of Trust**") with effect from 1 March 2015, to hold such interest in Wuxi Boustead Industrial Development Co., Ltd., on trust for our Company and/or its nominee(s), pending completion of the Wuxi Boustead SPA. Pursuant to the terms of the Declaration of Trust, BSL has undertaken to our Company that, it shall, *inter alia*, (a) promptly and fully account to our Company (and/or as our Company may direct) for all rights, interest, bonuses, dividends, benefits, advantages, distributions, property and/or other benefits accrued or accruing upon its interest in Wuxi Boustead Industrial Development Co., Ltd.; and (b) deliver to our Company (or at the request of our Company hold to its order) all documents of title relating to Wuxi Boustead Industrial Development Co., Ltd. and all other documents relating thereto which are necessary to transfer its interest in Wuxi Boustead Industrial Development Co., Ltd. to our Company and/or its nominee(s) free from all encumbrances. Following completion of the Wuxi Boustead SPA between BSL and BP-PRC Pte. Ltd. for the acquisition of Wuxi Boustead Industrial Development Co., Ltd. by BP-PRC Pte. Ltd., BP-PRC Pte. Ltd. will be registered as the sole owner of Wuxi Boustead Industrial Development Co., Ltd. and the trust created in respect of Wuxi Boustead Industrial Development Co., Ltd. shall terminate and be of no further effect pursuant to the terms of the Declaration of Trust. Please refer to the section entitled "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Present and On-going Interested Person Transactions – Declaration of Trust from BSL in respect of Wuxi Boustead Industrial Development Co., Ltd. " of this Document for further details on the Declaration of Trust.

Further, on 23 March 2015, our Company entered into the Restructuring Agreement with BSL for the acquisition of the entire issued share capital of Boustead Trustees Pte. Ltd., Boustead Property Services Pte. Ltd., Boustead Funds Management Pte. Ltd., all the units comprised in Boustead Real Estate Fund and approximately 5.27% of the total issued share capital of Perennial Tongzhou Development Pte. Ltd. (together, the "**Relevant Entities**"), for an aggregate consideration of approximately S$23.1 million (based on the respective unaudited net asset value of the Relevant Entities as at 31 December 2014 and subject to adjustment based on the unaudited net asset value of the Relevant Entities on the date for completion of the Restructuring Agreement). In connection with the acquisition of Boustead Real Estate Fund, the shareholder's loans of approximately S$13.3 million (subject to adjustment based on the actual amount outstanding on the date for completion of the Restructuring Agreement) that are owing by Boustead Real Estate Fund to the BSL Group (the "**Shareholder's Loans**") will be assigned to our Group under the Restructuring Agreement, pursuant to which our Group will pay the BSL Group an aggregate amount of approximately S$36.4 million (such aggregate amount to be adjusted depending on the exact amount of the Shareholder's Loans to be assigned on completion of the Restructuring Agreement and the respective unaudited net asset value of the Relevant Entities on the date of completion of the Restructuring Agreement) for the acquisition of the Relevant Entitles.

Pre-Distribution Dividend

Prior to the Introduction and subject to approval of BSL Shareholders for the Distribution being obtained at the EGM, we will declare and pay to BSL the Pre-Distribution Dividend of approximately S$80.0 million.

Repayment of BSL Loans

Our Group has extended loans to the BSL Group from time to time for capital management purposes (the "**BSL Loans**"). As at the Latest Practicable Date, the aggregate outstanding amount of the BSL Loans was approximately S$122.9 million. Please refer to the section entitled "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Loans to the BSL Group" of this Document for further details.

The BSL Loans will be fully settled by the BSL Group immediately prior to the Introduction using a combination of the following:

(a) payment of (i) approximately S$27.9 million in aggregate by our Group to the BSL Group as consideration for the acquisition of Wuxi Boustead Industrial Development Co., Ltd. and the Relevant Entities, and (ii) approximately S$13.3 million for the assignment of the Shareholder's Loans from the BSL Group to our Group;

(b) subject to approval of BSL Shareholders for the Distribution being obtained at the EGM, declaration and payment by our Company to BSL of the Pre-Distribution Dividend of approximately S$80.0 million; and

(c) the balance of approximately S$1.7 million to be repaid in cash by the BSL Group.

Sub-Division

Prior to the Introduction and subject to approval of BSL Shareholders for the Distribution being obtained at the EGM, the 15,000,000 Shares in issue as at the Latest Practicable Date will be sub-divided into 320,000,000 Shares, which shall rank *pari passu* with each other.

OWNERSHIP STRUCTURE

Our Shares do not carry different voting rights. As at the date of this Document, our issued and paid-up ordinary share capital was S$15.0 million comprising 15,000,000 Shares.

On 23 December 2014, BSL announced that BSL proposed to demerge its real estate solutions business by effecting a dividend *in specie* of up to 49.0% of the ordinary shares in the issued share capital of our Company, a wholly-owned subsidiary of BSL, to BSL Shareholders, based on the BSL Shares held by BSL Shareholders as at the Books Closure Date and the listing of the Shares on the SGX-ST by way of Introduction. The Distribution is subject to the approval of BSL Shareholders at the EGM. The Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the Distribution is effected.

The table below sets out the shareholdings of each Substantial Shareholder, being a Shareholder who is known by us to beneficially own 5.0% or more of our issued Shares, each Director who will have an interest in our Shares and the number and percentage of Shares in which each of them will have an interest (whether direct or deemed) on the Listing Date assuming there is no change in the shareholding interest of the BSL Shareholders in BSL between the Latest Practicable Date and the Listing Date and based on the issued and paid-up share capital of our Company of 320,000,000 Shares (after the Sub-Division).

	Shares to be owned at the Listing Date(1)			
	Direct Interest		**Deemed Interest**	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Directors				
Mr John Lim Kok Min	169,296	*0.05*	–	–
Mr Wong Yu Wei	10,281	*0.00(2)*	–	–
Mr Thomas Chu Kok Hong(3)	31,215	*0.01*	1,578	*0.00(2)*
Dr Tan Khee Giap	–	–	–	–
Mr James Lim Jit Teng(3)	–	–	1,113,625	*0.35*
Substantial Shareholders				
BSL	163,943,201	*51.23*	–	–
Mr FF Wong(4)	–	–	216,633,535	*67.70*
Public Shareholders	102,040,470	*31.89*	–	–

Notes:

(1) Based on the number of BSL Shares held as at the Latest Practicable Date.

(2) Due to rounding.

(3) The deemed interests of these Directors are held through nominees.

(4) Mr FF Wong is deemed interested in 52,690,334 Shares, representing approximately 16.47% of the total issued share capital of our Company, held through nominees. In addition, Mr FF Wong, through his nominees, holds approximately 33.76% of the total issued share capital of BSL. Accordingly, Mr FF Wong is also deemed interested in 163,943,201 Shares, representing approximately 51.23% of the total issued share capital of our Company, held by BSL.

Save as disclosed in the section entitled “Management and Corporate Governance” of this Document, there are no other relationships between our Directors and Substantial Shareholders.

The Shares held by our Directors and Substantial Shareholders set out above do not have any interests or carry any different voting rights from the Shares.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

Save as disclosed in this section and in the section entitled “Share Ownership – Restructuring Exercise” of this Document, there were no significant changes in the percentage ownership of our Company held by our Substantial Shareholders and our Directors in the last three (3) years prior to the Latest Practicable Date.

CONTROL OF OUR COMPANY

We are currently controlled (as such term is defined in the Listing Manual) by BSL which owns the entire issued and paid-up share capital of our Company immediately prior to the Distribution and the Introduction. BSL was listed on the Main Board of the SGX-ST on 17 October 1975 and is a global infrastructure-related engineering services and geo-spatial technology group with a market capitalisation of approximately S$847.9 million as at the Latest Practicable Date. As at the Latest Practicable Date, BSL's Controlling Shareholder, Mr FF Wong holds aproximately 33.76% of BSL Shares through nominees.

Following the Distribution and the Introduction and based on the number of BSL Shares held by Mr FF Wong as at the Latest Practicable Date, BSL and Mr FF Wong will each be a Controlling Shareholder of our Company holding an aggregate of approximately 67.70% of our issued Shares as at the Listing Date.

Save as disclosed in this section and the section entitled "Risk Factors" of this Document, to the best of the knowledge of our Directors, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any other person or government and there is no known arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company.

MORATORIUM

Each of BSL, Mr FF Wong and Mr Wong Yu Wei, our Deputy Chairman & Executive Director, who will hold approximately 51.23%, 16.47% and 0.003% of our Company's post-Introduction share capital respectively (based on the number of BSL Shares held as at the Latest Practicable Date), has undertaken to the Issue Manager not to, without prior consent of the Issue Manager subject to compliance with the SGX-ST's listing requirements (such consent not to be unreasonably withheld or delayed), for a period of 180 days commencing from the date of admission of our Company to the Official List of the SGX-ST (the "**Lock-up Period**"):

(a) offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, any or all of its/his effective interest in the Shares (or any securities convertible into or exchangeable for any such Shares or part thereof or which carry rights to subscribe for or purchase any such Shares or part thereof);

(b) enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing;

(c) deposit any or all of its/his effective interest in the Shares (or any securities convertible into or exchangeable for any such Shares or part thereof or which carry rights to subscribe for or purchase any such Shares or part thereof) in any depository receipt facility;

(d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

(e) publicly announce any intention to do any of the above.

In relation to BSL, the restrictions above do not apply to prohibit BSL from being able to:

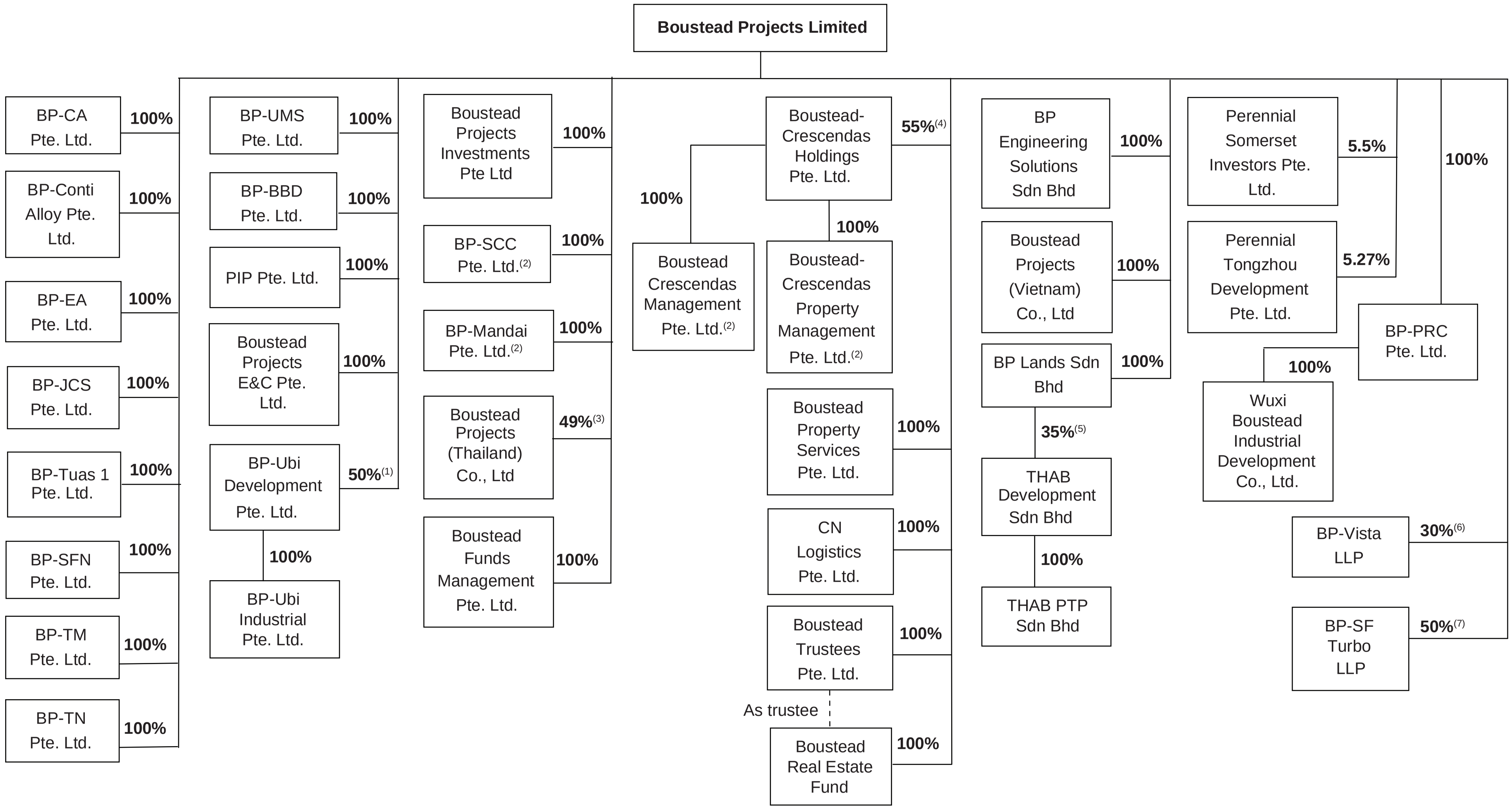
(i) create a charge over the Shares or otherwise grant security over or create any encumbrance over the Shares, provided that such charge, security or encumbrance can only be enforced after the Lock-up Period; or

(ii) transfer such Shares to and between wholly-owned subsidiaries of BSL (each, a "**BSL Subsidiary**"), provided that BSL has procured that such BSL Subsidiary has executed and delivered to the Issue Manager an undertaking to the effect that it will undertake to comply with the foregoing restrictions, to remain in effect for the unexpired period of the Lock-up Period.

In relation to Mr FF Wong and Mr Wong Yu Wei, the restrictions above do not apply to prohibit each of Mr FF Wong and Mr Wong Yu Wei from being able to create a charge over their Shares or otherwise grant security over or create any encumbrance over their Shares, provided that such charge, security or encumbrance can only be enforced after the Lock-up Period.

GROUP STRUCTURE

We set out below a diagrammatic representation of the entities through which we directly or indirectly hold our principal properties and principal investments and through which we carry on our principal business following the completion of the Restructuring Exercise.



Notes:

(1) The remaining 50.0% is held by Tat Hong Investments Pte Ltd, an unrelated third-party.

(2) BP-SCC Pte. Ltd., BP-Mandai Pte. Ltd., Boustead Crescendas Management Pte. Ltd. and Boustead Crescendas Property Management Pte. Ltd. are in the process of being struck off the register.

(3) Mr Chaiyut Phongsaneyvitaya and Mr Nattapong Phongsaneyvitaya, each an unrelated third-party, hold 26.0% and 25.0% of the shares of Boustead Projects (Thailand) Co., Ltd, respectively.

(4) The remaining 45.0% is held by Crescendas Stars Pte. Ltd., an unrelated third-party.

(5) AME Land Sdn Bhd, Tat Hong International Pte Ltd and L&M Ground Engineering Sdn Bhd, each an unrelated third-party, hold 35.0%, 25.0% and 5.0% of the shares of THAB Development Sdn Bhd, respectively.

(6) The remaining 70.0% is held by an unrelated third-party which has not given consent for the disclosure of its identity.

(7) The remaining 50.0% is held by an unrelated third-party which has not given consent for the disclosure of its identity.

The details of our subsidiaries and associated companies are as follows:

No.	Company Name	Date of Incorporation	Country of Incorporation	Principal Place of Business	General Nature of Business	Ownership / Effective Interest (%)
1.	BP-BBD Pte. Ltd.	5 January 2012	Singapore	Singapore	Holding of property for rental income	100.0
2.	BP-CA Pte. Ltd.	7 October 2010	Singapore	Singapore	Holding of property for rental income	100.0
3.	BP-Conti Alloy Pte. Ltd.	18 April 2011	Singapore	Singapore	Holding of property for rental income	100.0
4.	BP-EA Pte. Ltd.	28 June 2013	Singapore	Singapore	Holding of property for rental income	100.0
5.	BP-JCS Pte. Ltd.	12 March 2012	Singapore	Singapore	Holding of property for rental income	100.0
6.	BP-Mandai Pte. Ltd.(1)	11 July 2013	Singapore	Singapore	Holding of property for rental income	100.0
7.	BP-PRC Pte. Ltd.	22 December 2014	Singapore	Singapore	Holding of property for rental income	100.0
8.	BP-SCC Pte. Ltd.(1)	28 June 2013	Singapore	Singapore	Holding of property for rental income	100.0
9.	BP-SF Turbo LLP	30 December 2014	Singapore	Singapore	Real estate activities with owned or leased property	50.0(2)
10.	BP-SFN Pte. Ltd.	5 February 2010	Singapore	Singapore	Holding of property for rental income	100.0
11.	BP-TM Pte. Ltd.	22 December 2014	Singapore	Singapore	Holding of property for rental income	100.0
12.	BP-TN Pte. Ltd.	6 September 2013	Singapore	Singapore	Holding of property for rental income	100.0
13.	BP-Tuas 1 Pte. Ltd.	2 February 2007	Singapore	Singapore	Holding of property for rental income	100.0
14.	BP-Ubi Development Pte. Ltd.	1 February 2013	Singapore	Singapore	Investment holding	50.0(3)
15.	BP-Ubi Industrial Pte. Ltd.	1 February 2013	Singapore	Singapore	Holding of property for rental income	50.0(4)

No.	Company Name	Date of Incorporation	Country of Incorporation	Principal Place of Business	General Nature of Business	Ownership / Effective Interest (%)
16.	BP-UMS Pte. Ltd.	17 October 2006	Singapore	Singapore	Holding of property for rental income	100.0
17.	BP-Vista LLP	28 December 2014	Singapore	Singapore	Real estate activities with owned or leased property	30.0[5]
18.	Boustead Crescendas Holdings Pte. Ltd.	21 February 2014	Singapore	Singapore	Investment holding	55.0[6]
19.	Boustead Crescendas Management Pte. Ltd.[1]	8 May 2014	Singapore	Singapore	Provision of management services	55.0[7]
20.	Boustead Crescendas Property Management Pte. Ltd.[1]	8 May 2014	Singapore	Singapore	Provision of management services	55.0[7]
21.	Boustead Funds Management Pte. Ltd.	28 June 2013	Singapore	Singapore	Provision of investment management services	100.0
22.	Boustead Projects E&C Pte. Ltd.	28 October 2014	Singapore	Singapore	Design, build and development of industrial facilities and industrial park	100.0
23.	Boustead Projects Investments Pte Ltd	20 July 2001	Singapore	Singapore	Design-and-build and development of industrial facilities and industrial parks	100.0
24.	Boustead Property Services Pte. Ltd.	28 June 2013	Singapore	Singapore	Provision of property management services	100.0
25.	Boustead Real Estate Fund	10 July 2013	Singapore	Singapore	Investment holding	100.0
26.	Boustead Trustees Pte. Ltd.	28 June 2013	Singapore	Singapore	Trustee for real estate trust	100.0
27.	CN Logistics Pte. Ltd.	8 September 2004	Singapore	Singapore	Holding of property for rental income	100.0
28.	PIP Pte. Ltd.	31 August 2005	Singapore	Singapore	Holding of property for rental income	100.0
29.	BP Engineering Solutions Sdn Bhd	30 July 1996	Malaysia	Malaysia	Investment holding	100.0
30.	BP Lands Sdn Bhd	1 October 2013	Malaysia	Malaysia	Investment holding	100.0
31.	THAB Development Sdn Bhd	23 November 2012	Malaysia	Malaysia	Property development	35.0[8]
32.	THAB PTP Sdn Bhd	16 October 2014	Malaysia	Malaysia	Property development	35.0[9]
33.	Boustead Projects (Thailand) Co., Ltd	17 January 2014	Thailand	Thailand	Engineering design, project management and construction of infrastructure	49.0[10]

No.	Company Name	Date of Incorporation	Country of Incorporation	Principal Place of Business	General Nature of Business	Ownership / Effective Interest (%)
34.	Boustead Projects (Vietnam) Co., Ltd	9 February 2006	Vietnam	Vietnam	Technical consulting services, design and construction for industrial projects	100.0
35.	Wuxi Boustead Industrial Development Co., Ltd.	26 June 2002	PRC	PRC	Lease of developed properties and the supply of estate management services	100.0

Notes:

(1) BP-SCC Pte. Ltd., BP-Mandai Pte. Ltd., Boustead Crescendas Management Pte. Ltd. and Boustead Crescendas Property Management Pte. Ltd. are in the process of being struck off the register.

(2) The remaining 50.0% is held by an unrelated third-party which has not given consent for the disclosure of its identity.

(3) The remaining 50.0% is held by Tat Hong Investments Pte Ltd, an unrelated third-party.

(4) BP-Ubi Development Pte. Ltd. holds 100.0% of the shares of BP-Ubi Industrial Pte. Ltd.

(5) The remaining 70.0% is held by an unrelated third-party which has not given consent for the disclosure of its identity.

(6) The remaining 45.0% is held by Crescendas Stars Pte. Ltd., an unrelated third-party.

(7) Boustead Crescendas Holdings Pte. Ltd. holds 100.0% of the shares of each of Boustead Crescendas Management Pte. Ltd. and Boustead Crescendas Property Management Pte. Ltd.

(8) AME Land Sdn Bhd, Tat Hong International Pte Ltd and L&M Ground Engineering Sdn Bhd, each an unrelated third-party, hold 35.0%, 25.0% and 5.0% of the shares of THAB Development Sdn Bhd, respectively.

(9) THAB Development Sdn Bhd holds 100.0% of the shares of THAB PTP Sdn Bhd.

(10) Mr Chaiyut Phongsaneyvitaya and Mr Nattapong Phongsaneyvitaya, each an unrelated third-party, hold 26.0% and 25.0% of the shares of Boustead Projects (Thailand) Co., Ltd, respectively.

BUSINESS

OVERVIEW

We are the real estate solutions business division of BSL, a global infrastructure-related engineering services and geo-spatial technology group listed on the Main Board of the SGX-ST since 17 October 1975, with a market capitalisation of approximately S$847.9 million, as at the Latest Practicable Date. The key business divisions of the BSL Group include energy-related engineering, geo-spatial technology and real estate solutions.

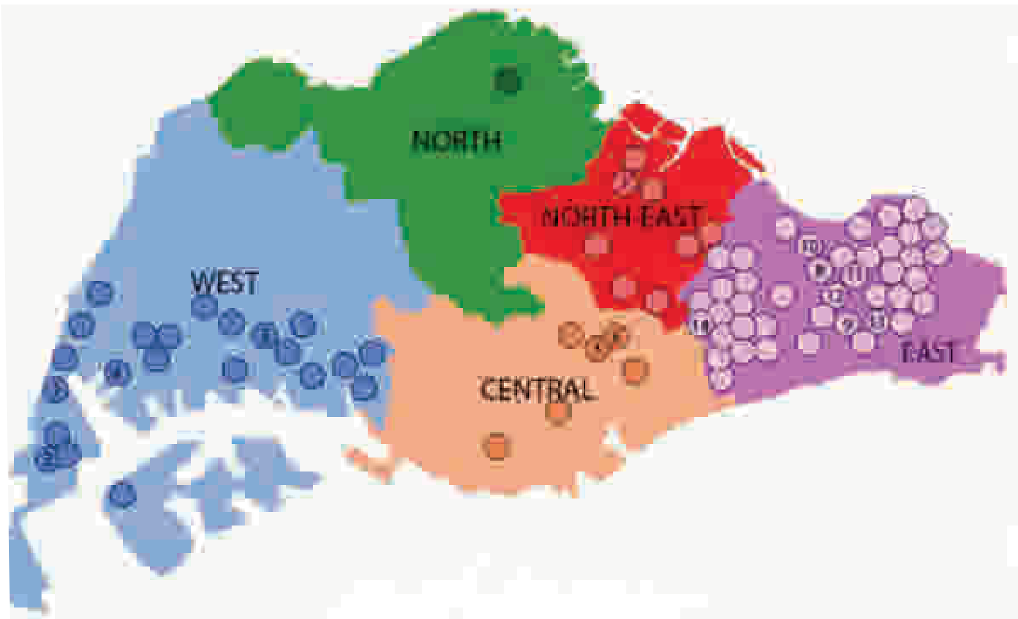
Our principal business can be categorised into three (3) main segments, namely:

(a) design-and-build or turnkey development of industrial and commercial properties comprising build-to-suit projects developed and customised based on our customers' needs and property management ("**Design-and-Build Business**");

(b) development of industrial properties for lease or sale ("**Build for Sale or Lease Business**"); and

(c) joint ventures and partnerships to develop and invest in industrial, commercial and other real estate projects ("**Strategic Partnerships**").

The following map indicates the locations in Singapore of the projects undertaken by us under our Design-and-Build Business and the locations in Singapore of the industrial properties held by us under our Build for Sale or Lease Business as at the Latest Practicable Date:



Legend (representing industrial properties held by us under our Build for Sale or Lease Business):

1. Tuas View Project
2. Energy Alloys Project
3. Tukang Innovation Park Project
4. 36 Tuas Road
5. Continental Building Phase I
6. Continental Building Phase II
7. Bombardier Aerospace Project
8. Hankyu Hanshin Express Project
9. Safran Electronics Asia Project
10. Jabil Circuit Project
11. Panalpina Project
12. Multi+ Panalpina Project
13. UMS Aerospace Project
14. Edward Boustead Centre

Design-and-Build Business

Our Group is a leading industrial real estate solutions provider with core engineering expertise in the Design-and-Build and development of build-to-suit projects comprising industrial facilities, industrial parks and business parks for multinational corporations and local enterprises. We have a strong track record of delivering projects tailored to suit our customers' specific needs. Our Group has in-depth experience in designing and constructing customised build-to-suit facilities for a wide variety of customers and have constructed and developed more than 80 projects, representing more than 3,000,000 sq m of industrial real estate in Singapore, Malaysia, Vietnam and PRC for, among others, the aviation, commercial, food processing, logistics, petrochemical, pharmaceutical and technology industries. In particular, our Group has completed 46 industrial property projects in the last three (3) financial years ended 31 March 2014 and for the period from 1 April 2014 up to the Latest Practicable Date.

Our technical knowledge and design expertise combined with our experience in undertaking projects as a main contractor allows us to provide a wide range and full suite of customised industrial real estate solutions to match our customers' specifications. In addition to providing Design-and-Build or turnkey construction services as part of our project scope, we are also able to manage the full build-to-suit life cycle of a project, including site selection, land acquisition, facility specifications and design and turnkey construction. We also carry out project management services in Singapore in which we act as the project manager.

Our Group possesses the A1 grading by the BCA under the registration category CW01 for General Building enabling us to tender for public sector projects in Singapore of an unlimited contract value.

We are also a leader in work safety standards and a pioneer of advanced environmentally-sustainable industrial facilities under the BCA Green Mark and U.S. LEED programmes. Since 2011, we have been a bizSAFE Mentor, the highest qualification that can be attained in recognition of a company's excellent track record of workplace safety and health and are one of only 10 bizSAFE Mentors in Singapore as at the Latest Practicable Date. Please refer to the section entitled "Business – Awards and Accreditation" of this Document for further details.

Build for Sale or Lease Business

Over the past decade, we have developed and retained a sizable industrial leasehold portfolio consisting of primarily single-tenanted high quality built-to-suit industrial facilities leased to a group of reputable end-user clients. Some of our key end-user master tenants include AusGroup Singapore Pte. Ltd., Bombardier Aerospace Services Singapore Pte Ltd, Continental Automotive Singapore Pte Ltd, Hankyu Hanshin Express (Singapore) Pte Ltd, Jabil Circuit (Singapore) Pte Ltd, Panalpina World Transport (Singapore) Pte Ltd, Safran Electronics Asia Pte Ltd and UMS Aerospace Pte Ltd. Following the completion of the Restructuring Exercise, we will hold 14 wholly-owned industrial properties in Singapore and Wuxi, PRC and a 50.0% equity interest in the Edward Boustead Centre in our portfolio amounting to approximately 180,000 sq m which provides recurring rental income for our Group.

Strategic Partnerships

We have entered into several joint ventures and strategic partnerships including: (i) a joint venture with AME Land Sdn Bhd, Tat Hong International Pte Ltd and L&M Ground Engineering Sdn Bhd to develop about 120,000 sq m of prime industrial land in Nusajaya, Iskandar, Malaysia; (ii) a consortium led by Perennial Real Estate Holdings Pte. Ltd. to invest for the purchase of TripleOne Somerset in Singapore which is due to undergo asset enhancement; and (iii) the Boustead Development Partnership ("**BDP**"). The objective of these partnerships is to develop and/or invest in modern logistics and high quality industrial facilities as well as other industrial and commercial properties in Singapore and overseas, by leveraging on the synergistic value of working with our joint venture partners. In addition, as part of the BDP framework, the BDP has been granted a right of first refusal to invest in any industrial property in Singapore to be developed or redeveloped, over which our Group has secured an exclusive negotiation right or signed a heads of agreement for its purchase. Please refer to the sections entitled "Business – Business and Operations – Strategic Partnerships – Boustead Development Partnership" of this Document for further details on the BDP.

Following the completion of the Restructuring Exercise, our Group will also be part of another consortium led by Perennial Real Estate Holdings Pte. Ltd. to invest in the Beijing Tongzhou Integrated Development (Phase 1) in Beijing, PRC.

HISTORY

The following are key events in our Group's history and business development:

May 1996	:	Our Company was incorporated as a limited liability private company
December 1999	:	Our Company was certified ISO9001:2008 for quality management systems related to the Design and Construction of General Building Works
July 2003	:	Our Group completed our first project in Wuxi Boustead Industrial Development
June 2006	:	Our Company was certified ISO14001:2004 for environmental management systems
June 2006	:	Our Company was certified SS506 Part 1:2009 for the Singapore standard on occupational health and safety management systems
June 2006	:	Our Company was certified OHSAS18001:2007 for occupational health and safety management systems
June 2007	:	Our Group completed a 23,300 sq m one-floor integrated logistics and mezzanine office facility at the Vietnam-Singapore Industrial Park for one of Singapore's largest SGX-ST-listed companies[(1)], our first project in Vietnam
April 2008	:	Our Company became a bizSAFE Partner of the Workplace Safety and Health Council
January 2009	:	Our Company received the bizSAFE Star from the Workplace Safety and Health Council, the highest qualification that can be attained in recognition of a company's health, safety and environmental management systems
May 2009	:	Applied Materials Building was awarded Green Mark Platinum at the BCA Awards 2009, Singapore's first project to be awarded Green Mark Platinum in the heavy industry category
May 2009	:	StarHub Green was awarded Green Mark Gold Plus at the BCA Awards 2009
May 2010	:	IBM Singapore Technology Park and the Sun Venture Investments Project were awarded Green Mark Gold at the BCA Awards 2010
January 2011	:	Our Company was recognised as a bizSAFE Mentor by the Workplace Safety and Health Council, in recognition of a company's efforts to share its excellent workplace health, safety and environmental management systems and practices with other participating small-medium enterprises, including suppliers and sub-contractors
May 2011	:	The SAP Project I and the SAP Project II were awarded Green Mark Platinum at the BCA Awards 2011, the first projects at SAP to be awarded Green Mark Platinum
January 2012	:	Our Company was graded CW01-A1 by the BCA
May 2012	:	SDV Green Hub was awarded Green Mark Platinum at the BCA Awards 2012, Singapore's first project to be awarded Green Mark Platinum in the logistics industry category

September 2012	:	Signed joint venture agreement, through BSL, with Perennial Real Estate Holdings Pte Ltd and several other investors to invest in Beijing Tongzhou Integrated Development (Phase 1)
May 2013	:	Greenpac Greenhub and the Jabil Circuit Project were awarded Green Mark Gold at the BCA Awards 2013
July 2013	:	Our Group was awarded our largest Design-and-Build contract to date to design and build the one-north Project I with a contract value exceeding S$100 million
October 2013	:	Our Group signed a joint venture agreement with AME Land Sdn Bhd, Tat Hong International Pte Ltd and L&M Ground Engineering Sdn Bhd to jointly develop property in Iskandar Malaysia, our first project in Iskandar Malaysia
January 2014	:	Our Group entered into a consortium with Perennial Real Estate Holdings Pte Ltd and several other investors to make a S$970 million acquisition of TripleOne Somerset in Singapore
May 2014	:	Our Company was awarded the Construction Excellence Award (Merit) for SDV Green Hub at the BCA Awards 2014
May 2014	:	The Tampines LogisPark Integrated Logistics Facility was awarded Green Mark Platinum at the BCA Awards 2014
May 2014	:	Kerry Logistics Centre and the SAP Project III were awarded Green Mark Gold at the BCA Awards 2014
August 2014	:	Our Company established BDP to expand our industrial property capabilities in Singapore
March 2015	:	BDP embarked on its inaugural development project, the one-north Project II, where it was appointed as developer to design, build and lease a property to be located at JTC's one-north development in Singapore to a leading multinational corporation(1) on a long-term lease. Our Company was awarded the Design-and-Build contract for such property
March 2015	:	BDP secured its second development project, the SAP Project V, where it was appointed as developer to design, build and lease a property to be located at SAP in Singapore to a leading European aerospace corporation(1) on a long-term lease. Our Company was awarded the Design-and-Build contract for such property

Note:

(1) This customer has not given consent for the disclosure of its identity.

BUSINESS AND OPERATIONS

Design-and-Build Business

Since 1996, we have constructed and developed more than 80 projects, amounting to more than 3,000,000 sq m of industrial real estate in Singapore, Malaysia, Vietnam and PRC for, among others, the aviation, commercial, food processing, logistics, petrochemical, pharmaceutical and technology industries. The Design-and-Build projects undertaken by us in Singapore typically comprise build-to-suit single-user industrial buildings and commercial offices.

Apart from the development of these projects, we undertake general construction and our Group possesses an A1 Grading by the BCA under the registration category CW01 for General Building, where we are approved to tender for public sector projects in Singapore of an unlimited contract value. We also carry out project management services in Singapore in which we act as the project manager. Further details on the business process is set out in the section entitled “Business – Business Process” of this Document.

Our Design-and-Build projects in Singapore are predominantly located in highly specialised industrial parks such as the Airport Logistics Park of Singapore, Changi International LogisPark, Paya Lebar iPark, SAP, Tampines Hi-Tech Park, Tampines LogisPark and Tukang Innovation Park. As at the Latest Practicable Date, we have undertaken 16 aerospace projects, most recently the SAP Project IV and SAP Project V at the 320-hectare SAP, an integrated aerospace hub which houses global aerospace corporations. Our other notable projects at SAP include the SAP Project III and the Bell Helicopter MRO Facility. We were awarded our largest Design-and-Build contract to date for the one-north Project I, with a contract value exceeding S$100 million. The project is located at the 30-hectare Fusionopolis, a research and development hub at JTC’s one-north development in Singapore. Our Group also completed Design-and-Build projects for the Tampines LogisPark Integrated Logistics Facility and the Kerry Logistics Centre at Tampines LogisPark, a JTC logistics park.

We have also undertaken Design-and-Build projects overseas through our subsidiaries located in Malaysia, Vietnam and PRC. For example, in 2011, we delivered an electronic power converters manufacturing facility for XP Power Ltd., one of the world’s leading developers and providers of power supply solutions to the electronics industry, in Binh Duong Province, Vietnam. In addition, in October 2014, we were awarded a construction management and construction project for a medical device manufacturing facility for a U.S. multinational corporation, to be located at the Kulim Hi-Tech Park in Kedah, Malaysia.

Design-and-Build Projects (Singapore)

The following table sets out our Design-and-Build projects in Singapore which were completed or currently on-going in the last three (3) financial years ended 31 March 2014 up to the Latest Practicable Date:

Project Name	Location	Project Description	GFA (sq m)	Expected Completion Period / Completion Period	Contract Value[(1)]
one-north Project II	one-north	A business park development comprising a seven-floor building and conservation of three (3) black and white bungalows	14,338	4th Quarter 2016	Band C
SAP Project V	SAP	An integrated maintenance, repair and overhaul hangar and mezzanine office facility	3,500	4th Quarter 2015	Band A
CFS Food Production Facility	Jurong Industrial Estate	A six-floor integrated food production, logistics, cold storage and office facility	27,000	4th Quarter 2015	Band C
SAP Project IV	SAP	A two-floor aerospace training centre with two (2) wings of flight simulator halls	8,736	4th Quarter 2015	Band A
Kuehne & Nagel Logistics Facility	Jurong Industrial Estate	A five-floor integrated logistics, cold storage and office facility	50,012	3rd Quarter 2015	Band C
Tuas Industrial Estate Project I	Tuas Industrial Estate	A three-floor integrated waste recycling and office facility	7,525	2nd Quarter 2015	Band A
Tuas Industrial Estate Project II	Tuas Industrial Estate	A single-floor warehouse facility	1,600	1st Quarter 2015	Band A
one-north Project I	Fusionopolis, one-north	An integrated design and R&D centre comprising a nine-floor tower connected to a six-floor tower with three (3) basement levels	40,880	4th Quarter 2014	Band E
Robinson Square	Central Business District	A 20-floor office building	4,755	4th Quarter 2014	Band A
Tuas Biomedical Park Project I	Tuas Biomedical Park II	A two-floor integrated manufacturing pilot facility	2,170	3rd Quarter 2014	Band A
Prologis Warehouse Facility	Changi North Industrial Estate	Extension of existing warehouse space	1,612	3rd Quarter 2014	Band A

Project Name	Location	Project Description	GFA (sq m)	Expected Completion Period / Completion Period	Contract Value[(1)]
Tampines LogisPark Integrated Logistics Facility	Tampines LogisPark	A three-floor integrated ramp-up logistics and office facility	54,520	2nd Quarter 2014	Band C
AIMS AMP Industrial Facility	Defu Industrial Estate	A six-floor industrial facility	18,850	2nd Quarter 2014	Band A
SAP Project III	SAP	A two-floor regional service repair, distribution and office facility	16,500	3rd Quarter 2013	Band B
BASF Production Facility	Jurong Island	A two-floor antioxidant production facility	1,125	2nd Quarter 2013	Band A
RE&S Food Processing Facility	Paya Lebar iPark	A seven-floor integrated food processing and office facility	9,650	2nd Quarter 2013	Band A
Loyang Industrial Estate Testbed Facility	Loyang Industrial Estate	An integrated MRO hangar and integrated test bed facility	8,900	2nd Quarter 2013	Band B
Ang Mo Kio Industrial Park Project I	Ang Mo Kio Industrial Park	A seven-floor integrated manufacturing, technology and office facility	50,000	2nd Quarter 2013	Band C
Ang Mo Kio Industrial Park Project II	Ang Mo Kio Industrial Park	A six-floor integrated manufacturing, technology and office facility	12,500	1st Quarter 2013	Band A
38@Alexandra Terrace	Alexandra Terrace	A six-storey light industrial facility	2,150	4th Quarter 2012	Band A
Greenpac Greenhub	Tukang Innovation Park	A four-floor integrated manufacturing and R&D facility	18,000	4th Quarter 2012	Band A
Hafary Centre	Changi North Industrial Estate	A two-floor logistics facility	14,600	4th Quarter 2012	Band A
Kerry Logistics Centre	Tampines LogisPark	A four-floor integrated ramp-up logistics and office facility	34,500	4th Quarter 2012	Band B
Shinko Plantech Processing Facility	Tuas View Industrial Estate	A four-floor food processing facility	12,500	3rd Quarter 2012	Band A
SAP Project II	SAP	An integrated engine testing and control facility	7,910	3rd Quarter 2012	Band B

Project Name	Location	Project Description	GFA (sq m)	Expected Completion Period / Completion Period	Contract Value[1]
Bell Helicopter MRO Facility	SAP	A two-floor integrated MRO hangar and office facility	15,580	2nd Quarter 2012	Band A
Fortis Colorectal Hospital	Adam Road	A three-floor fully dedicated colorectal hospital	2,540	2nd Quarter 2012	Band A
Tembusu Demineralisation Plant	Tembusu Multi-Utilities Complex, Jurong Island	A 17,280 cubic metres per day demineralisation plant and ancillary buildings	17,280	2nd Quarter 2012	Band A
Tuas Biomedical Park Project II	Tuas Biomedical Park II	A two-floor integrated Asia Pacific regional data centre with data storage facilities for a Fortune 100 transnational healthcare and pharmaceutical corporation	2,170	2nd Quarter 2012	Band A
SAP Project I	SAP	An integrated manufacturing and ancillary support facility	28,000	1st Quarter 2012	Band E
Tukang Innovation Park High-Tech Facility	Tukang Innovation Park	An integrated high-tech production and R&D centre	20,000	4th Quarter 2011	Band A
World Courier Project	Changi North Industrial Estate	A three-floor specialised cold chain logistics facility	12,500	2nd Quarter 2011	Band A
Pan Asia Project	Changi International LogisPark	A four-floor integrated ramp-up logistics and office facility	18,030	2nd Quarter 2011	Band A
Homefix Integrated Logistics and Office Facility	Paya Lebar iPark	A seven-floor light industrial facility	11,105	2nd Quarter 2011	Band A
Total			**551,038**		

Note:

(1) Contract value bands:
Band A means between S$1 and S$25,000,000.
Band B means between S$25,000,001 and S$50,000,000.
Band C means between S$50,000,001 and S$75,000,000.
Band D means between S$75,000,001 and S$100,000,000.
Band E means between S$100,000,001 and S$125,000,000.

Design-and-Build Projects (Overseas)

The following table sets out our projects overseas which were completed or currently on-going in the last three (3) financial years ended 31 March 2014 up to the Latest Practicable Date:

Project Name	Location	Project Description	GFA (sq m)	Expected Completion Period / Completion Period	Contract Value[(1)]
Kulim Manufacturing Facility	Kulim Hi-Tech Park, Kedah, Malaysia	A medical device manufacturing facility	15,000	2nd Quarter 2015	Band B
XP Power Manufacturing Facility	My Phuoc 3 Industrial Park, Vietnam	A three-floor integrated manufacturing and office facility	11,600	4th Quarter 2011	Band A
Total			**26,600**		

Note:

(1) Contract value bands:
Band A means between S$1 and S$25,000,000.
Band B means between S$25,000,001 and S$50,000,000.

Build For Sale Or Lease Business

In addition to the Design-and-Build of industrial and commercial properties for our clients under our Design-and-Build Business, we also carry out the development of properties under our Build for Sale or Lease Business, which will be held by our Group upon the completion of the project, with the intention to lease or sell such properties after completion. For further details on the aggregate valuation and book value of the properties that are wholly-owned by our Group and the aggregate valuation and cost of investments attributed to the properties that are part-owned by our Group, please refer to the section entitled "Business – Properties" of this Document.

Properties Sold (Singapore and Overseas)

The following table sets out properties developed and sold by our Group in the last three (3) financial years ended 31 March 2014 and up to the Latest Practicable Date:

Project / Building / Customer Name	Location	Property Description	Year of Sale	GFA (sq m)	Sale Price[1]	Purchaser
Ubi Avenue 1 Project	61 Ubi Avenue 1, Ubi Industrial Estate	A six-floor strata-titled light industrial facility	2013	13,760	Band B	Purchaser A[2]
SDV Green Hub	11 Pioneer Turn, Jurong Industrial Estate	A five-floor integrated ramp-up logistics and office facility	2012	42,110	Band C	SDV Logistics (Singapore) Pte Ltd
Continental Alloys & Services Pte Ltd	16 Tuas West Avenue, Jurong Industrial Estate	A two-floor integrated manufacturing, logistics and office facility	2012	5,500	Band A	Continental Alloys & Services Pte Ltd
Hawker Pacific Flight Centre	720 West Camp Road, SAP	A two-floor integrated aircraft sales, fixed-based operator and MRO hangar facility	2012	9,400	Band A	Hawker Pacific Asia Pte Ltd
Boustead Tongzhou Logistics Centre	Beijing Tongzhou Logistics Park, PRC	A single-floor logistics facility	2013	24,050	Band A	Redwood China Logistics Fund GP Pte. Ltd.

Notes:

(1) Sale price bands:
Band A means between S$1 and S$25,000,000.
Band B means between S$25,000,001 and S$50,000,000.
Band C means between S$50,000,001 and S$75,000,000.

(2) This purchaser has not given consent for the disclosure of its identity.

Properties Built for Lease (Singapore)

As at the Latest Practicable Date, we own a leasehold portfolio of approximately 180,000 sq m in Singapore and PRC, comprising primarily single-tenanted high quality build-to-suit industrial facilities.

The following table sets out properties in Singapore developed and owned by our Group which we lease to our tenants as at the Latest Practicable Date:

Project Name	Location	Property Description	Effective Interest / Subsidiary (%)	GFA (sq m)	Completion Period	Land Lease Title	Valuation (S$ 'million)[1]	Key Lessee(s)	Lease Term / Expiry Date	Encumbrances
Tukang Innovation Park Project	10 Tukang Innovation Drive, Tukang Innovation Park	A two-floor regional MRO service and training centre with an adjoining eight-floor office building	100.0 / BP-TN Pte. Ltd.	24,800	4th Quarter 2014	Leasehold of 30 years commencing on 1 November 2013 (pending issuance from JTC)[2]	50.0	Lessee A[3]	15 years commencing on 17 December 2014	Mortgaged to United Overseas Bank Limited ("**UOB**")
Energy Alloys Project	31 Tuas South Avenue 10, Tuas View Industrial Estate	A single-level manufacturing facility with a mezzanine office	100.0 / BP-EA Pte. Ltd.	10,523	4th Quarter 2014	Leasehold of 30 years commencing on 16 December 2013 (pending issuance from JTC)[4]	19.1	Energy Alloys Pte Ltd	10 years commencing on 7 November 2014	Mortgaged to UOB
Continental Building Phase II	80 Boon Keng Road, Kallang iPark	An additional six-floor R&D and technology centre adjoining the existing Continental Building Phase I	100.0 / BP-CA Pte. Ltd.	4,936	3rd Quarter 2014	Leasehold of 30 years commencing on 1 October 2013 (pending issuance from JTC)[5]	12.0	Continental Automotive Singapore Pte Ltd	10 years commencing on 10 July 2012	Mortgaged to UOB

Project Name	Location	Property Description	Effective Interest / Subsidiary (%)	GFA (sq m)	Completion Period	Land Lease Title	Valuation (S$ 'million)[(1)]	Key Lessee(s)	Lease Term / Expiry Date	Encumbrances
Edward Boustead Centre	82 Ubi Avenue 4	An eight-floor production facility with an ancillary office	50.0 / BP-Ubi Industrial Pte. Ltd.	8,759	2nd Quarter 2014	Leasehold of 30 years commencing on 5 April 2013	39.5	Boustead Services Pte. Ltd.	31 August 2019	Mortgaged to UOB
								CMC Construction Pte Ltd	31 August 2019	
								Clarendon Management Pte Ltd	30 November 2019	
								Esri Global Inc.	23 June 2019	
								Inprint Systems Asia Pacific Pte Ltd	31 August 2019	
								Legend (Singapore) Interiors Pte Ltd	31 December 2017	
								Tat Hong Holdings Pte Ltd	31 August 2017	

Project Name	Location	Property Description	Effective Interest / Subsidiary (%)	GFA (sq m)	Completion Period	Land Lease Title	Valuation (S$ 'million)[1]	Key Lessee(s)	Lease Term / Expiry Date	Encumbrances
Jabil Circuit Project	16 Tampines Industrial Crescent, Tampines Hi-Tech Park	A three-floor integrated manufacturing, technology and office facility	100.0 / BP-JCS Pte. Ltd.	20,020	2nd Quarter 2013	Leasehold of 30 years commencing on 16 June 2012 (pending issuance from JTC)[6]	37.8	Jabil Circuit (Singapore) Pte Ltd	Six (6) years commencing on 1 May 2013, with an option to renew for six (6) years	Mortgaged to DBS Bank Ltd. ("**DBS**")
Bombardier Aerospace Project	10 Seletar Aerospace Heights, SAP	A three-floor integrated aircraft service centre, MRO hangar and office facility	100.0 / BP-BBD Pte. Ltd.	6,290	2nd Quarter 2013	Leasehold for 30 years commencing on 1 June 2012 (pending issuance from JTC)[7]	19.3	Bombardier Aerospace Services Singapore Pte Ltd	10 years commencing on 9 July 2013	Mortgaged to UOB
Continental Building Phase I	80 Boon Keng Road, Kallang iPark	A seven-floor R&D and technology centre for automotive technology	100.0 / BP-CA Pte. Ltd.	11,250	2nd Quarter 2012	Leasehold of 30 years commencing on 1 April 2011, with an option to renew for 26 years five (5) months 29 days (pending issuance from JTC)[8]	31.0	Continental Automotive Singapore Pte Ltd	10 years commencing on 10 April 2012	Mortgaged to UOB
Hankyu Hanshin Express Project	10 Changi North Way, Changi International LogisPark	A four-floor logistics facility which is directly linked and shares integrated ramp-up facilities with the Multi+ Panalpina Project	100.0 / CN Logistics Pte. Ltd.	12,019	3rd Quarter 2011	Leasehold of 24 years four months commencing on 16 September 2010, with an option to renew for 30 years	26.3	Hankyu Hanshin Express (Singapore) Pte Ltd	Five (5) years commencing on 4 August 2011 / 31 October 2011, with an option to renew for two (2) years[9]	Mortgaged to UOB

Project Name	Location	Property Description	Effective Interest / Subsidiary (%)	GFA (sq m)	Completion Period	Land Lease Title	Valuation (S$ 'million)[1]	Key Lessee(s)	Lease Term / Expiry Date	Encumbrances
Safran Electronics Asia Project	26 Changi North Rise, Changi North Industrial Estate	A two-floor integrated manufacturing and office facility	100.0 / BP-SFN Pte. Ltd.	6,132	1st Quarter 2011	Leasehold of 30 years commencing on 30 April 2010, with an option to renew for 30 years	20.0	Safran Electronics Asia Pte Ltd	10 years commencing on 7 February 2011, with an option to renew for 10 years	Mortgaged to UOB
Panalpina Project	16 Changi North Way, Changi International LogisPark	A five-floor logistics facility which is directly linked and shares integrated ramp-up facilities with the Multi+ Panalpina Project	100.0 / CN Logistics Pte. Ltd.	11,320	3rd Quarter 2008	Leasehold of 57 years four (4) months 15 days commencing on 1 September 2007	24.5	Panalpina World Transport (Singapore) Pte Ltd	10 years commencing on 29 July 2008	Mortgaged to DBS
Tuas View Project	85 Tuas South Avenue 1, Tuas View Industrial Estate	A two-floor integrated manufacturing and office facility	100.0 / BP-Tuas 1 Pte. Ltd.	10,433	1st Quarter 2008	Leasehold of 30 years commencing on 16 April 2007, with an option to renew for 23 years	21.8	Lessee B[3]	10 years commencing on 8 January 2008	Mortgaged to DBS
UMS Aerospace Project	25 Changi North Rise, Changi North Industrial Estate	A two-floor manufacturing facility	100.0 / BP-UMS Pte. Ltd.	7,014	4th Quarter 2007	Leasehold of 30 years commencing on 1 February 2007	11.9	UMS Aerospace Pte Ltd	Eight (8) years commencing on 8 October 2007	Mortgaged to DBS
Multi+ Panalpina Project	12 Changi North Way, Changi International LogisPark	A two-floor ramp-up logistics facility	100.0 / CN Logistics Pte. Ltd.	23,881	4th Quarter 2005	Leasehold of 30 years commencing on 16 January 2005, with an option to renew for 30 years	46.0	Panalpina World Transport (Singapore) Pte Ltd	5 January 2018	Mortgaged to DBS

Project Name	Location	Property Description	Effective Interest / Subsidiary (%)	GFA (sq m)	Completion Period	Land Lease Title	Valuation (S$ 'million)[1]	Key Lessee(s)	Lease Term / Expiry Date	Encumbrances
36 Tuas Road	Jurong Industrial Estate	An integrated manufacturing, warehouse and office facility	100.0 / Boustead Trustees Pte. Ltd. as trustee of Boustead Real Estate Fund	11,470	Purchased on 2 October 2013	Leasehold of 30 years commencing on 16 May 1995, with an option to renew for 30 years	44.7	Ausgroup Singapore Pte. Ltd.	2 October 2013 to 14 May 2025, with an option to renew for five (5) years	Mortgaged to UOB
Total				**168,847**			**403.9**			

Notes:

(1) Based on the independent valuations by the Independent Valuers. Please refer to "Appendix G – Valuation Certificates and Reports" of this Document for further information.

(2) The legal title in respect of this property is pending issuance by JTC to us pursuant to the building agreement between BP-TN Pte. Ltd. and JTC. Under the terms of the building agreement, JTC will grant the land lease of 30 years in respect of this property with retrospective effect from 1 November 2013 upon fulfilment of certain conditions including a fixed investment criteria whereby we and our tenants are required to invest certain minimum investment amounts in building and civil works and plant and machinery by the fourth quarter of 2016. As at the Latest Practicable Date, the investment amounts are in the process of being met.

(3) These lessees have not given consent for the disclosure of their identity.

(4) The legal title in respect of this property is pending issuance by JTC to us pursuant to the building agreement between BP-EA Pte. Ltd. and JTC. Under the terms of the building agreement, JTC will grant the land lease of 30 years in respect of this property with retrospective effect from 16 December 2013 upon fulfilment of certain conditions including a fixed investment criteria whereby we and our tenants are required to invest certain minimum investment amounts in building and civil works and plant and machinery by the fourth quarter of 2016. As at the Latest Practicable Date, the investment amounts are in the process of being met.

(5) The legal title in respect of this property is pending issuance by JTC to us pursuant to the building agreement between BP-CA Pte. Ltd. and JTC. Under the terms of the building agreement, JTC will grant the land lease of 30 years in respect of this property with retrospective effect from 1 October 2013 upon fulfilment of certain conditions including a fixed investment criteria whereby we and our tenants are required to invest certain minimum investment amounts in building and civil works and plant and machinery by the third quarter of 2016. As at the Latest Practicable Date, the investment amounts are in the process of being met.

(6) The legal title in respect of this property is pending issuance by JTC to us pursuant to the building agreement between BP-JCS Pte. Ltd. and JTC. Under the terms of the building agreement, JTC will grant the land lease of 30 years in respect of this property with retrospective effect from 16 June 2012 upon fulfilment of certain conditions including a fixed investment criteria whereby we and our tenants are required to invest certain minimum investment amounts in building and civil works and plant and machinery by the second quarter of 2015. As at the Latest Practicable Date, the investment amounts are in the process of being met.

(7) The legal title in respect of this property is pending issuance by JTC to us pursuant to the building agreement between BP-BBD Pte. Ltd. and JTC. Under the terms of the building agreement, JTC will grant the land lease of 30 years in respect of this property with retrospective effect from 1 June 2012 upon fulfilment of certain conditions including a fixed investment criteria whereby we and our tenants are required to invest certain minimum investment amounts in building and civil works and plant and machinery by the second quarter of 2015. As at the Latest Practicable Date, the investment amounts are in the process of being met.

(8) The legal title in respect of this property is pending issuance by JTC to us pursuant to the building agreement between BP-CA Pte. Ltd. and JTC. Under the terms of the building agreement, JTC will grant the land lease of 30 years in respect of this property with retrospective effect from 1 April 2011, with an option to renew for 26 years five (5) months 29 days, upon fulfilment of certain conditions including a fixed investment criteria whereby we and our tenants are required to invest certain minimum investment amounts in building and civil works and plant and machinery by the third quarter of 2016. As at the Latest Practicable Date, the investment amounts are in the process of being met.

(9) This lessee has signed more than one (1) lease agreement and this has resulted in more than one (1) lease commencement date.

Please refer to "Appendix G – Valuation Certificates and Reports" of this Document for further information on the above properties.

Properties Built for Lease (Overseas)

The following table sets out the overseas properties developed and owned by our Group which we lease to our tenants as at the Latest Practicable Date:

Project Name	Registered Owner	Valuation (RMB 'million)	Location	Description of Buildings	Effective Interest / Subsidiary (%)	GFA (sq m)	Completion Period	Lessees	Lease Expiry Date	Encumbrances
Wuxi Boustead Industrial Development	Wuxi Boustead Industrial Development Co., Ltd.(1)	15.1	Plot 3 of lot 117#B, Wuxi National Hi-Tech Industrial Development Zone, Jiangsu, PRC(1)	Industrial facilities	100.0 / Wuxi Boustead Industrial Development Co., Ltd.	3,737	2nd Quarter 2004	Epont Coating (Wuxi) Co., Ltd	15 February 2016	–
			Plot 18 of lot 117#B, Wuxi National Hi-Tech Industrial Development Zone, Jiangsu, PRC(1)	Industrial facilities		3,238	3rd Quarter 2003	Fresh Powder Technology (Jiangsu) Co., Ltd	30 September 2019	
			Plot 7 of lot 117#B, Wuxi National Hi-Tech Industrial Development Zone, Jiangsu, PRC(1)	Industrial facilities		6,038	3rd Quarter 2003	Wuxi Hirose Development Electronics Co., Ltd	15 November 2021	
Total		**15.1**				**13,013**				

Please refer to "Appendix G – Valuation Certificates and Reports" of this Document for further information on the above properties.

Note:

(1) Wuxi Boustead Industrial Development Co., Ltd. does not own the land use right to Lot 117#B, Wuxi National Hi-Tech Industrial Development Zone, Jiangsu, PRC, being the land on which the above properties (held through Wuxi Boustead Industrial Development Co., Ltd.) are situated. Pursuant to the lease contract for land use right and supplementary agreements between Wuxi Boustead Industrial Development Co., Ltd. and Wuxi New District Economic Development Company, Wuxi Boustead Industrial Development Co., Ltd. is authorised to sub-lease the land use right along with the over-ground buildings to sub-lessees. The period for the land use right is 50 years commencing from 15 April 2003. Only the title to these buildings is held by Wuxi Boustead Industrial Development Co., Ltd.

Strategic Partnerships

We intend to use our joint ventures and partnerships to gain a foothold in overseas markets as well as other property sectors such as commercial properties. The objective of these partnerships is to develop and/or invest in modern logistics and high quality industrial facilities as well as other industrial and commercial properties in Singapore and overseas, by leveraging on the synergistic value of working with our joint venture partners. Through our investments with joint venture partners, we are able to spread the risks of our investments with them and tap on their local knowledge and expertise to break into the targeted overseas market or property sector. Once we gain a foothold and familiarise ourselves with the business and property environment through these strategic partnerships, we intend to offer our Design-and-Build expertise and bid for the Design-and-Build projects or development projects that would be required in connection with our investments.

Partnerships with the Perennial group of companies

Upon completion of the Group Restructuring, we will hold approximately 5.27% of the total issued share capital of Perennial Tongzhou Development Pte. Ltd. ("**PTD**"), which was acquired for an aggregate amount of approximately S$20.5 million, representing BSL's cost of investment when it invested in PTD in September 2012. PTD is an investment holding company holding 76.0% of the equity interest in Beijing Tongzhou Integrated Development (Phase 1), a proposed commercial complex comprising a 49-storey office tower, a 43-storey residence tower and a 25-storey building for office and residences, a four-storey retail podium and a four-storey basement for retail and car park use. This project is located in the Core Tongzhou Grand Canal Zone, Tongzhou District, Beijing, PRC. BSL initially joined the consortium to invest in this development in 2012. Based on the independent valuation by the Independent Valuer for Beijing Tongzhou Integrated Development (Phase 1), the estimated market valuation of Beijing Tongzhou Integrated Development (Phase 1) is approximately RMB5,829.0 million.

In January 2014, our Company entered into a consortium led by Perennial Real Estate Holdings Pte Ltd ("**PREH**"), together with several other investors, to purchase a commercial property in Singapore, TripleOne Somerset. PREH had through its indirect wholly-owned subsidiary, Perennial 111 Somerset Pte Ltd ("**P111S**") signed a sale and purchase agreement with Gorgeous International Limited to acquire the entire issued share capital of AREIF (Singapore I) Pte. Ltd. at a purchase price of S$970 million, to be financed by a combination of debt and equity. Our Company signed a letter of participation ("**Letter of Participation**") with PREH to co-invest in PREH's wholly-owned subsidiary, Perennial Somerset Investors Pte. Ltd. ("**Perennial Somerset**"), which in turn holds P111S. Pursuant to the signing of the Letter of Participation and a joint venture agreement, our Company has invested S$17.87 million for a 5.5% shareholding in Perennial Somerset through subscribing for junior bonds, preference shares and ordinary shares to be issued by Perennial Somerset.

TripleOne Somerset is a Grade A property strategically located within the Central Business District and prime Orchard precinct, next to Somerset MRT Station and along two (2) major road frontages at Somerset Road and Devonshire Road. The property is well positioned to offer quality office space to a good class of office tenants and holds promising retail appeal to the surrounding residential catchment areas. The property is expected to undergo an asset enhancement initiative in the future. Based on the independent valuation by the Independent Valuer for TripleOne Somerset, the estimated market valuation of TripleOne Somerset is approximately S$983.0 million.

Joint Venture in Iskandar, Malaysia

We entered into a joint venture with AME Land Sdn Bhd, Tat Hong International Pte Ltd and L&M Ground Engineering Sdn Bhd in October 2013 to develop iBP @ Nusajaya, a business park with 120,000 sq m of prime industrial land comprising 100 units in Nusajaya, Iskandar, Malaysia, targeting clients who require standard factories and build-to-suit factories. We hold approximately 35.0% of the joint venture development. Based on the independent valuation by the Independent Valuer for the land, the estimated market valuation of the land is approximately RM102.8 million.

As at the Latest Practicable Date, clients have entered into agreements to purchase over 70.0% of the units in Phase 1 of the project (comprising 52 units). We expect the project to be completed in the second quarter of 2017, subject to planning permissions and construction approvals being obtained.

Boustead Development Partnership

In August 2014, we established the Boustead Development Partnership ("**BDP**"), a co-investment partnership between our Company and the Abu Dhabi Investment Council. The BDP has the objective of co-investing in industrial properties in Singapore. The parties will contribute a combined equity of S$250.0 million to the BDP which, with leverage, is expected to allow for an initial investment target in excess of S$600.0 million.

Pursuant to the terms of the partnership, each party will contribute a committed amount of S$125.0 million to the BDP. The BDP will be the investor for our Group's future design-build-and-lease projects, development and redevelopment projects in the industrial property market in Singapore which meet its specified investment requirements. The actual amount and proportion of capital contribution from each party for each project will be determined on a case-by-case basis by the management committee of BDP comprising a representative from each party, who will take into account the level of risk-adjusted returns that each party expects to receive for their respective contributions.

Our Company will be the Design-and-Build partner for the BDP's pipeline of projects with our subsidiary, Boustead Funds Management Pte. Ltd., being the investment manager to the BDP, providing development and asset management services to the BDP. Our subsidiary, Boustead Property Services Pte. Ltd. will be appointed as the property manager to the BDP.

In addition, where our Group has secured an exclusive negotiation right or signed a heads of agreement for the purchase of any industrial property in Singapore to be developed or redeveloped, the BDP will be given a right of first refusal to invest in such property and if it declines the offer to acquire the relevant property, we will then be able to acquire the property on our own or with other third-parties on terms no more favourable than that offered to the BDP.

In March 2015, the BDP embarked on its inaugural development project, the one-north Project II, where it, through BP-Vista LLP (a limited liability partnership in which we hold a 30.0% interest), has been appointed as the developer to design, build and lease a property to be located at JTC's one-north development in Singapore to a leading multinational corporation on a long-term lease. The BDP, through BP-Vista LLP, has awarded the Design-and-Build contract for such property to our Company.

Also in March 2015, the BDP secured its second development project, the SAP Project V, where it, through BP-SF Turbo LLP (a limited liability partnership in which we hold a 50.0% interest), has been appointed as the developer to design, build and lease a property to be located at SAP in Singapore to a leading European aerospace corporation on a long-term lease. The BDP, through BP-SF Turbo LLP, has also awarded the Design-and-Build contract for such property to our Company.

BUSINESS PROCESS

Our Group is an industrial real estate solutions provider, where we have the capabilities to provide our clients with a wide range of industrial real estate solutions including Design-and-Build turnkey services, build-to-suit lease arrangements, project management and construction management.

The process for a typical project under our Design-and-Build Business and Build for Sale or Lease Business includes the following:

1. **Solicitation of Tenders**

   We secure Design-and-Build projects or Build for Sale or Lease projects through open tenders, invitation by owners, by owners' appointed consultants or recommendations through our associates, agents and existing clients.

2. Preparation of Tender Submission / Request for Proposal Response or Submission to Clients

Prior to the submission of a tender, our marketing team will undertake the following preparatory work streams:

(i) review of a customer's requirements and design, site, construction and schedule parameters;

(ii) evaluate resource requirements and capabilities of sub-contractors, suppliers and specialist consultants;

(iii) ascertain and propose construction methodologies and scope for value engineering;

(iv) review contractual risks and obligations; and

(v) assess a customer's credit profile to ascertain the customer's ability to pay based on the proposed payment terms.

Based on the proposed scope and requirements in the tender documents and the foregoing considerations set out above, we will compute costings for the following:

(a) preliminaries;

(b) foundation works;

(c) civil and structural works;

(d) architectural works;

(e) external works;

(f) M&E works;

(g) interior design and fit out works (if applicable);

(h) other specialist works (e.g. green building installations); and

(i) specialist consultant fees.

We will then formulate and prepare a contractor's proposal (including pricing consideration of margins built in) to be submitted to the client.

In addition, we will also conduct the following additional evaluations for projects under our Build for Sale or Lease Business:

(1) evaluate land ownership and usage parameters, in particular land with conditions imposed by government authorities such as the Urban Redevelopment Authority and JTC;

(2) obtain feedback from independent agents and valuers of market rentals and valuation for the proposed development;

(3) solicit from several banks for term sheets on level of debt financing, interest rate, debt covenants and collaterals;

(4) compute the internal rate of returns, property yield, and terminal value; and

(5) ascertain the level of equity funding requirements which we can undertake by ourselves or on a joint venture basis with third-parties.

3. **Award of Contract**

After the submission of a tender, we may engage in consultation and discussions with the client. After which, we may be asked to resubmit our tender prices or perform value engineering based on the clarified requirements.

The tender process which may include negotiations with the client on contractual terms typically takes one (1) to four (4) months. Notification of a successful tender normally occurs within one (1) to four (4) months following the close of a tender.

After a contract is formally awarded, there will be a pre-construction meeting in which the marketing team will hand over to a project team specially formed for the project comprising project management and operations in which the project team will be briefed on, *inter alia*, the specifications and any special requirements of the project.

4. **Design Development**

The project management team headed by the project director and supported by the senior project manager and the project manager who will be the points of contact for the customer on project communication will undertake the following:

(i) improve and develop detailed designs for the entire project;

(ii) work with our design team to develop the design. External consultants such as architects, structural engineers and M&E specialists may also be appointed to undertake detailed design development and document submissions to the relevant authorities for approval and construction; and

(iii) work with the operations team to ensure the successful completion of the project on time, meeting the requirements for quality and safety.

5. **Appointment of Sub-contractors and Suppliers**

We typically undertake the role of the turnkey main contractor, providing project management services and assuming the delivery risk of the entire project under our Design-and-Build Business and Build for Sale or Lease Business. The remaining specific construction works will be sub-contracted out to our sub-contractors, and the raw materials requirements will be sourced from vendors on our panel of suppliers.

Our operations team will prepare a procurement schedule at the commencement of the project, stating the required dates to award various sub-contracts.

We will assess the sub-contractors' and suppliers' creditworthiness, experience in the required area of works, quality of work, timeliness in completion and resources to undertake additional orders before nominating them to our panel of sub-contractors and suppliers. We will also review the sub-contracts and supply agreements to ensure that key provisions such as the length of the defects liability period, performance bond quantum and liquidated damages are covered.

Our sub-contractors and suppliers are then selected via a tender system.

6. **Appointment of Bank to Finance Construction for Projects under our Build for Sale or Lease Business**

For projects under our Design-and-Build Business, we do not require external funding to finance the project construction because we are able to effectively manage the cash flow collections from our clients and the cash payments to our sub-contractors and suppliers. Any down-payments made by clients further improves our project cash flow.

Where we are required to furnish a performance bond for projects under our Design-and-Build Business, we will tap on our existing credit facilities with our banks. We will request from our banks for a quote on the cost of issuing the performance bond and will select the bank with the most favourable pricing.

For projects under our Build for Sale or Lease Business where our clients typically do not make any payments during the construction period, we will need to ensure that our internal source of funds, co-investments with our joint venture partners and credit facilities from banks are in place. We will evaluate the term sheets provided by several banks and recommend the selected bank to the Board for approval. If we have joint venture partners in the project and a corporate guarantee is required by the bank, we will provide the guarantee on a several basis with our joint venture partners based on the proportion of our equity interest in the project. In the case of projects under our Build for Sale or Lease Business, we are not required to furnish a performance bond. Instead, our clients will furnish us with a rental deposit in the form of cash or an on-demand banker's guarantee.

7. Construction

Our operations team for the project which is headed by an operations director and supported by the construction manager, site manager, site engineer, M&E engineer, quality manager and engineer will execute the project in accordance with project requirements. The operations team will conduct weekly meetings with all the sub-contractors to track the progress of the site work to ensure that works are carried out according to the planned schedule.

The construction phase of projects under our Design-and-Build Business and Build for Sale or Lease Business typically involves two (2) main stages, namely (i) the sub-structure works (below ground) and (ii) the super-structure works (above ground). The sub-structure works involve piling, and casting of concrete ground beams and slabs. The super-structure works typically comprise installation of upper storey beams, columns, floor slabs and walls finishing architectural works such as tiling, plastering, painting and wall cladding.

Concurrent with the architectural works, M&E installation works are carried out. The final part of the entire construction phase is to ensure external works such as roads, street lightings and landscaping are incorporated.

During the entire construction, there will be close monitoring of site safety and quality by our internal specialist teams.

On a monthly basis, our operations team will assess the works that have been completed and file a claim to the client. The client representative will ascertain the amount of work done before confirming the value of the claim. Once the claim is approved by the client, we will issue an invoice to the client for payment. Our sub-contractors and suppliers will also file claims to us periodically for our approval and payment.

On a periodic basis, the operations team will evaluate and estimate the detailed construction costs and overall cost required to complete the entire project. Any cost improvements and deterioration will be investigated and accounted for accordingly.

The operations team will also carry out daily site inspections to ensure that the works are carried out in accordance with our quality and safety procedures.

8. Variations and Extension of Time

During the construction phase, there may be variation of works requested by our clients and this can take the form of additional work scope or omissions where the scope is reduced. In respect of additional work scope required, we will submit additional costs and time required to the client for approval before proceeding with such works.

For scope reduction, the project value may be reduced based on the cost breakdown submitted for the tender.

For projects under our Build for Sale or Lease Business, any variations or omissions are likely to result in an increase or reduction in the rental rates or sale price once the project is completed for lease or sale.

9. Completion and Handover

Before TOP is obtained or practical completion, the project team will undertake a visual inspection of the project with the respective sub-contractors to ensure that the works are completed and a list of defects will be generated and rectified. Thereafter, we will invite the client for the handover inspection of the project and the client may provide a list of defects for rectification, if any, following the inspection. The project team will then ensure that the defects are duly rectified by the sub-contractors in a timely manner and to our customer's satisfaction.

Once TOP is obtained, the project team will hand over the project to our clients and conduct training sessions for the clients' facility managers. We will also be required to provide documents such as as-built drawings, warranties, and operations and maintenance manuals to our customer.

The completed building is handed over to the client or tenant (for projects under our Build for Sale or Lease Business) at either TOP or upon the satisfaction of agreed conditions for practical completion.

Typically, the customer can withhold up to 10.0% of each progress payment due to us (until the accumulated retention monies reach approximately 5.0% of the total contract value), as retention monies to defray the costs of rectification, repair and reconstruction of any imperfections, faults or defects which may surface during the maintenance period. The retention monies will be reduced to 2.5% of the contract value at practical completion of the project and the remaining 2.5% retention monies will be held by our customer for the duration of the maintenance period which is typically 12 months after the date of obtaining practical completion or TOP of the relevant project (as the case may be).

Once the handover is completed, the defects liability period of between one (1) and 10 years on certain items of works will commence.

AWARDS AND ACCREDITATION

Our Group and the projects that we have completed have been awarded the following awards and accreditation from statutory and industry bodies:

Awards and Accreditation Awarded to our Group

Year	Award / Accreditation	Presented at / by	Entity
2014	BCA Construction Excellence Award (Merit)	BCA Awards 2014	Our Company for SDV Green Hub
2012	Workplace Safety & Health Performance (Silver) Award	WSH Awards 2012	Our Company
2011	Workplace Safety & Health Performance (Silver) Award	WSH Awards 2011	Our Company
2011	bizSAFE Mentor	Workplace Safety & Health Council	Our Company
2010	Workplace Safety & Health Performance (Silver) Award	WSH Awards 2010	Our Company
2009	Workplace Safety & Health Performance (Silver) Award	WSH Awards 2009	Our Company
2009	bizSAFE Star	Workplace Safety & Health Council	Our Company

Awards and Accreditation Awarded to the Projects We have Completed

Year	Award / Accreditation	Presented at / by	Entity
2014	Green Mark Platinum	BCA Awards 2015	one-north Project I
2014	Green Mark Platinum	BCA Awards 2015	Edward Boustead Centre
2014	Green Mark Platinum	BCA Awards 2014	Tampines LogisPark Integrated Logistics Facility
2014	Green Mark Gold	BCA Awards 2014	SAP Project III
2014	Green Mark Gold	BCA Awards 2014	Kerry Logistics Centre
2013	LEED Gold	U.S. Green Building Council Green Building Certification Institute	Kerry Logistics Centre
2013	LEED Gold	U.S. Green Building Council Green Building Certification Institute	SDV Green Hub
2013	Green Mark Gold	BCA Awards 2014	Greenpac Greenhub
2013	Green Mark Gold	BCA Awards 2014	Jabil Circuit Project
2012	Solar Pioneer Award	Energy Innovation Programme Office, EDB	Greenpac Greenhub
2012	Safety & Health Award Recognition for Projects	WSH Awards 2012	SDV Green Hub
2012	Green Mark Platinum	BCA Awards 2012	SDV Green Hub
2011	Safety & Health Award Recognition for Projects	WSH Awards 2011	SAP Project I
2011	Green Mark Platinum	BCA Awards 2011	SAP Project I and SAP Project II
2010	Safety & Health Award Recognition for Projects	WSH Awards 2010	Applied Materials Building
2010	Safety & Health Award Recognition for Projects	WSH Awards 2010	IBM Singapore Technology Park
2010	Safety & Health Award Recognition for Projects	WSH Awards 2010	Loyang Industrial Estate Testbed Facility
2010	Green Mark Gold	BCA Awards 2010	IBM Singapore Technology Park
2010	Green Mark Gold	BCA Awards 2010	Sun Venture Investments Project

Year	Award / Accreditation	Presented at / by	Entity
2009	Safety & Health Award Recognition for Projects	WSH Awards 2009	StarHub Green
2009	Green Mark Platinum	BCA Awards 2009	Applied Materials Building
2009	Green Mark Gold Plus	BCA Awards 2009	StarHub Green
2009	Solar Pioneer Award	Energy Innovation Programme Office, EDB	Applied Materials Building

WORKPLACE HEALTH, SAFETY AND ENVIRONMENTAL MEASURES

Our Group embraces the "Safe Work, Save Lives" philosophy where we comply with high standards of workplace health, safety and environmental measures.

We became a bizSAFE Partner in 2008 and received the bizSAFE Star in 2009, the highest qualification that can be attained in recognition of a company's health, safety and environmental management systems. Since 2011, we have also been recognised by the Workplace Safety and Health Council ("**WSHC**") as a bizSAFE Mentor, in recognition of a company's efforts to share its excellent workplace health, safety and environmental management systems and practices with other participating small-medium enterprises, including suppliers and sub-contractors. We are one of only 10 bizSAFE Mentors in Singapore as at the Latest Practicable Date.

In further recognition of our efforts, the WSHC and MOM awarded our Company with the WSH Performance (Silver) Award in 2009, 2010, 2011 and 2012, in recognition of our Company's overall performance in the implementation of sound safety and health management processes and systems.

The WSHC and MOM also recognised our excellent safety record on specific projects, with the award of the Safety & Health Award Recognition for Projects on projects such as the SDV Green Hub, the SAP Project I, the Applied Materials Building and the IBM Singapore Technology Park, among others.

As part of our green management policy, we have implemented the following measures:

- training and promoting awareness on the environmental aspects and impacts related to construction works for all personnel;
- reducing, reusing and recycling construction and office waste;
- construction work to be carried out with safe consideration of site personnel, visitors and the general public; and
- providing information and regular communications regarding progress of works to the local community and general public.

QUALITY ASSURANCE

We place strong emphasis on quality control to ensure that the quality of our projects meets the relevant requirements of our clients and maintain our reputation and market standing. In particular, we have implemented various quality assurance procedures at various stages of our projects, including:

- evaluation of architecture and design concepts;
- use of quality building and construction materials;
- close supervision of the construction process and project timeline;

- quality and safety checks by professional engineers and surveyors; and
- stringent requirements on craftsmanship and interior fittings.

Our Group has been awarded a number of certifications over the years. Our Company is ISO9001:2008 certified for the Design and Construction of General Building Works since 1999. In addition, we have received ISO14001:2004, SS506 Part 1:2009 and OHSAS18001:2007 certifications.

SEASONALITY

We generally do not experience any significant seasonality patterns in our operations and business.

MAJOR SUPPLIERS

Our suppliers comprise mainly our sub-contractors and suppliers of raw materials such as steel and concrete. Our appointment of these suppliers varies from year to year, depending on the requirements of our Design-and-Build projects in a particular year. We generally do not enter into exclusive contracts with any of our suppliers so as to allow us flexibility in terms of pricing, quality and timeliness of delivery. Subject to the quotes and tenders submitted to us through open bidding, the level of transactions with our suppliers may vary from year to year depending on the specific requirements of our projects. We select our suppliers and shortlist them for inclusion on our panel depending on the specific needs of our projects, which includes, among others, the quality and pricing of the products or services supplied and the track record of the suppliers. We will usually assess the sub-contractors' and suppliers' creditworthiness, experience in the required areas of work, quality of work, timeliness in completion and resources to undertake additional orders before nominating them to our panel of sub-contractors and suppliers. The percentage of costs that our suppliers account for would be dependent on the stages of completion of our Design-and-Build and Build for Sale or Lease projects and the amount of costs incurred in the financial year or period.

The following suppliers accounted for 5.0% or more of our total purchases for each of the last three (3) financial years ended 31 March 2014 and HY2015:

		As a percentage of total purchases (%)			
Supplier	**Type of services provided**	**FY2012**	**FY2013**	**FY2014**	**HY2015**
BHCC Construction Pte. Ltd.	Civil and structural works	15.7	24.2	5.8	11.6
CS Construction & Geotechnic Pte. Ltd.	Piling works	6.3	3.6	7.3	2.7
Nylect Engineering Pte Ltd	M&E works	8.3	9.3	10.6	8.6
Trust Build Engineering Pte Ltd	Civil and structural works	–	–	20.1	12.7

Our purchases from our major suppliers as a percentage of total purchases have fluctuated in the last three (3) financial years ended 31 March 2014 and HY2015 as it is dependent on, *inter alia*, the stage of completion of our construction projects, the successful tendering for projects by our major suppliers and our total purchases in the financial year or period. Trust Build Engineering Pte Ltd was engaged as a new sub-contractor after it had successfully tendered for one (1) of our major projects in FY2014.

Save as disclosed in this section, as at the Latest Practicable Date, our business and profitability are not dependent on any single supplier. None of our Directors, Substantial Shareholders or their respective associates have any interest in our major suppliers set out above.

MAJOR CUSTOMERS

Our customers generally comprise multinational corporations and local enterprises across various industry sectors such as aviation, commercial, food processing, logistics, petrochemical, pharmaceutical and technology industries for our Design-and-Build Business and our Build for Sale or Lease Business. Our customers may also comprise main contractors in certain instances where we are engaged to undertake construction works as a sub-contractor for these main contractors.

The following customers accounted for 5.0% or more of our total revenue for each of the last three (3) financial years ended 31 March 2014 and HY2015:

Customer	As a percentage of total revenue (%)			
	FY2012	FY2013	FY2014	HY2015
Bell Helicopter Asia (Pte) Ltd	12.5	2.3	–	–
Cenco, Inc (Singapore Branch Office)	–	9.4	8.8	–
Fortis Global Healthcare Holdings Pte Ltd	6.8	2.2	–	–
HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of AIMS AMP Capital Industrial REIT)	–	–	6.1	5.9
Jason Global Pte. Ltd.	–	14.8	–	–
Kerry Logistics Hub (Singapore) Pte Ltd	6.6	12.9	–	–
RE&S Enterprises Pte Ltd	–	3.1	5.6	–
SATAIR Pte Ltd	–	1.3	11.0	–
Seagate Singapore International Headquarters Pte Ltd	–	–	12.6	41.7
Schenker Singapore Pte Ltd	–	0.4	24.4	12.9
Shinko Plantech Co. Ltd.	4.2	5.9	–	–
ST Electronics (Info-Software Systems) Pte Ltd	2.2	15.8	6.9	–
A Fortune 100 transnational healthcare and pharmaceutical corporation(1)	6.1	0.9	–	–
Customer A(1)	11.5	–	–	–
Customer B(1)	0.6	6.7	–	–

Note:

(1) These customers have not given consent for the disclosure of their identity.

Save for Jason Global Pte. Ltd. in the table above, which was the purchaser of an industrial property developed and sold by us under our Build for Sale or Lease Business, the rest of the major customers listed above were customers under our Design-and-Build Business.

As at the Latest Practicable Date, the total amount of trade receivables outstanding from Seagate Singapore International Headquarters Pte Ltd was approximately S$5.8 million due to an invoice which was raised recently in February 2015. Based on our past collections in respect of previous invoices submitted to this customer in FY2014 and HY2015 which have been settled as at the Latest Practicable Date, to the best of our Company's knowledge, we are not aware of any matters that would cause us to believe that we will not be able to collect such outstanding trade receivables from the customer. Save for the foregoing, there are no other trade receivables due from the major customers listed in the table above as at the Latest Practicable Date.

Projects under our Design-and-Build Business are generally secured on a one-off project basis with a duration spreading across one and a half (1.5) to two (2) financial years. This has resulted in revenue being recognised on the same project across different financial years or periods depending on the work progress in that financial year or period. This invariably affects the ranking of major customers in relation to the size of other projects secured in each financial year or period. Due to our revenue being derived on a project-by-project basis, a customer that accounts for a significant proportion of our Group's revenue in a particular financial year or period may not generate a similar amount of revenue in other financial years or periods.

Save as disclosed in this section, as at the Latest Practicable Date, our business and profitability are not materially dependent on any industrial, commercial or financial contract (including a contract with a customer). None of our Directors, Substantial Shareholders or their respective associates have any interest in our major customers set out above.

MARKETING

Our Group has established and maintained business relationships with consultants and professionals who would be in a position to refer projects to us. We also source for new Design-and-Build projects through open and invited tenders, as well as referrals and recommendations from our customers and consultants from existing and past projects or the project owners. Certain contracts for our Design-and-Build projects are generally awarded through open tenders for public sector projects and invited tenders for private sector projects. We are informed of open tenders by way of notices through the Internet and newspapers.

INSURANCE

Our businesses and properties are insured in accordance with general market practice and legal requirements in the jurisdictions in which our properties are located. As at the Latest Practicable Date, our Group has taken up the following insurance policies to cover our operational, human resource and fixed asset risks:

(a) in respect of each project and depending on the specific requirements of the project:

  (i) contractor's all-risks insurance which covers, among others, material damages to the contract work (both permanent and temporary work), contract price of the project, materials supplied, construction plant and equipment, as well as third-party liabilities which include accidental bodily injury to or illness of third-parties (whether fatal or not);

  (ii) work injury compensation insurance under the Work Injury Compensation Act, Chapter 354 of Singapore to cover specified occupational diseases, personal injuries or deaths arising out of and in the course of the employee's employment by our Group for the specific project; and

  (iii) motor vehicles insurance,

  and we may take up additional insurance coverage for the specific projects, where required; and

(b) on a group basis:

  (i) group hospital and surgical insurance to cover the medical needs of our employees;

  (ii) property damage;

  (iii) public liability insurance;

  (iv) personal accident insurance; and

  (v) professional indemnity insurance.

The above insurance policies are reviewed annually to ensure that our Group has sufficient insurance coverage. We believe that the insurance coverage from the above insurance policies is adequate for our business needs and operations.

INVENTORY MANAGEMENT

Our Group generally does not maintain a significant amount of raw materials and inventories in order to minimise carrying cost. Our Group usually purchases raw materials as and when required, based on the budget and costing requirements set out by our management when we secure a contract. Even in cases where we sub-contract work for our construction projects, we will procure and purchase the raw materials directly from our suppliers for our sub-contractors.

INTELLECTUAL PROPERTY

We do not have any trade mark or intellectual property rights, save that BSL has granted us a non-exclusive, non-transferable licence pursuant to the Licence Agreement entered into with BSL to use the "Boustead" trade name and certain trade marks in connection with the business of our Company. Please refer to the section entitled "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Present and On-going Interested Person Transactions – Licence Agreement" of this Document for details. Save as disclosed in this section, the business of our Group is not significantly dependent on any patent or trade mark.

RESEARCH AND DEVELOPMENT

We do not generally undertake any R&D activities.

COMPETITION

We operate in a highly competitive environment and we are subject to competition from existing competitors and new entrants in the future.

Our Group holds the A1 grading by the BCA under the registration category CW01 for General Building, which grading is valid up to 1 October 2017. Contractors which are graded A1 by the BCA may compete directly with us for public and private sector projects that specify a minimum of A1 grading. Conversely, where we tender for a project that specifies a minimum grading that is lower than A1, our competitors would also include those contractors having a corresponding lower grading.

In relation to our Design-and-Build Business, our main competitors are entities which have been graded A1 by the BCA under the registration category CW01 for General Building. In relation to our Build for Sale or Lease Business, our main competition stems from local industrial property developers and industrial real estate investment trusts in the industrial property sector where we would have to compete on price, acquisition of available development sites, speed of execution, access to market information on suitable investment opportunities and payment terms.

Examples of our competitors in our Design-and-Build Business include Huang Pu Construction Pte. Ltd., Figtree Holdings Limited, Lend Lease Singapore Pte. Ltd., Sato Kogyo Co., Ltd., Shimizu Corporation, Precise Development Pte. Ltd., Soilbuild Construction Group Ltd. and Lian Beng Group Ltd.

Examples of our competitors in our Build for Sale or Lease Business include Ascendas Real Estate Investment Trust, Mapletree Industrial Trust, Soilbuild Business Space REIT, Figtree Holdings Limited and Lend Lease Singapore Pte. Ltd.

COMPETITIVE STRENGTHS

We believe our competitive strengths are as follows:

We are able to provide a comprehensive suite of industrial real estate solutions

We believe that our multi-disciplinary integrated in-house design and implementation capabilities spanning the full life cycle of a project enable us to deliver a more comprehensive suite of industrial real estate solutions to better suit our customers' needs and specifications and control costs while delivering quality to our customers.

Under our one-stop Design-and-Build Business, our multi-disciplinary team comprises specialists and third-party experts working closely in collaboration with our customers to ensure that our customer's objectives and specifications are met. Based on our customer's concept plan and design specifications, our in-house design team comprising professionals with experience in architectural design, structural design and M&E solutions will develop a detailed design for planning permissions and authority approvals, before transitioning to our operations team who are able to carry out and execute the construction on a turnkey basis before handing over to the customer.

Our one-stop Design-and-Build model ensures seamless transition from design to delivery as we are able to provide integrated design solutions to our customers while offering a wide scope of supplementary services encompassing Design-and-Build contract services, turnkey construction project services and project management services which allow us to streamline our resources and manage the project more efficiently while reducing our reliance on external third-parties. As a result, we are able to provide a faster turnaround time to our customers as well as provide an integrated cost and time efficient set of comprehensive real estate solutions to our customers.

In addition, we believe that we are one of the few industrial real estate solutions providers in Singapore that are able to provide both Design-and-Build capabilities and sale or lease options under our Build for Sale or Lease Business to our customers to suit their capital allocation, financing and operational needs. This means that our clients are able to choose between contracting us to build and construct their industrial projects or engage us on a build for sale or lease basis, in which we would acquire the land parcel, develop the project based on our customer's requirements and lease the property to them upon completion. Due to the flexibility we offer in providing a wide range of industrial real estate solutions to our clients, our clients can elect to customise their projects based on their needs and lease the completed project as a tenant without having to fork out a substantial outlay to acquire the land and we may, in some instances, grant an option to the customer to acquire the property based on the prevailing market price.

We focus on enhancing operational efficiencies and cost controls

We believe that our Group continues to maintain its competitive advantage through the following measures:

- maximising efficiency and productivity of our operations. For instance, the integration and close collaboration of our in-house design, project management and operations teams allows us to develop the design for the projects under our Design-and-Build Business and Build for Sale or Lease Business with constructability in mind, with such increased constructability achieving savings in construction costs and time;

- working closely with our panel of consultants to attain sustainable materials for our projects;

- continuing to develop and implement new techniques and plans to derive cost savings through improvements in construction methods, sequence and/or material use and reduction in labour-intensive techniques;

- leveraging the provision of labour by sub-contractors to maintain a variable cost structure to better align costs with peak or seasonal demand; and

- working closely with customers to implement cost saving and resource sharing initiatives.

We have an established track record

With almost 20 years of experience in the construction and property development business, we believe that we have established our reputation as a reliable and proven specialist provider of industrial real estate solutions. Our completed projects in our Design-and-Build Business and Build for Sale or Lease Business have won numerous awards as further described in the section entitled "Business – Awards and Accreditation" of this Document. We are also a leader in work safety standards as evidenced by our bizSAFE Mentor qualification and a pioneer of advanced environmentally-sustainable industrial facilities under the BCA Green Mark and U.S. LEED programmes.

We believe that our established track record has enabled us to earn the confidence of our customers in our services as well as build long-standing relationships with our external consultants and sub-contractors who have collaborated with us in the past. This is evident from the continuing business relationships and repeat business, recommendations and referrals from past customers. Our Directors believe that this will put our Group in good stead when we tender for new projects.

We have a strong, committed and experienced management team

Our success is supported by our experienced management team, led by our Executive Directors, Mr Wong Yu Wei and Mr Thomas Chu Kok Hong, who each have between 10 to 15 years of experience in the construction industry. Their extensive experience, along with that of our Executive Officers and the rest of our senior management team comprising four (4) deputy directors, each of whom have between five (5) to eight (8) years of working experience with our Group, enables our Group to identify new opportunities and to grow our business, allowing us to maintain our competitive advantage in the industry.

We are also able to leverage on the financial knowledge and experience of our management in securing contracts through our ability and flexibility in structuring contracts and/or partnerships with strategic partners. For instance, depending on the relevant project specifications and/or our customers' requests, we may enter into joint ventures or acquire minority shareholding interests in development joint ventures for strategic projects to gain a foothold in new overseas markets such as our joint ventures with AME Land Sdn Bhd, Tat Hong International Pte Ltd and L&M Ground Engineering Sdn Bhd to develop about 120,000 sq m of prime industrial land in Nusajaya, Iskandar, Malaysia and our co-investments in TripleOne Somerset in Singapore and Beijing Tongzhou Integrated Development (Phase 1) in Beijing, PRC (following completion of the Restructuring Exercise). Please refer to the section entitled "Business – Strategic Partnerships" of this Document for further details.

Our management team is supported by a pool of committed staff including designers, project managers, project engineers, M&E coordinators, site supervisors, safety supervisors and quantity surveyors. We place strong emphasis on training programmes for our employees to ensure that they are updated on the latest safety and building regulations and technological development. For more information, please refer to the sections entitled "Business – Staff Training" of this Document.

CREDIT POLICY

Trade Receivables

Under our Design-and-Build Business, we typically submit our claims for progressive work done to our customers or their representatives on a monthly basis to substantiate the amounts which customers have to pay. After our customers or their representatives have verified the work done, they will approve the claim amounts or adjusted amounts that reflect their view of the level of work performed. Once the claim amounts or adjusted amounts are approved, we will invoice the clients for payment. The credit terms granted to customers under our Design-and-Build Business, which are stipulated in our contracts, are typically 35 days from the invoice date. Such progress payments from our clients will be received over the course of the Design-and-Build project, which may take between one (1) to three (3) years to complete.

The trade receivables' turnover days for our Design-and-Build Business for the last three (3) financial years ended 31 March 2014 and HY2015 were as follows:

	FY2012	FY2013	FY2014	HY2015
Trade receivables' turnover days	55	59	51	78

Our trade receivables' turnover days for FY2012, FY2013 and FY2014 was between 51 days to 59 days, which was longer than our credit period granted to our customers as the trade receivables' turnover days measures the duration of when revenue is recognised to the time payment is received in full from the client, in which for our Design-and-Build Business, we typically invoice our clients within 10 to 15 days after revenue recognition.

For HY2015, the trade receivables' turnover days of 78 days was higher than in FY2012, FY2013 and FY2014, mainly due to two (2) invoices of approximately S$28.5 million submitted to a customer for payment during HY2015 which were subsequently settled in October 2014.

The ageing schedule of our trade receivables as at the end of the last three (3) financial years ended 31 March 2014 and HY2015 are set out below:

S$'000	As at 31 March 2012	As at 31 March 2013	As at 31 March 2014	As at 30 September 2014
Current	13,203	15,684	23,829	19,674
Past due for less than 90 days	5,962	23,767	4,411	22,906
Past due for 91 days to 180 days	2	885	184	2,870
Past due for 181 days to 365 days	11	493	666	146
Past due for more than 365 days	2,858	594	145	175
Total	**22,036**	**41,423**	**29,235**	**45,771**

As at 30 September 2014, our trade receivables which were past due for less than 90 days were higher than that as at 31 March 2014, mainly due to an invoice of approximately S$16.9 million submitted to a customer for payment in August 2014 which was only settled in October 2014.

The allowance of impairment of trade receivables for the last three (3) financial years ended 31 March 2014 and HY2015 were as follows:

S$'000	FY2012	FY2013	FY2014	HY2015
Allowance for impairment of trade receivables	2,841	59	–	–

The allowance for impairment of trade receivables in FY2012 was primarily due to specific impairment for trade receivables in respect of work done for a customer whose business has since been dissolved. Please refer to the section entitled "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Amounts Outstanding from Optivest Investments Pte. Ltd. to our Company" of this Document for further details.

Trade Payables

Our suppliers and sub-contractors for our Design-and-Build Business generally accord us with an average of 45 days of credit from the invoice date.

The trade payables' turnover days for our Design-and-Build Business for the last three (3) financial years ended 31 March 2014 and HY2015 were as follows:

	FY2012	FY2013	FY2014	HY2015
Trade payables' turnover days	98	48	71	95

Our trade payables' turnover days for FY2012, FY2014 and HY2015 were significantly longer than the credit period granted by our suppliers and sub-contractors due mainly to the following reasons:

(a) the trade payables' turnover days measures the duration from the time cost of sales is recognised to the time payment is made in full to the creditors, as compared to credit terms which measures the time full payment is made from the date of invoice from the suppliers/sub-contractors. There is typically a lag of approximately 10 to 15 days from cost recognition to the date of invoice; and

(b) there were a number of significant invoices submitted by sub-contractors for payments towards the end of FY2012, FY2014 and HY2015, which resulted in higher trade payables balances and causing the trade payables' turnover days to be significantly longer than the credit period granted by the suppliers/sub-contractors. These invoices were subsequently settled within the credit period granted.

EMPLOYEES

As at the Latest Practicable Date, we had 94 employees. Our employees are not unionised. The relationship and co-operation between the management and staff has always been good and is expected to continue in the future. There has not been any incidence of work stoppage or labour dispute which has affected our operations. In addition, we do not employ a significant number of employees on a temporary basis.

A breakdown of our employees by functions and geography as at the end of each of the last three (3) financial years ended 31 March 2014 is as follows:

By Job Function	As at 31 March 2012	As at 31 March 2013	As at 31 March 2014
Business Development & Marketing	8	6	7
Design	4	5	5
Finance, Administration & Legal	8	9	10
Management	4	4	4
Project Management	18	14	16
Quality Assurance/Control	2	2	3
Quantity Survey	4	5	5
Safety	16	16	17
Site Operations	28	26	26
Total	**92**	**87**	**93**
By Geographical Location			
Singapore	85	80	84
PRC	2	2	1
Vietnam	5	5	6
Malaysia	–	–	2
Total	**92**	**87**	**93**

STAFF TRAINING

We believe that the technical competence, product knowledge and execution skills of our staff are instrumental in maintaining our competitive position. The objective of our staff training is to ensure that all employees have the right skills, knowledge and confidence to do their jobs effectively and to enhance their work performance to support our operational and strategic aims and objectives.

To this end, training and development needs of each employee are identified and reviewed annually by line managers who would then develop and put in place a learning and development plan for employees. Our human resource department will review all identified training needs on a priority basis and produce a formal annual plan in line with the agreed budgets. Training is conducted by our senior staff as well as "on the job" training for all staff through work shadowing and coaching in the workplace. We will also liaise with and arrange for local suppliers to provide specialist training on the use of specific chemicals, equipment and new materials. Our health and safety team conducts workplace health and safety briefings for our staff. We may also contract external organisations to deliver training in specialist areas or we may send our employees to attend professional development courses and conferences.

PROPERTIES

As at the Latest Practicable Date, we own an industrial leasehold portfolio of approximately 180,000 sq m in Singapore and PRC which provides recurring rental income for our Group under our Build for Sale or Lease Business.

The properties which are currently wholly-owned by our Group and properties which will be wholly-owned by our Group following completion of the Restructuring Exercise, have an aggregate market valuation (assuming such properties are fully completed) of approximately S$367.8 million (based on the independent valuations by the Independent Valuers) while their corresponding aggregate book value as reflected in the financial statements of our Group as at 30 September 2014 (assuming the completion of the Restructuring Exercise) was approximately S$162.5 million. Between 30 September 2014 and the Latest Practicable Date, we had incurred an additional amount of approximately S$33.8 million to fully complete certain of these properties which were under construction as at 30 September 2014.

In addition, our Group currently owns or will own equity interests in the following part-owned property investments following completion of the Group Restructuring ("**Joint Investments**"):

(i) a 50.0% equity interest in BP-Ubi Development Pte. Ltd., which through a wholly-owned subsidiary, owns the Edward Boustead Centre;

(ii) a 35.0% equity interest in THAB Development Sdn Bhd, which holds six (6) plots of vacant industrial land located in Iskandar, Johor, Malaysia;

(iii) approximately 5.27% equity interest in Perennial Tongzhou Development Pte. Ltd. representing an approximate 4.0% effective interest in Beijing Tongzhou Integrated Development (Phase 1), a mixed-use project located in Beijing's Tongzhou District; and

(iv) approximately 5.5% equity interest in Perennial Somerset Investors Pte. Ltd., which holds a commercial property, TripleOne Somerset, in Singapore.

Our cost of investment in the equity interest of the Joint Investments as at 30 September 2014 (assuming completion of the Restructuring Exercise) was approximately S$21.6 million. After taking into account the independent valuations by the Independent Valuers for the properties held by the Joint Investments, the adjusted value of such investments (after taking into account any surplus arising from the said independent valuations) is approximately S$53.0 million.

Besides the above, our Group, through BDP has in March 2015, secured the following development projects:

(a) the one-north Project II, a development project to design, build and lease a property with an approximate GFA of 14,338 sq m to be located at JTC's one-north development in Singapore to a leading multinational corporation on a long-term lease. BP-Vista LLP (a limited liability partnership in which the BP Group holds a 30.0% interest) will own the property, pending issuance of the land lease of 30 years by JTC with retrospective effect from 16 February 2015 and subject to certain conditions being met (including, among others, a fixed investment criteria).

(b) the SAP Project V, a development project to design, build and lease a property with an approximate GFA of 3,500 sq m to be located at SAP in Singapore to a leading European aerospace corporation on a long-term lease. BP-SF Turbo LLP (a limited liability partnership in which the BP Group holds a 50.0% interest) will own the property, pending issuance of the land lease of 30 years by JTC with retrospective effect from 24 April 2015 and subject to certain conditions being met (including, among others, a fixed investment criteria).

Further details on each of these properties are set out in the sections entitled "Business – Business and Operations – Build for Sale or Lease Business" and "Business – Business and Operations – Strategic Partnerships" of this Document.

LEGAL PROCEEDINGS

From time to time, we are involved in legal proceedings concerning matters arising in connection with the conduct of our business. Save as disclosed in this section, we have not been a party to any litigation or arbitration proceedings during the 12 months immediately preceding the date of this Document which we believe would, individually or taken as a whole, have a material financial effect on our Group, and as far as we are aware, no such litigation or arbitration proceedings are pending or known to be contemplated.

In 2008, we were engaged as the Design-and-Build contractor of a warehouse facility in Singapore (the "**Works**"). The Certificate of Statutory Completion for the Works was issued in February 2011. In 2014, we sent a final payment claim of approximately S$9.7 million to the customer, representing the outstanding balance unpaid in relation to the Works. The customer did not settle the payment claim. The customer alleged that there were various defects to the Works and raised a set-off and counter-claim of approximately S$12.9 million (i.e. approximately S$9.7 million to be set off against our payment claim). In view of the foregoing, the customer has commenced or purported to commence arbitration proceedings against us, subject to determination by the arbitral tribunal. In this regard, our Company believes it has good grounds to recover our payment claim and intends to defend the customer's claim vigorously. In respect of some of the alleged defects, we had in turn also commenced arbitration against one of our sub-contractors to claim an indemnity and/or for loss and damages. Should an arbitral award be awarded in respect of these arbitration proceedings against our Company and in favour of the counterparty, we may potentially be subject to the net payment of approximately S$3.2 million plus costs and interest to the customer as well as any costs that may be awarded to the sub-contractor. As at the Latest Practicable Date, discussions between ourselves and the customer to resolve the dispute are, to our understanding, still on-going.

ORDER BOOK

As at the Latest Practicable Date, our order books for our Design-and-Build Business based on secured contracts and variation orders confirmed or expected amounted to approximately S$255.8 million. Barring unforeseen circumstances, we expect the orders to be fulfilled during the period from 18 to 24 months. These figures exclude revenue recognised up to the Latest Practicable Date, based on the POC Method. Our order books may not be an accurate indicator of our future performance as we have not taken into account any potential renegotiations, cancellations or deferrals of orders in calculating our order books.

CORPORATE SOCIAL RESPONSIBILITY POLICIES

We are fully committed to the implementation of green and gracious practices with a view to protect the environment and reduce the impact of global warming. We also aim to be a gracious and considerate company by promoting good rapport with our community.

We acknowledge the obligations we have towards our investors, employees, customers, suppliers, the government and the community as a whole. As part of the BSL Group, we are also subject to the group policy on whistleblowing, where our employees are encouraged under such policy to report any potentially improper and/or unethical conduct that they become aware of at their workplace or in connection with their work to a whistle-blowing committee specially constituted.

Further information on our workplace, safety, health and environmental measures is set out in the section entitled "Business – Workplace Health, Safety and Environmental Measures" of this Document while information on our commitment to managing health and safety issues is set out in the section entitled "Business - Quality Assurance" of this Document.

PROSPECTS[1]

Our Group continues to operate in a challenging and competitive environment. Please refer to the section entitled "Business – Competition" of this Document for more details. Given the current headwinds faced in the industrial property market in Singapore as observed by our Directors such as increased competition from existing competitors and new entrants in the industry (please refer to the section entitled "Business – Competition" of this Document for more details), continuing downward pressure on occupancy rates due to the forecast increase in supply of industrial space in the next two (2) years and declining rental indices observed in 2014 (each as detailed below in the section entitled "Prospects, Business Strategies and Future Plans – Prospects – Industrial Property Market in Singapore" of this Document), we remain cautious of our Group's business prospects. As such, the historical financial performance and financial condition of our Group are not to be taken as an indication of future financial performance and financial condition of our Group in any financial reporting period.

Save as disclosed in this section and the section entitled "Risk Factors" of this Document, and barring any unforeseen circumstances, our Directors are not aware of any other significant recent trends in the construction industry and industrial property market in Singapore or any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our Group's revenue, profitability, liquidity or capital resources, or that would cause the financial information disclosed in this Document to be not necessarily indicative of our future operating results or financial condition. Please also refer to the section entitled "Notice to Investors – Forward-Looking Statements" of this Document.

Singapore Economy

The growth of the engineering and construction industry in Singapore is generally linked to Singapore's economic growth. On 25 November 2014, the MTI announced that it expects the Singapore economy to grow by around 3.0% in 2014 and by 2.0% to 4.0% in 2015. Growth in the construction sector moderated to 1.7% year-on-year compared to 3.7% in the previous quarter, primarily due to weaker private sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the construction sector contracted by 0.3%, following a 4.2% decline in the second quarter.[2]

For 2015, the EDB expects investment commitment numbers to continue with the trend since 2013, of a more moderate flow of investments. This reflects its sharper focus on attracting projects that are in line with Singapore's stage of economic development, manpower policies and planned international commitments on carbon emissions. For 2015, the EDB is forecasting fixed asset investments to be between S$9.0 billion to S$11.0 billion, compared to S$11.8 billion in 2014.[3]

Construction Industry in Singapore

The BCA estimates that the value of total construction contracts (in both public and private sectors) awarded in 2015 could reach between S$29.0 billion to S$36.0 billion, given a sustained pipeline of public sector projects. This follows an exceptionally strong performance in 2014 where the total construction demand set a new record of S$37.7 billion, fuelled by a higher volume of institutional and civil engineering construction contracts. Public sector projects are expected to account for an estimated 60% or S$18.0 billion to S$21.0 billion of the total construction demand and private sector construction demand is anticipated to moderate to between S$11.0 billion to S$15.0 billion. For 2016 and 2017, the average construction demand is expected to be sustained at between S$27.0 billion to S$36.0 billion per annum and S$26.0 billion to S$37.0 billion in 2018 and 2019 per annum, in view of mega public sector infrastructure projects required to meet the long-term needs of Singapore's population and maintain the competitive advantage of Singapore's economy.[4]

Industrial Property Market in Singapore[5]

For 2015, about 2.6 million sq m of industrial space, which includes 560,000 sq m of multiple-user factory space is estimated by the MTI to come on-stream. For 2016, the MTI estimates that an additional 2.2 million sq m of industrial space will come on-stream, which is significantly higher than the average annual supply and demand of approximately 1.5 million sq m and 1.0 million sq m respectively in the past three (3) years and is likely to exert further downward pressures on occupancy rates.

As at the end of the fourth quarter of 2014, (i) the supply in the pipeline of factory space by development status and expected year of completion and (ii) the supply of factory space by type of factories and expected year of completion, are as follows:

Supply in the pipeline of factory space by development status and expected year of completion

Factory Space	2015 ('000 sq m)	2016 ('000 sq m)	2017 ('000 sq m)	2018 ('000 sq m)	2019 ('000 sq m)	>2019 ('000 sq m)	Total ('000 sq m)
Under construction	1,901	932	94	91	–	56	3,074
Planned	118	626	416	343	53	–	1,556
Written permission	91	250	105	16	–	–	462
Provisional permission	14	213	119	107	–	–	453
Others	13	163	192	220	–	–	641
Total	**2,019**	**1,558**	**510**	**434**	**53**	**56**	**4,630**

Supply of factory space by type of factories and expected year of completion

	2015 ('000 sq m)	2016 ('000 sq m)	2017 ('000 sq m)	2018 ('000 sq m)	2019 ('000 sq m)	>2019 ('000 sq m)	Total ('000 sq m)
Multiple-user factory	558	686	269	327	42	56	1,938
Single-user factory	1,259	676	241	107	11	–	2,294
Business park	202	196	–	–	–	–	398
Total	**2,019**	**1,558**	**510**	**434**	**53**	**56**	**4,630**

Rental of industrial space continued to moderate. In the fourth quarter of 2014, the rental index of the overall industrial space fell by 0.6% and the rental index of the multiple-user factory space rose marginally by 0.2% on a quarter-on-quarter basis. For the whole of 2014, the rental indices of the overall industrial space and the multiple-user factory space fell by 2.1% and 0.7% respectively. The decline of the rental indices in 2014 on a yearly basis is in sharp contrast compared to the average annual increase of around 7.0% per year over the past four (4) years.

Prices of industrial space also continued to moderate. In the fourth quarter of 2014, the price indices of the overall industrial space and multiple-user factory space prices fell further by 0.1% and 0.2% respectively on a quarter-on-quarter basis, following their respective declines of 0.9% and 1.8% in the previous quarter. Due to the low base in the fourth quarter of 2013, the price indices of the overall industrial space and multiple-user factory space prices rose by 3.5% and 4.4% respectively, over the whole of 2014, significantly slower than the average increases of around 14.0% per year over the past four (4) years.

STRATEGIES AND FUTURE PLANS

Our Group is a leading real estate solutions provider with core engineering expertise in the Design-and-Build and development of industrial facilities, industrial parks and business parks for multinational corporations and local enterprises, principally in Singapore.

With the expected growth of the Singapore economy, steady stream of fixed asset investments and supply of industrial space released by JTC, our Group will continue to identify opportunities in Singapore to undertake the Design-and-Build and/or build-to-suit of single-user industrial properties, which require high levels of technical specifications, for multinational corporations (particularly for the aerospace, high-tech, manufacturing, R&D, media, IT, biomedical and pharmaceutical sectors) in Singapore. Our Group has also formed the BDP as well as joint ventures with other partners such as Tat Hong International Pte Ltd and Perennial Real Estate Holdings Pte. Ltd. The objective of these partnerships is to develop and/or invest in modern logistics and high quality industrial facilities as well as other industrial and commercial properties in Singapore and overseas, by leveraging on the synergistic value of working with our joint venture partners. We aim to capitalise on the strengths (including the financial standing) of these reputable partners and enhance our ability to undertake Design-and-Build projects of a larger scale.

Our Group also plans to expand our portfolio of industrial properties held for sale or lease through undertaking the development of build-to-suit single-user industrial properties to further increase our stream of recurring rental income. Our Group may also consider, at the appropriate time, the formation of an industrial real estate investment trust to unlock the value of our industrial leasehold portfolio and free up capital for future growth and investments.

Outside of Singapore, our Group intends to continue the strategy of undertaking joint ventures, partnerships or strategic investments in regional markets such as Malaysia, Vietnam, PRC and Indonesia. Our Group aims to establish a foothold in these regional markets by leveraging on the knowledge and experience of our partners and our Group's expertise built up over the years in Singapore to secure and undertake the Design-and-Build and development of industrial and commercial properties in these markets.

In addition, our Group sees potential in markets such as Iskandar, Malaysia which has implemented investor-friendly policies in attracting foreign direct investments and is exploring opportunities to build up land banks in such markets for future developments.

Notes:

1. The information contained in the section entitled "Prospects, Business Strategies and Future Plans - Prospects" of this Document has been derived from extracts from the websites of the BCA, JTC, MTI and EDB, which are publicly available. None of the BCA, JTC, MTI or EDB has consented to the inclusion of such information for the purpose of section 249 of the Securities and Futures Act and is therefore not liable for such information under sections 253 and 254 of the Securities and Futures Act. While we have taken reasonable actions to ensure that such information is reproduced in their proper form and context and that such information is extracted fairly and accurately, neither we nor any party have conducted an independent review of such information nor verify the accuracy of the contents of such information.

2. Source: MTI press release dated 25 November 2014 entitled "MTI Forecasts Growth of Around 3.0 Per Cent in 2014 and 2.0 to 4.0 Per Cent in 2015" on its website http://www.mti.gov.sg/NewsRoom/Pages/MTI-Forecasts-Growth-of-Around-3.0-Per-Cent-in-2014-and-2.0-to-4.0-Per-Cent-in-2015.aspx.

3. Source: EDB news release dated 2 February 2015 entitled "Investment commitments in 2014 met forecast; investment numbers for 2015 expected to moderate, reflecting a more targeted approach and uncertain global economic environment" on its website http://www.edb.gov.sg/content/edb/en/news-and-events/news/2015-news/edb-year-2014-in-review.html.

4. Source: BCA news release dated 8 January 2015 entitled "Public sector projects to sustain construction demand in 2015" on its website http://www.bca.gov.sg/Newsroom/pr08012015_BCA.html.

5. Source: "Quarterly Market Report - Industrial Properties Fourth Quarter 2014" published by JTC on its website http://www.jtc.gov.sg/Publications/Quarterly-Facilities-Report/Pages/qfr2014.aspx.

MANAGEMENT AND CORPORATE GOVERNANCE

OUR MANAGEMENT STRUCTURE

The following chart shows our management reporting structure:

BOARD OF DIRECTORS

Our Board of Directors has ultimate responsibility for the administration of the affairs of our Company. Details of our Directors are as follows:

Name	Age	Address	Position
Mr John Lim Kok Min	74	82 Ubi Avenue 4 #07-01 Edward Boustead Centre Singapore 408832	Chairman & Independent Non-Executive Director
Mr Wong Yu Wei	38	82 Ubi Avenue 4 #07-01 Edward Boustead Centre Singapore 408832	Deputy Chairman & Executive Director
Mr Thomas Chu Kok Hong	44	82 Ubi Avenue 4 #07-01 Edward Boustead Centre Singapore 408832	Managing Director & Executive Director
Dr Tan Khee Giap	57	82 Ubi Avenue 4 #07-01 Edward Boustead Centre Singapore 408832	Independent Non-Executive Director
Mr James Lim Jit Teng	69	82 Ubi Avenue 4 #07-01 Edward Boustead Centre Singapore 408832	Independent Non-Executive Director

Experience of our Directors

Information on the areas of responsibility, the business and working experience of our Directors is set out below:

Mr John Lim Kok Min was appointed as our Chairman & Independent Non-Executive Director on 25 March 2015. He has over 45 years of extensive senior management experience in the Asia Pacific region.

Between 2004 to 2010, Mr Lim was the President and Deputy Group Chairman of LMA International NV, Curacao where he was responsible for the global marketing, distribution, development and procurement of the company's products. Between 1997 to 2000, he was the Group Managing Director of Pan-United Corporation Ltd, and the Group Managing Director of JC-MPH Ltd, between 1993 to 1997. Mr Lim was also the Chief Executive Officer, Chief Operating Officer and Divisional Director of Cold Storage Holdings Limited from 1981 to 1993 and the Regional Marketing Director of Pepsi-Cola International between 1978 to 1981.

Mr Lim was formerly Chairman of the BCA and Senoko Power Limited, as well as Deputy Chairman of NTUC FairPrice Co-operative Limited and the Singapore Institute of Management. He is a current director of several private and public companies and managers of real estate investment trusts and business trusts listed on the SGX-ST such as IREIT Global and a member of their audit, remuneration and nominating committees. Since 1997, Mr Lim has also been an independent non-executive director of BSL. The board of directors of BSL and Mr Lim have agreed that in the event the Listing proceeds, Mr Lim will relinquish his position on the board of directors of BSL.

Mr Lim holds a Bachelor of Arts with Honours in Economics from the University of Malaya and was a Fellow of the Singapore Institute of Directors from 2000 to 2014, and subsequently an Honorary Fellow till present.

Mr Wong Yu Wei was appointed as our Deputy Chairman & Executive Director on 25 March 2015 and was previously the Senior Deputy Managing Director of our Company. Mr Wong has over 10 years of experience in property development. He joined BSL in 2005 as General Manager (Wuxi) in charge of overseeing and managing the development of Wuxi Boustead Industrial Development and subsequently as General Manager of Strategic Operations from 2007 to 2008, where he managed the development and leasing of BSL's industrial real estate projects in Singapore and Vietnam. Since he joined our Company in 2009 as Deputy Managing Director, Mr Wong has been responsible for managing the real estate investments, legal matters and development and execution of strategic alliances and joint ventures, while overseeing the development of industrial projects and developing and expanding our Company's business overseas. Between 2002 to 2004, Mr Wong was a Business Development Support Consultant with Esri Australia Pty Ltd and Business Development Coordinator in Esri South Asia Pte. Ltd. between 2004 to 2005, both of which are subsidiaries of BSL, where he was in charge of managing client accounts and business development.

Mr Wong holds a Bachelor of Civil Engineering (Honours) from the University of New South Wales.

Mr Thomas Chu Kok Hong is our Managing Director & Executive Director, a position he has held since 2009. Mr Chu has more than 15 years of experience in property development. Since he joined our Company in 1997, Mr Chu has been appointed in various positions. In particular, he was appointed as our Managing Director in 2009 and has been responsible for the day-to-day functions of our Company including business development, project management and setting our strategic direction. From 1995 to 1997, Mr Chu was a marketing engineer with BHP Steel Asia Pte. Ltd., where he was involved in the sales and marketing of structural steel products. From 1993 to 1995, Mr Chu was a structural engineer with TY Lin SEA Pte. Ltd.

Mr Chu holds a Bachelor of Engineering with Honours (Civil) from the University of Melbourne and a Certificate of Real Estate Investment Finance from the APREA Institute.

Dr Tan Khee Giap was appointed as our Independent Non-Executive Director on 25 March 2015. Dr Tan is currently Co-Director of Asia Competitiveness Institute and a Visiting Associate Professor of Public Policy at the Lee Kuan Yew School of Public Policy at the National University of Singapore. He is also the Chairman of the Singapore National Committee for Pacific Economic Cooperation. He holds directorships in a few listed companies in Singapore, including TEE Land Limited and BreadTalk Group Limited. Dr Tan graduated with a PhD from the University of East Anglia in 1987. He has consulted extensively with various government ministries, statutory boards and government-linked companies of the Singapore Government. Dr Tan has served as a member of the Resource Panel of the Government Parliamentary Committee for Transport and Government Parliamentary Committee for Finance and Trade since 2007.

Mr James Lim Jit Teng was appointed as our Independent Non-Executive Director on 25 March 2015. Mr Lim was an Executive Director of BSL from 1996 to 2005 and oversaw the industrial real estate solutions division of BSL. He retired from the BSL Group in February 2005 and was subsequently appointed as a consultant to our Company till August 2014.

Mr Lim has over 30 years of experience in the building industry in Australia, South East Asia, Middle East and PRC. From 1989 to 1996, he was Executive Director at Guthrie GTS Singapore Ltd where he was responsible for the design and construction of various property developments, including industrial properties, hotels and retail malls. Between 1985 to 1988, Mr Lim was Director in Sunshine Allied Ltd, where he oversaw the development of a hotel project in PRC. Prior thereto, he was a Director in Lend Lease Singapore where he was in charge of engineering solutions for Design-and-Build projects, focusing mainly on industrial projects and public housing. Mr Lim was also an Operations Manager in Singapore Contractor Corporation Ltd between 1978 to 1981 where he was responsible for the project management and construction of a palace project in Jeddah, Saudi Arabia. Between 1968 to 1978, Mr Lim was respectively, a Design Engineer, Structural Engineer and Project Manager at Laurie & Montgomery, Civil & Civic Pty Ltd and Lend Lease Singapore.

Mr Lim holds a Bachelor of Engineering with First Class Honours (Civil) from the University of Canterbury, New Zealand.

Expertise of our Directors

As evidenced by their respective business and working experience set out above, our Directors possess the appropriate expertise to act as directors of our Company. In accordance with the requirements under the SGX-ST listing rules, we have made arrangements for our Directors to be briefed on the roles and responsibilities of a director of a public listed company in Singapore.

None of our Independent Directors sits on the boards of our principal subsidiaries based in jurisdictions outside Singapore. Each of Mr John Lim Kok Min and Dr Tan Khee Giap confirms that he is able to devote sufficient time to discharge his duties as an Independent Director.

Independence of Mr John Lim Kok Min and Mr James Lim Jit Teng

Mr John Lim Kok Min

Having reviewed and considered the credentials and independence of Mr John Lim Kok Min, the Board has determined that Mr Lim be considered independent notwithstanding that he was previously an independent director of BSL as Mr Lim has confirmed that neither he nor his immediate family: (a) holds 10.0% interest in the voting shares of our Company; (b) has been employed by our Company or its related corporations in the current or last three (3) financial years ended 31 March 2014; (c) has accepted any compensation from our Company or any of our subsidiaries for the current or immediate past financial year; (d) been a substantial shareholder of or a partner in or an executive officer of or a director of any for profit business which has made or received significant payments from our Company or our subsidiaries in the current or immediate past financial year; or (e) been involved in any situation which would affect his independence in our Company. Based on the above and having considered whether or not Mr Lim's past directorships in BSL will affect his independence, the Board is of the view that he should be considered an Independent Director on the Board in accordance with Guideline 2.3 of the Code.

Mr James Lim Jit Teng

Having reviewed and considered the credentials and independence of Mr James Lim Jit Teng, the Board has determined that Mr Lim be considered independent notwithstanding that he was previously an executive director of BSL and consultant to our Company as (i) the total amount of payments made by our Group to Mr Lim for the consultancy services provided was not significant compared to the threshold of S$200,000 prescribed in Guideline 2.3(d) of the Code and (ii) Mr Lim has confirmed that neither he nor his immediate family: (a) holds 10.0% interest in the voting shares of our Company; (b) has been employed by our Company or its related corporations in the current or last three (3) financial years ended 31 March 2014; (c) has accepted any compensation from our Company or any of our subsidiaries for the current or immediate past financial year; (d) been a substantial shareholder of or a partner in or an executive officer of or a director of any for profit business which has made or received significant payments from our Company or our subsidiaries in the current or immediate past financial year; or (e) been involved in any situation which would affect his independence in our Company. In addition, the valuable insight which Mr Lim gained in our Company, its markets and the industry during his previous engagement as our consultant will benefit our Company.

Based on the above and having considered whether or not Mr Lim's past directorships in BSL and past consultancy engagements with our Company will affect his independence, the Board is of the view that he should be considered an Independent Director on the Board in accordance with Guideline 2.3 of the Code.

Potential Conflict of Interest in respect of Dr Tan Khee Giap

Dr Tan Khee Giap is an independent director of TEE Land Limited, a property development company listed on the SGX-ST which specialises in residential property developments, with the majority of its projects located in Singapore and others located in Thailand and Vietnam. TEE Land Limited has also undertaken or is undertaking a number of non-residential projects comprising mainly commercial projects in Singapore, Australia, Malaysia and New Zealand, as well as an industrial joint venture project in Thailand. Our Directors are of the view that there is no material conflict of interest in respect of Dr Tan's present directorship in TEE Land Limited as TEE Land Limited focuses on residential property developments, which our Group does not currently see as a prospective sector. In addition, TEE Land Limited operates in geographical markets that we do not operate in, namely Australia and New Zealand.

Other Principal Directorships of our Directors

The list of present and past directorships held by our Directors in the last five (5) years preceding the date of this Document, excluding those held in our Company, is set out in "Appendix H — List of Past and Present Directorships — Directors" of this Document.

Employment Terms

Our key management are employed under employment letters, which generally stipulate remuneration terms, entitlement to leave and other benefits consistent with our Group's prevailing policies. Typically, the notice period for termination of employment of key management is between one (1) to three (3) months, given either by the employee or us. We may also terminate the employment of key management by giving one (1) month's or three (3) months' salary (as the case may be) in lieu of notice as well as terminate the employment of key management for cause, without notice.

Save as disclosed in this section, there are no existing or proposed employment agreements entered into or to be entered into by our Directors with our Company or any of our subsidiaries. There are no existing or proposed employment agreements entered into or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

EXECUTIVE OFFICERS

In addition to our Directors, our Executive Officers are responsible for our day-to-day management and operations. Information regarding our Executive Officers is as follows:

Name	Age	Address	Position
Mr Lee Keen Meng	46	82 Ubi Avenue 4 #07-01 Edward Boustead Centre Singapore 408832	Chief Financial Officer
Mr Koh Boon Teik	44	82 Ubi Avenue 4 #07-01 Edward Boustead Centre Singapore 408832	Deputy Managing Director (Operations)

Experience of our Executive Officers

Information on the areas of responsibility, the business and working experience of our Executive Officers is set out below:

Mr Lee Keen Meng is our Chief Financial Officer. He leads our Company in a multitude of functions comprising financial and management reporting, corporate governance, investment, due diligence, treasury and taxation. Mr Lee joined our Company in 2009 and he previously held the position of Senior Finance Director where he was in charge of the overall financial management of our Company.

Prior to joining our Company, Mr Lee was with Honeywell Pte. Ltd., a U.S. multinational corporation from 2004 to 2009, where he joined as South East Asia Controller for the Automation and Control Solutions Business and was subsequently promoted to Asia Pacific Finance Leader for the Process Solution Lifecycle Service Business. During his term, Mr Lee played a significant role in partnering senior management to drive profitability and ensuring the business adopts sound financial practices.

Between 2001 and 2004, Mr Lee served as the Finance Manager for Sembcorp Engineers and Constructors Pte Ltd, responsible for the financial management of companies in Malaysia, PRC and India. Mr Lee also worked with PSA Corporation Ltd from 1996 to 2001, where he served as the Finance Manager for a subsidiary, PSA Muara in Brunei and provided accounting support to the Property Division. Mr Lee's audit experiences were acquired from his work at the internal audit function of Oversea-Chinese Banking Corporation Ltd. from 1995 to 1996 and at the Auditor-General's Office from 1993 to 1995.

Mr Lee holds a Bachelor of Commerce (Accounting) from the University of Queensland, Australia and is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a Certified Practising Accountant with CPA Australia.

Mr Koh Boon Teik is our Deputy Managing Director (Operations). Mr Koh is in charge of the overall operational aspects of our Company to ensure projects complete on time, safely and with quality and profitability. He joined our Company in 1999 and held the position of Deputy Managing Director prior to his present role. Between 1994 and 1999, Mr Koh was a Project Engineer at Takenaka Singapore Pte Ltd, where his role was to plan and execute projects.

Mr Koh holds a Bachelor of Applied Science in Construction Management and Economics from Curtin University of Technology.

Other Principal Directorships of our Executive Officers

The list of present and past directorships held by our Executive Officers in the last five (5) years preceding the date of this Document, excluding those held in our Company, is set out in “Appendix H — List of Past and Present Directorships — Executive Officers” of this Document.

LEGAL REPRESENTATIVE OF WUXI BOUSTEAD INDUSTRIAL DEVELOPMENT CO., LTD.

Under the laws and regulations in PRC, a limited liability company incorporated under the laws of PRC is required to appoint a PRC Legal Representative. The PRC Legal Representative typically has powers to represent, exercise rights on behalf of, and enter into binding obligations on behalf of, such company.

The possible implications arising out of the appointment of a PRC Legal Representative are as follows:

(a) in the event of any future appointment or change of a PRC Legal Representative of our PRC subsidiary, our Group will need to comply with the relevant legal formalities and procedures in relation to the filing of such appointment or change with the local PRC authorities; and

(b) where our PRC subsidiary wishes to replace its current PRC Legal Representative, it may be required to obtain the relevant legal documents executed by such current PRC Legal Representative in advance of the appointment of the subsequent PRC Legal Representative.

Our PRC Legal Representative for our subsidiary, Wuxi Boustead Industrial Development Co., Ltd. is currently Mr FF Wong. Upon completion of our acquisition of Wuxi Boustead Industrial Development Co., Ltd. pursuant to the Wuxi Boustead SPA, it is intended that our Deputy Chairman & Executive Director, Mr Wong Yu Wei, will be appointed as our PRC Legal Representative for Wuxi Boustead Industrial Development Co., Ltd.

Under the laws of PRC and the existing articles of association of Wuxi Boustead Industrial Development Co., Ltd., the shareholder(s) of Wuxi Boustead Industrial Development Co., Ltd. has the sole discretion to change the PRC Legal Representative.

Our Directors are of the opinion that the abovementioned processes are adequate to address the risks in relation to the appointment of the PRC Legal Representative and the impediments to his removal.

FAMILY RELATIONSHIPS

Mr Wong Yu Wei, our Deputy Chairman & Executive Director, is the son of Mr FF Wong, the Chairman & Group Chief Executive Officer of BSL and the brother of Mr Wong Yu Loon, an Executive Director of BSL. He is also the nephew of Mr Chong Ngien Cheong, an independent director of BSL.

Save as disclosed in this section, none of our Directors is related to one another or to our Executive Officers or to any of our Substantial Shareholders.

ARRANGEMENTS OR UNDERSTANDING

None of our Directors or Executive Officers has any arrangement or understanding with any of our Substantial Shareholders, customers or suppliers or other persons, pursuant to which he was appointed as our Director or Executive Officer, as the case may be.

Save as required under any laws or regulations, we do not set aside or accrue any amounts for pension, retirement or similar benefits.

COMPENSATION

The compensation paid by our Company and our subsidiaries to each of our Directors and each of our Executive Officers for services rendered by them in all capacities to our Company and our related corporations for FY2013 and FY2014 and expected to be payable by our Company and our subsidiaries to each of these Directors and Executive Officers for services rendered by them in all capacities to our Company and our related corporations for the year ending FY2015, in remuneration bands[1], are as follows:

Name	FY2013	FY2014	FY2015 (estimated)[2]
Directors			
Mr John Lim Kok Min	N.A.[3]	N.A.[3]	Band A
Mr Wong Yu Wei	Band B[4]	Band C[4]	Band C
Mr Thomas Chu Kok Hong	Band C[4]	Band D[4]	Band D
Dr Tan Khee Giap	N.A.[3]	N.A.[3]	Band A
Mr James Lim Jit Teng	Band A[5]	Band A[5]	Band A
Executive Officers (who are not Directors)			
Mr Lee Keen Meng	Band B[4]	Band B[4]	Band B
Mr Koh Boon Teik	Band B[4]	Band C[4]	Band C

Notes:

(1) Remuneration bands:
Band A means between S$1 and S$250,000.
Band B means between S$250,001 and S$500,000.
Band C means between S$500,001 and S$750,000.
Band D means between S$750,001 and S$1,000,000.

(2) The estimated amount of remuneration excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement payable for FY2015.

(3) "N.A." denotes not applicable as these persons were not yet appointed or employed by our Group during the relevant periods.

(4) Includes share awards granted under BSL's Boustead Restricted Share Plan 2011. Please refer to the section entitled "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Present and On-going Interested Person Transactions – Reimbursement by our Company to BSL for the Issue of Shares of BSL to our Employees pursuant to BSL's Boustead Restricted Share Plan 2011" of this Document for further details.

(5) Consultancy fees paid to Mr James Lim Jit Teng for previously acting as consultant to our Company.

The estimated amount of compensation payable in the current financial year excludes any bonus or profit-sharing plan or any profit-linked agreement or arrangement.

CORPORATE GOVERNANCE

We recognise the importance of corporate governance and the maintenance of high standards of accountability to our Shareholders.

The Code of Corporate Governance recommends that the roles of chairman and chief executive officer be separated, to ensure an appropriate balance of power and increased accountability to shareholders. We have three (3) board committees: (i) the Audit Committee; (ii) the Nominating Committee; and (iii) the Remuneration Committee.

Audit Committee

Our internal policy requires our Audit Committee to have at least three (3) members, all of whom have to be non-executive and the majority of whom, including the Chairman of the Audit Committee, have to be independent. Under our Audit Committee's terms of reference, our Audit Committee should have broad business experience, knowledge of our operations, finance and auditing procedures with at least two (2) members, including the Chairman of the Audit Committee having recent and relevant accounting or related financial management expertise or experience. Our Audit Committee will have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by our management and full discretion to invite any Director or Executive Officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

Our Audit Committee comprises three (3) members, namely Mr John Lim Kok Min, Dr Tan Khee Giap and Mr James Lim Jit Teng. The Chairman of the Audit Committee is Mr John Lim Kok Min. Our Audit Committee is required to meet at least four (4) times a year to perform functions such as:

(a) overseeing the adequacy of the controls established by executive management to identify and manage areas of potential risk and to safeguard the assets of our Company;

(b) evaluating the processes in place to ensure that accounting records are properly maintained in accordance with statutory requirements and financial information provided to Shareholders and the Directors is accurate and reliable;

(c) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of our Company and any announcements relating to our Company's financial performance;

(d) reviewing with external and internal auditors and reporting to our Board at least annually the adequacy and effectiveness of our internal control system, including financial, operational, compliance and IT controls (such review can be carried out internally or with the assistance of any competent third-parties);

(e) reviewing with internal auditors, the programme, scope and results of the internal audit and our management's response to their findings to ensure that appropriate follow-up measures are taken;

(f) reviewing the effectiveness of our internal audit function;

(g) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;

(h) reviewing with external auditors the impact of any new or proposed changes in accounting principles or regulatory requirements on our financial information;

(i) making recommendations to our Directors on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(j) reviewing the interested person transactions (including the interested person transactions disclosed in this Document. Please refer to the section entitled “Interested Person Transactions and Conflicts of Interest” of this Document) or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the regulations of the SGX-ST, and are reasonable and in the best interests of our Company;

(k) monitoring the investments in our customers, suppliers and competitors made by our Directors, Controlling Shareholders and their respective associates who are involved in the management of or have shareholding interests in similar or related business of our Company and making assessments on whether there are any potential conflicts of interests;

(l) reviewing filings with the SGX-ST or other regulatory bodies which contain our financial information and ensuring proper disclosure;

(m) commissioning and reviewing the findings of internal investigations into matters where there is any suspected fraud, irregularity, failure of internal controls or infringement of any law, rule and regulation which has or is likely to have a material impact on our operating results and/or financial position;

(n) reviewing policy and arrangements by which our staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;

(o) reviewing our risk management structure (including all hedging policies) and any oversight of our risk management processes and activities to mitigate and manage risk at acceptable levels determined by our Directors;

(p) reporting to our Board the work performed by our Audit Committee in carrying out its functions;

(q) reviewing the co-operation given by our officers to the external auditors; and

(r) performing any other act as delegated by our Board and approved by our Audit Committee.

All decisions at any meeting of our Audit Committee shall be decided by a majority of votes of the members present and voting and such decision shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration.

Apart from the duties listed above, our Audit Committee is required to commission and review the findings of internal investigations into matters where there is any suspected fraud, irregularity, failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on our results of operations and/or financial position. Each member of our Audit Committee must abstain from voting on any resolution in respect of matters in which he is interested.

Adequacy of Internal Controls

Based on the internal controls established and maintained by our Group, the work performed by the external auditors and the reviews conducted by management and the internal audit department, our Board, with the concurrence of our Audit Committee, is of the opinion that our Group’s internal controls were adequate as at the date of this Document to address the financial, operational and compliance risks of our Group.

Suitability of our Chief Financial Officer

Our Audit Committee has reviewed the curriculum vitae of our Chief Financial Officer, Mr Lee Keng Meng and has also interviewed Mr Lee. Our Audit Committee noted that Mr Lee holds a Bachelor of Commerce (Accounting) from the University of Queensland, Australia and is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a Certified Practising Accountant with CPA Australia. He has approximately 20 years of finance experience.

In the course of preparing for the Introduction, our Audit Committee has observed and noted Mr Lee's contributions at various occasions, discussions and meetings. In the course of such interactions, our Audit Committee is of the view that Mr Lee has demonstrated a strong and clear understanding of our Group's businesses and familiarity with the finance and accounting functions of our Group, and our Audit Committee has not been made aware of any other matter that would question Mr Lee's suitability for the position of Chief Financial Officer.

Having considered the above, and the qualifications and past working experience of Mr Lee, our Audit Committee is of the view that he is suitable for the position of Chief Financial Officer of our Group.

After making all reasonable enquiries, and to the best of the knowledge and belief of our Audit Committee, nothing has come to the attention of the members of our Audit Committee to cause them to believe that Mr Lee, who is appointed Chief Financial Officer of our Group, does not have the competence, character and integrity expected of a chief financial officer (or its equivalent rank) of a listed issuer.

Nominating Committee

Our internal policy requires our Nominating Committee to have at least three (3) members, of whom the majority has to be independent, including the Chairman of the Nominating Committee. Our Nominating Committee comprises Dr Tan Khee Giap, Mr John Lim Kok Min, Mr James Lim Jit Teng, Mr Wong Yu Wei and Mr Thomas Chu Kok Hong. The Chairman of the Nominating Committee is Dr Tan Khee Giap. Our Nominating Committee is responsible for matters relating to board appointments including, but not limited to, the following:

(a) reviewing and recommending candidates for appointments to our Board and board committees (excluding the appointment of existing members of our Board to each of the Audit Committee, Nominating Committee and Remuneration Committee for the purposes of the initial establishment of such board committees), as well as candidates for senior management staff, who are not also candidates for appointment to our Board;

(b) reviewing of board succession plans for our Directors, in particular, the Chairman and the Managing Director;

(c) developing a process for the evaluation of the performance of our Board, our board committees and our Directors;

(d) reviewing of training and professional development programmes for our Board;

(e) reviewing and recommending nomination for re-appointment or re-election or renewal of appointment of our Directors;

(f) reviewing and recommending candidates to be our nominees on the boards and board committees of the listed companies and entities within our Group;

(g) determining the independence of our Directors;

(h) reviewing the participation (whether by way of obtaining an interest in or taking a board seat or otherwise) by each Independent Director in any competing business and taking into account such matters in the re-appointment or re-election or renewal of appointment of such Independent Director; and

(i) undertaking generally such other functions and duties as may be required by law or the Listing Manual, and by amendments made thereto from time to time.

In the event that any member of the Nominating Committee has an interest in a matter being deliberated upon by the Nominating Committee, he will abstain from participating in the review and approval process relating to that matter as well as from voting on any resolutions relating to such matter.

Nominating Committee's view of our Independent Directors

The Nominating Committee, having taken into consideration the following:

(a) the number of listed company directorships by each of our Independent Directors;

(b) the principal commitments of our Independent Directors;

(c) the confirmations by our Independent Directors stating that they are each able to devote sufficient time and attention to the matters of our Company;

(d) the confirmations by our Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any Controlling Shareholder of our Company, has no relationship with our Company, our related corporations or with any directors of these corporations, our 10.0% Shareholders or our officers that could interfere or be reasonably perceived to interfere, with the exercise of his independent business judgement with a view to the best interests of our Company;

(e) our Independent Directors' working experience and expertise in different areas of specialisation; and

(f) the composition of the Board,

is of the view that (i) each of our Independent Directors is individually and collectively able to devote sufficient time to the discharge of their duties and are suitable and possess relevant experience as Independent Directors of our Company and (ii) our Independent Directors, as a whole, represent a strong and independent element on the Board which is able to exercise objective judgement on corporate affairs independently from the Controlling Shareholders.

Remuneration Committee

Our internal policy requires our Remuneration Committee to have at least three (3) members, all of whom have to be non-executive and a majority of whom have to be independent, including the Chairman of the Remuneration Committee. Our Remuneration Committee comprises Dr Tan Khee Giap, Mr John Lim Kok Min and Mr James Lim Jit Teng. The Chairman of the Remuneration Committee is Dr Tan Khee Giap. Our Remuneration Committee is responsible for, among others, recommending to our Board a framework and criteria of remuneration for our Directors and key executives, and for recommending specific remuneration packages for each Director. The recommendations of our Remuneration Committee are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind shall be covered by our Remuneration Committee. Each member of the Remuneration Committee is required to abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the Remuneration Committee in respect of his remuneration package.

All decisions at any meeting of the Remuneration Committee shall be decided by a majority of votes of the members present and voting and such decision shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of our interested persons (namely, the Directors or Controlling Shareholders of our Company or the associates of such Directors or Controlling Shareholders) are "**Interested Person Transactions**" for the purposes of Chapter 9 of the Listing Manual.

Save as disclosed in the section entitled "Share Ownership – Restructuring Exercise" of this Document and in this section, there are no Interested Person Transactions that are material in the context of the Introduction in the last three (3) financial years ended 31 March 2014 and for the period from 1 April 2014 to the Latest Practicable Date. Save as otherwise provided in this section, Shareholders, upon approval of the Distribution at the EGM, are deemed to have specifically approved these transactions with our interested persons and as such these transactions are not subject to Rules 905 and 906 of the Listing Manual to the extent that there are no subsequent changes to the terms of the agreements in relation to each of these transactions.

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction which value is less than S$100,000 is not considered material in the context of the Introduction and is not taken into account for the purposes of aggregation in this section.

Past Interested Person Transactions

Details of past transactions between our Group and interested persons which are material in the context of the Introduction in the last three (3) financial years ended 31 March 2014 and for the period from 1 April 2014 to the Latest Practicable Date are as follows:

Provision of Corporate and Management Services by the BSL Group

The BSL Group has been providing corporate and management services to our Group since the commencement of our business.

The corporate and management services provided by the BSL Group to our Group include internal audit services, corporate secretarial services, finance services, investor relations services and human resource services.

The amounts paid to Boustead Services, a wholly-owned subsidiary of BSL, for the corporate and management services provided to us by the BSL Group (including reimbursements for other related expenses made in connection with the provision of such corporate and management services) in FY2012, FY2013, FY2014 and for the period from 1 April 2014 to the Latest Practicable Date were approximately as follows:

	FY2012 (S$)	FY2013 (S$)	FY2014 (S$)	1 April 2014 to the Latest Practicable Date (S$)
Fees paid for provision of corporate and management services and related expenses	360,000	360,000	480,000	440,000

The amounts charged by the BSL Group for the provision of the corporate and management services above were not on an arm's length basis and were not carried out on normal commercial terms as we did not engage an independent third-party valuer to assess the prevailing market rates that may be charged for similar services.

All amounts due to Boustead Services under the above arrangements have been fully settled with the BSL Group as at the Latest Practicable Date and we do not intend to enter into similar transactions in the future following the Introduction as we have established our own corporate and management services operations, save for the IT Support and General Administration Services Agreement which we entered into with the BSL Group to engage the BSL Group for the provision of IT support and general administration services. Please refer to the section entitled "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Present and On-going Interested Person Transactions – IT Support and General Administration Services Agreement entered into with the BSL Group" of this Document for further details.

Lease of Office Premises from the BSL Group

Prior to June 2014, we leased office premises in a building located at 67 Ubi Avenue 1, StarHub Green, Singapore 408942 from Boustead Services for our Singapore office. The aggregate rental paid to Boustead Services for the lease of the premises (including related expenses such as IT, utilities, office expenses and fees for the sharing of common areas) in FY2012, FY2013, FY2014 and for the period from 1 April 2014 to the Latest Practicable Date were approximately as follows:

	FY2012 (S$)	FY2013 (S$)	FY2014 (S$)	1 April 2014 to the Latest Practicable Date (S$)
Aggregate rental (including related expenses such as IT, utilities, office expenses and fees for sharing of the common areas)	402,550	432,281	514,240	448,332

All amounts due to Boustead Services for the above lease have been fully settled as at the Latest Practicable Date.

The above transactions were carried out on an arm's length basis and on normal commercial terms as the rental we paid for the area leased to us by the BSL Group was pegged to prevailing market rates with reference to independent valuations. The above lease arrangement has ceased since June 2014 after we moved to our current office premises.

On 26 August 2014, the BSL Group, through Boustead Services, entered into a lease agreement with BP-Ubi Industrial Pte. Ltd., a wholly-owned subsidiary of BP-Ubi Development Pte. Ltd., a joint venture company in which our Company and Tat Hong Investments Pte Ltd each hold a 50.0% equity interest, for the lease of office space in Edward Boustead Centre, as its corporate headquarters. Please refer to the section entitled "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Present and On-going Interested Person Transactions – Lease of Corporate Headquarters to BSL" of this Document for further details.

Sub-contract of Civil Works by Boustead Salcon Water Solutions Pte. Ltd. for Construction of a Demineralisation Plant

In January 2011, Boustead Salcon Water Solutions Pte. Ltd. ("**Boustead Salcon**"), a wholly-owned subsidiary of BSL in its energy-related engineering business division, was awarded a contract to design, engineer and construct a demineralisation plant at the Tembusu Multi-Utilities Complex, owned by TP Utilities Pte. Ltd., a subsidiary of Tuas Power Ltd. The civil works component of the demineralisation plant including the main building, ancillary buildings, electrical and fire fighting systems was sub-contracted to our Company.

The aggregate amounts of fees we received from Boustead Salcon for the provision of civil works in respect of the demineralisation plant in FY2012, FY2013, FY2014 and for the period from 1 April 2014 to the Latest Practicable Date were approximately as follows:

	FY2012 (S$)	FY2013 (S$)	FY2014 (S$)	1 April 2014 to the Latest Practicable Date (S$)
Aggregate fees received from Boustead Salcon for provision of civil works	13,738,037	1,259,565	812,481	–

All amounts due from Boustead Salcon for the provision of such services have been fully settled as at the Latest Practicable Date. The fees we charged to Boustead Salcon in respect of the services provided were negotiated on an arm's length basis and on normal commercial terms with reference to the fees we would normally expect to charge to third-parties for the provision of equivalent services.

After our admission to the Official List of the SGX-ST, we may be engaged to provide similar services to the BSL Group (excluding our Group). Any provision of such services to the BSL Group will be subject to the review procedures as set out in the section under "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Guidelines and Review Procedures for Present and On-going and Future Interested Person Transactions" of this Document and the requirements of Chapter 9 of the Listing Manual.

Amounts Outstanding from Optivest Investments Pte. Ltd. to our Company

Optivest Investments Pte. Ltd. ("**Optivest**") was a joint venture company incorporated by BSL and other unrelated third-parties to undertake a potential project in Vietnam, in which 30.0% of its issued share capital was held by BSL. In March 2008, we invoiced Optivest approximately S$2.78 million for certain preliminary and exploration expenses incurred in respect of this project. The amount invoiced included agents' commission for securing the contract and for various preparation and documentation works, consultancy fees, land clearance costs and other travelling, accommodation and miscellaneous expenses incurred in connection with commencement of the project. In March 2009, an allowance was made for the impairment of such trade receivables as Optivest did not accept the claim and did not make payment in respect of the claim.

In April 2010, BSL and the other shareholders of Optivest mutually agreed that the business in respect of which Optivest was to undertake was no longer viable and resolved that Optivest be wound up pursuant to a members' voluntary winding up. On 24 November 2011, Optivest was dissolved pursuant to a members' voluntary winding up. As such, the trade receivables were written off in full.

The above preliminary and exploration expenses charged by our Company to Optivest were on an arm's length basis and carried out on normal commercial terms.

Please refer to the section entitled "Business – Credit Policy – Trade Receivables" of this Document for further details.

Provision of Loans to the BSL Group

We have in the past from time to time extended unsecured loans to the BSL Group for capital management purposes, being the BSL Loans.

The largest amount outstanding of the BSL Loans during the last three (3) years ended 31 March 2014 and for the period from 1 April 2014 to the Latest Practicable Date (based on amounts outstanding as at the end of each calendar month) was approximately S$$183.3 million. For FY2012, FY2013, FY2014 and for the period from 1 April 2014 until the Latest Practicable Date, the loans bore an interest of 0.33% to 0.46% per annum. As such, the BSL Loans were entered into on an arm's length basis and were carried out on normal commercial terms, as they bore interest at rates similar or close to the prevailing interest rates offered on cash deposits for similar duration by other financial institutions and banks in Singapore.

The amounts outstanding under the BSL Loans as at the end of FY2012, FY2013, FY2014 and as at the Latest Practicable Date were as follows:

	As at 31 March 2012 (S$)	**As at 31 March 2013 (S$)**	**As at 31 March 2014 (S$)**	**As at the Latest Practicable Date (S$)**
Amount of outstanding BSL Loans	125,300,000	145,530,000	143,365,000	122,930,000

The aggregate amount of interest income we received from the BSL Group for the BSL Loans in FY2012, FY2013, FY2014 and for the period from 1 April 2014 to the Latest Practicable Date are set out below:

	FY2012 (S$)	FY2013 (S$)	FY2014 (S$)	1 April 2014 to the Latest Practicable Date (S$)
Interest income received from the BSL Group	545,000	824,000	705,000	537,244

The BSL Loans will be fully settled by the BSL Group immediately prior to the Introduction pursuant to the Restructuring Exercise and we do not intend to enter into similar transactions in the future following the Introduction. Please refer to the section entitled "Share Ownership – Restructuring Exercise" of this Document for further details.

Transfer of Tax Losses from the BSL Group

Under the Group Relief for Singapore Companies as provided for under Section 37C of the Income Tax Act, Chapter 134 of Singapore ("**Group Relief System**"), a company belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations (collectively referred to herein as "**current year tax losses**") to another company belonging to the same group. For this purpose, a group must consist of Singapore-incorporated companies and any holdings by or through companies that are not incorporated in Singapore would be disregarded. Two (2) Singapore-incorporated companies are members of the same group if (a) at least 75.0% of the total number of issued ordinary shares in one (1) company are beneficially held, directly or indirectly, by the other; or (b) at least 75.0% of the total number of issued ordinary shares in each of the two (2) companies are beneficially held, directly or indirectly, by a third Singapore-incorporated company. There are other conditions and requirements to be met in order to come within the Group Relief System.

Certain wholly-owned subsidiaries of BSL transferred (subject to the agreement of the Comptroller of Income Tax) their tax losses of approximately S$2.4 million and S$0.6 million to our Company, in respect of the year of assessment in 2012 and year of assessment in 2014 respectively, pursuant to the Group Relief System, the amount of which was reimbursed by our Company to the relevant subsidiaries of BSL in FY2012 and FY2014 respectively, less a nominal administrative fee charged by our Company to the BSL Group.

The above transfer of tax losses and the subsequent reimbursement paid by our Company to the respective subsidiaries of BSL were entered into on an arm's length basis and were carried out on normal commercial terms.

Following the Introduction, we do not envisage that we will enter into similar transactions with the BSL Group. However, should we enter into such similar transactions in the future, it will be subject to the review procedures as set out in the section under "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Guidelines and Review Procedures for Present and On-going and Future Interested Person Transactions" of this Document and the requirements of Chapter 9 of the Listing Manual.

Consultancy Fees Paid to Mr James Lim Jit Teng

From April 2007 to August 2014, our Independent Non-Executive Director, Mr James Lim Jit Teng, rendered consultancy services to our Group, including the provision of technical support and commercial guidance. During the period when Mr Lim had acted as our consultant, Mr Lim was paid a monthly consultancy fee of S$3,000. The consultancy fees paid to Mr Lim were negotiated on an arm's length basis and on normal commercial terms.

The aggregate amounts of consultancy fees paid to Mr Lim in FY2012, FY2013, FY2014 and for the period from 1 April 2014 to the Latest Practicable Date were approximately as follows:

	FY2012 (S$)	**FY2013** (S$)	**FY2014** (S$)	**1 April 2014 to the Latest Practicable Date** (S$)
Consultancy fees paid	36,000	36,000	36,000	15,000

The consultancy agreement with Mr Lim was terminated in August 2014 and all amounts due to Mr Lim under the consultancy agreement have been fully settled as at the Latest Practicable Date.

Right of First Refusal between BSL and Boustead Trustees Pte. Ltd.

On 12 August 2013, Boustead Trustees Pte. Ltd. (in its capacity as trustee of Boustead Real Estate Fund) granted a right of first refusal to BSL and/or its associates (being any entities controlled, directly or indirectly, by BSL; any entities that control, directly or indirectly, BSL; or any entities directly or indirectly under common control with BSL) over any proposed sale or transfer of any real estate property which is used or to be used predominantly for industrial purposes, and if applicable, the shares or equity interests in a single purpose company or entity which holds such property directly or indirectly (the "**ROFR**"). The consideration for the ROFR was the payment of the sum of S$1.00.

The ROFR was not entered into on an arm's length basis and was not on normal commercial terms as the fee payable by BSL for the ROFR was nominal.

On 23 March 2015, the ROFR was terminated by mutual consent between BSL and Boustead Trustees Pte. Ltd.

Present and On-going Interested Person Transactions

Details of the present and on-going Interested Person Transactions between our Group and interested persons which are material in the context of the Introduction in the last three (3) financial years ended 31 March 2014 and for the period from 1 April 2014 to the Latest Practicable Date are as follows:

Reimbursement by our Company to BSL for the Issue of BSL Shares to our Employees pursuant to BSL's Boustead Restricted Share Plan 2011

Pursuant to BSL's Boustead Restricted Share Plan 2011 (the "**RSP**"), certain key executives of the BSL Group (including those in our management team) have been granted share awards (the "**Share Awards**"), where they will receive BSL Shares upon the vesting of the Share Awards, as part of their compensation for services rendered by them to the BSL Group (which includes our Group). BSL will issue the corresponding BSL Shares to each share award recipient upon the vesting of the Share Awards. In return, we will then reimburse BSL for the BSL Shares issued pursuant to the vesting of the Share Awards, based on the closing price of the BSL Shares as at the date of grant of the Share Awards.

The amounts paid to the BSL Group for the Share Awards in FY2012, FY2013, FY2014 and for the period from 1 April 2014 to the Latest Practicable Date were as follows:

	FY2012 (S$)	**FY2013** (S$)	**FY2014** (S$)	**1 April 2014 to the Latest Practicable Date** (S$)
Amount reimbursed for BSL Shares issued pursuant to Share Awards	–	–	115,026	277,880

The reimbursement paid by our Company to BSL for the BSL Shares issued pursuant to the Share Awards was not on an arm's length basis and was not carried out on normal commercial terms, but was beneficial to our Group.

As at the Latest Practicable Date, there are an aggregate of 865,788 outstanding Share Awards, representing approximately 0.2% of the total issued BSL Shares as at the Latest Practicable Date, granted to the key executives of our Group, which will vest on 1 April 2015, 1 April 2016 and 1 April 2017 respectively. The estimated amount to be reimbursed to the BSL Group by us upon the vesting of such Share Awards will be approximately S$1.2 million in aggregate, which will be payable upon the issuance of the BSL Shares pursuant to the vesting of the Share Awards.

Following the Introduction, save for the number of outstanding Share Awards as disclosed above, we do not envisage that we will enter into similar transactions with the BSL Group. However, should we enter into such similar transactions in the future, it will be subject to the review procedures as set out in the section under "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Guidelines and Review Procedures for Present and On-going and Future Interested Person Transactions" of this Document and the requirements of Chapter 9 of the Listing Manual.

Corporate Guarantee from BSL to a Customer

On 30 June 2011, BSL provided a corporate guarantee to a customer in respect of our Company's obligations under a contract in 2009 of approximately S$107.0 million to build a project at SAP (the "**Contract**"). While the project has been completed, there remain certain surviving warranties under the Contract which will terminate on 30 June 2021, being 10 years from the date of completion, and in respect of the painting to the steel structure, on 30 June 2031, being 20 years from the date of completion. The corporate guarantee is given for the benefit of our Group and will subsist until the warranties expire. As our Company did not pay any fees to BSL for the provision of the corporate guarantee, it was not carried out on an arm's length basis and was not on normal commercial terms.

Following the Introduction, we do not intend to obtain corporate guarantees from BSL. In the event any corporate guarantees are sought from BSL in future, it will be subject to the requirements of Chapter 9 of the Listing Manual.

Corporate Guarantee from BSL in respect of a Demand Guarantee Facility

On 11 May 2012, BSL provided a corporate guarantee to secure our Company's obligations under a S$25.0 million demand guarantee facility provided by the Australia and New Zealand Banking Group Limited, Singapore Branch ("**ANZ**").

The largest aggregate outstanding amount guaranteed and secured in FY2012, FY2013, FY2014 and for the period from 1 April 2014 to the Latest Practicable Date, based on month-end balances, was approximately S$785,000. The interest rate applicable to the facility is approximately 0.5% per annum.

As no fee was paid to BSL for the provision of the above guarantee, the above arrangement was not carried out on an arm's length basis and was not on normal commercial terms.

On 5 March 2015, BSL obtained a letter of discharge from its liabilities under the above guarantee, on the condition that the guarantee shall be reinstated if at any time any payment made by BSL or our Company is rescinded or must otherwise be returned by ANZ upon or by reason of BSL's or our Company's insolvency, bankruptcy or reorganisation or otherwise, all as though such payment had not been made.

Lease of Corporate Headquarters to the BSL Group

On 26 August 2014, the BSL Group, through its wholly-owned subsidiary Boustead Services, entered into a lease agreement with BP-Ubi Industrial Pte. Ltd., a wholly-owned subsidiary of BP-Ubi Development Pte. Ltd., a joint venture company in which our Company and Tat Hong Investments Pte Ltd each hold a 50.0% equity interest, for the lease of office space in Edward Boustead Centre, as its corporate headquarters. The tenure of the lease is five (5) years, at a monthly rental rate of S$3.00 psf and a monthly service charge of S$0.50 psf. The amounts paid by the BSL Group for the lease of the premises in FY2012, FY2013, FY2014 and for the period from 1 April 2014 to the Latest Practicable Date were as follows:

	FY2012 (S$)	FY2013 (S$)	FY2014 (S$)	1 April 2014 to the Latest Practicable Date (S$)
Rental paid for lease of premises at Edward Boustead Centre	–	–	–	500,753

The lease of premises to the BSL Group is carried out on an arm's length basis and on normal commercial terms as the rental rates paid by the BSL Group are in line with the rates paid by third-parties.

In connection with the Introduction, the lease will be sub-divided into two (2) separate leases to divide the space leased by the BSL Group (excluding our Group) (the "**BSL Lease**") and the space leased by our Group. BP-Ubi Industrial Pte. Ltd. has on 30 March 2015 entered into a separate lease agreement with our Company in respect of the space occupied by our Group, representing approximately 8,200 sq ft (the "**BP Lease**"), on the same terms. The existing lease between BP-Ubi Industrial Pte. Ltd. and Boustead Services in respect of the remaining space leased by the BSL Group is expected to continue following the completion of the Distribution and the Introduction and will be amended to exclude the space leased by our Company under the BP Lease.

Any future variation or amendment to or renewal of the BSL Lease will be subject to the review procedures as set out in the section entitled "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Guidelines and Review Procedures for Present and On-going and Future Interested Person Transactions" of this Document and the requirements of Chapter 9 of the Listing Manual.

Declaration of Trust from BSL in respect of Wuxi Boustead Industrial Development Co., Ltd.

On 23 March 2015, BSL, being the registered sole owner of Wuxi Boustead Industrial Development Co., Ltd., executed a declaration of trust in favour of our Company and/or its nominee(s) (the "**Declaration of Trust**") with effect from 1 March 2015, to hold such interest in Wuxi Boustead Industrial Development Co., Ltd. on trust for our Company and/or its nominee(s), pending completion of the Wuxi Boustead SPA. Pursuant to the terms of the Declaration of Trust, BSL has undertaken to our Company that, it shall *inter alia*, (a) promptly and fully account to our Company (and/or as our Company may direct) for all rights, interest, bonuses, dividends, benefits, advantages, distributions, property and/or other benefits accrued or accruing upon its interest in Wuxi Boustead Industrial Development Co., Ltd.; and (b) deliver to our Company (or at the request of our Company hold to its order) all documents of title relating to Wuxi Boustead Industrial Development Co., Ltd. and all other documents relating thereto which are necessary to transfer its interest in Wuxi Boustead Industrial Development Co., Ltd. to our Company and/or its nominee(s) free from all encumbrances.

As no fee was paid to BSL for the execution of the Declaration of Trust, the above arrangement was not carried out on an arm's length basis and was not on normal commercial terms.

Following completion of the Wuxi Boustead SPA between BSL and our wholly-owned subsidiary, BP-PRC Pte. Ltd., for the acquisition of Wuxi Boustead Industrial Development Co., Ltd. by BP-PRC Pte. Ltd., BP-PRC Pte. Ltd. will be registered as the sole owner of Wuxi Boustead Industrial Development Co., Ltd. and the trust created in respect of Wuxi Boustead Industrial Development Co., Ltd. shall terminate and be of no further effect pursuant to the terms of the Declaration of Trust.

We will be commencing the administrative procedures necessary for the transfer of Wuxi Boustead Industrial Development Co., Ltd. to BP-PRC Pte. Ltd. If the transfer of Wuxi Boustead Industrial Development Co., Ltd. pursuant to the Wuxi Boustead SPA is not completed prior to the Introduction, BSL will continue to hold its interest in Wuxi Boustead Industrial Development Co., Ltd. on trust for our Company and/or its nominee(s) until completion of the Wuxi Boustead SPA, pursuant to the terms of the Declaration of Trust. Please refer to the section entitled "Share Ownership – Restructuring Exercise – Acquisition of Certain of our Subsidiaries and Investments" of this Document for further details of the Wuxi Boustead SPA.

IT Support and General Administration Services Agreement entered into with the BSL Group

On 23 March 2015, our Company entered into the IT Support and General Administration Services Agreement with Boustead Services to engage the BSL Group for the provision of IT support and general administration services to our Group such as setting group-wide IT strategies and directions, developing and maintaining IT architecture, day-to-day administration, management and support for all IT systems and office administration matters including cleaning services and maintenance of office equipment and office premises with effect from the Listing Date. The fees chargeable by the BSL Group (the "**Fees**") shall not exceed S$220,000 per year (the "**Maximum Fee**"). The Maximum Fee may be adjusted by an additional amount as agreed between our Company and Boustead Services on a yearly basis, provided that such additional amount shall not exceed 5.0% of the Fees paid in the preceding year. The Fees are charged on a cost-recovery basis and consequently, the yearly adjustment to the Maximum Fee will be calculated on a cost-recovery basis. The IT Support and General Administration Services Agreement may be terminated by either Boustead Services or our Company with six (6) months' notice. No fees are payable by either Boustead Services or our Company, should either party terminate the IT Support and General Administration Services Agreement.

The IT Support and General Administration Services Agreement was entered into on an arm's length basis and on normal commercial terms as the Fees payable by our Group would be on a cost-recovery basis, and is arrived at based on the BSL Group's total projected costs of providing such services (taking into account the historical costs of providing such services) and the proportion of such services which are provided by the BSL Group to our Group.

Following the Introduction, we intend to continue with the IT Support and General Administration Services Agreement, provided it remains beneficial to our Group. Any future variation or amendment to this agreement will be subject to the review procedures as set out in the section entitled "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Guidelines and Review Procedures for Present and On-going and Future Interested Person Transactions" of this Document and the requirements of Chapter 9 of the Listing Manual.

Licence Agreement entered into with the BSL Group

On 23 March 2015, our Group entered into the Licence Agreement with the BSL Group under which BSL will grant a non-exclusive, non-transferable licence to our Company for the use of the "Boustead" trade name and certain trade marks in connection with the business of our Group at a nominal consideration of S$1.00 for as long as we remain as an associated company (as defined in the Listing Manual) of BSL or BSL is the single largest shareholder of our Company.

The Licence Agreement was not entered into on an arm's length basis and was not on normal commercial terms as the fee payable by our Group was nominal.

Following the Introduction, we intend to continue with the Licence Agreement provided it remains beneficial to our Group. Any future variation or amendment to this agreement will be subject to the review procedures as set out in the section entitled "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Guidelines and Review Procedures for Present and On-going and Future Interested Person Transactions" of this Document and the requirements of Chapter 9 of the Listing Manual.

GUIDELINES AND REVIEW PROCEDURE FOR PRESENT AND ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS

All future Interested Person Transactions will be reviewed and approved in accordance with the threshold limits set out under Chapter 9 of the Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to our interests and the interests of our minority Shareholders. In the event that such Interested Person Transactions require the approval of our Board and/or our Audit Committee, relevant information will be submitted to our Board or our Audit Committee for review. In the event that such Interested Person Transactions require the approval of Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

As required by the Listing Manual, our Articles of Association require a Director to abstain from voting in any contract or arrangement in which he has a personal material interest. Our internal control procedures will be designed to ensure that all Interested Person Transactions are conducted at arm's length and on commercial terms.

Any Interested Person Transaction will be properly documented and submitted quarterly to our Audit Committee for its review to ensure that all Interested Person Transactions are conducted at arm's length and on normal commercial terms. In the event that a member of our Audit Committee is interested in any Interested Person Transaction, he will abstain from reviewing that particular transaction. Our Audit Committee will include the review of all such Interested Person Transactions as part of the standard procedures while examining the adequacy of internal controls of our Company.

Our Audit Committee will ensure that all provisions and disclosure requirements on all such Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, as the case may be, are complied with.

Our Directors will ensure that all disclosure requirements on Interested Person Transactions, including those required by prevailing legislation, will be subject to shareholders' approval if deemed necessary by the Listing Manual. We will disclose in our annual report the aggregate value of Interested Person Transactions conducted during the financial year.

Our Audit Committee will review and approve all Interested Person Transactions, to ensure that they are on an arm's length basis, that is, that the transactions are transacted on terms and prices not more favourable to the interested person than if they were transacted with a third-party.

We shall prepare all the relevant information to assist the Audit Committee in its review and will keep a register recording all Interested Person Transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis.

In the review of all future Interested Person Transactions, the following procedures will be applied:

(a) when purchasing any products or engaging any services from an interested person, two (2) other quotations from non-interested persons will be obtained for comparison to ensure that the interests of our Group and Shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two (2) other quotations from non-interested persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be taken into consideration;

(b) in the case of renting properties from or to an interested person, our Board shall take appropriate steps to ensure that the rent commensurates with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and/or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar property in terms of size, suitability for purpose and location, based on the results of the relevant inquiries;

(c) where it is not possible to compare against the terms of other transactions with unrelated third-parties and given that the products or services may be purchased only from an interested person, the interested person transaction will be approved by our Managing Director, if he has no interest in the transaction, or failing which, the Audit Committee, in accordance with our usual business practices and policies. In determining the transaction price payable to the interested person for such products and/or service, factors such as, but not limited to, quantity, requirements and specifications will be taken into account;

(d) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same fiscal year) equal to or exceeding S$100,000 in value but below 3.0% of the value of our Company's NTA will be subject to review by our Audit Committee at regular intervals;

(e) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same fiscal year) equal to or exceeding 3.0% but below 5.0% of the value of our Company's NTA will be subject to the review and prior approval of our Audit Committee. Such approval shall only be given if the transactions are on arm's length commercial terms and are consistent with similar types of transactions made with non-interested parties; and

(f) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same fiscal year) equal to or exceeding 5.0% of the value of our Company's net tangible assets will be reviewed and approved by the Audit Committee, prior to such transactions being entered into, which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

Transactions falling within the above categories, if any, will be reviewed quarterly by our Audit Committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee will also ensure that all disclosure, approval and other requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and relevant accounting standards, are complied with.

Before any agreement or arrangement that is not in the ordinary course of business of our Group is entered into, prior approval must be obtained from our Audit Committee. In the event that a member of our Audit Committee is interested in any Interested Person Transaction, he will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by our Audit Committee.

Our Audit Committee will review all Interested Person Transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with. We will also endeavour to comply with the recommendations set out in the Code.

POTENTIAL CONFLICTS OF INTERESTS

Non-compete undertaking from BSL

Following the Introduction, the BSL Group's business divisions will comprise the energy-related engineering division and geo-spatial technology division, while our Group is engaged in the Design-and-Build or turnkey development of industrial and commercial properties, development of industrial properties for lease or sale and property management, as well as joint ventures and partnerships to develop and invest in industrial, commercial and other real estate projects.

Although the BSL Group is not in direct competition with our Group as the BSL Group is presently not engaged in the industrial real estate solutions business, BSL has, in the past, through Boustead Salcon Water Solutions Pte. Ltd., a wholly-owned subsidiary in its energy-related engineering business division, been awarded a contract to design, engineer and construct a demineralisation plant at the Tembusu Multi-Utilities Complex, of which the civil works component of the demineralisation plant, including the main building, ancillary buildings, electrical and fire fighting systems, was sub-contracted to our Company. Please refer to the section entitled "Interested Person Transactions and Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Sub-contract of Civil Works by Boustead Salcon Water Solutions Pte. Ltd. for Construction of a Demineralisation Plant" for further details. Going forward, should a similar opportunity arise, BSL or its relevant subsidiary will pursuant to the non-compete undertaking given to our Company (details of which are set out below), first offer our Group the opportunity to provide such services for its projects.

To address and/or mitigate any potential competition and potential conflicts of interest that may arise between BSL and our Company, on 23 March 2015, BSL undertook to our Company, for itself and on behalf of its subsidiaries, whereby for so long as it remains directly or indirectly our Controlling Shareholder, it will not, *inter alia*, directly or indirectly, whether on its own or through its agents or in partnership or otherwise howsoever or on behalf of any other person, firm or company or other organisation; either be involved in, engage, have an interest or render any services to any business in any way whatsoever in direct competition with our Group, except where a project undertaken or to be undertaken by BSL or any of its subsidiaries involves a service in the Design-and-Build or turnkey development of industrial and commercial properties, development of industrial properties for lease or sale and property management or joint ventures and partnerships to develop and invest in industrial, commercial and other real estate projects, and where BSL or its relevant subsidiaries has the right to appoint a sub-contractor to provide this service, BSL or its relevant subsidiary shall first offer our Group the opportunity to provide such services for such a project, subject to the requirements of Chapter 9 of the Listing Manual to ensure that they are carried out on normal commercial terms and are conducted at arm's length.

If our Group does not, within 14 calendar days or such time as mutually agreed between the parties, indicate its interest in writing to provide its services for such project, or if our Group notifies BSL or its relevant subsidiary in writing that it shall not be participating in such a project, whichever is earlier, only then shall BSL or its relevant subsidiary approach a third-party for the provision of such services.

Save as disclosed in this section, as at the Latest Practicable Date, none of our Directors or Controlling Shareholders or any of their associates:

(a) has had any interest, direct or indirect, in any material transactions to which our Group was or is a party;

(b) has any interest, direct or indirect, in any entity carrying on the same business or carrying on a similar trade as our Group, or dealing in similar products which competes materially and directly with the existing businesses of our Group; and

(c) has any interest, direct or indirect, in any enterprise or company that is a customer or supplier of goods and services to our Group.

CLEARANCE AND SETTLEMENT

Introduction

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of our Shares on the Main Board of the SGX-ST. For the purpose of trading on the SGX-ST, a board lot for the Shares will comprise 100 Shares. Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of the Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the Securities Accounts maintained by such account holders with CDP.

Our Shares will be registered in the name of CDP or its nominees and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by CDP, rather than CDP itself, will be treated under the Companies Act and our Articles of Association, as our members in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding the Shares in a Securities Account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with the Articles of Association. A fee of S$10 for each withdrawal of 1,000 Shares or less and a fee of S$25 for each withdrawal of more than 1,000 Shares will be payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2 (or such other amount as the Directors may decide) will be payable to the Share Registrar for each share certificate issued, and stamp duty of S$10 is also payable where the Shares are withdrawn in the name of the person withdrawing the Shares, or S$0.20 per S$100 or part thereof of the last transacted price where the Shares are withdrawn in the name of a third-party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S$10 is payable upon the deposit of each instrument of transfer with CDP. The above fee may be subject to such changes as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in the Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for the transfer of Shares that are settled on a book-entry basis.

The Shares credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. The Shares credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S$10 transfer fee payable to CDP. All persons trading in the Shares through the SGX-ST should ensure that the relevant Shares have been credited into their Securities Account, prior to trading in such Shares, since no assurance can be given that the Shares can be credited into the Securities Account in time for settlement following a dealing. If the Shares have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

A clearing fee for trades in the Shares on the SGX-ST is payable at the rate of 0.0325% of the transaction value. The clearing fee and instrument of transfer deposit fees may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time). Dealings in the Shares will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the Shares is generally settled on the following Market Day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct Securities Account with CDP or a securities sub-account with a depository agent. A depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed in this section, none of our Directors or Executive Officers is or was involved in any of the following events:

    (a) during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two (2) years from the date he ceased to be a partner;

    (b) during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity, or where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

    (c) any unsatisfied judgments against him;

    (d) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

    (e) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including pending criminal proceedings of which he is aware) for such breach;

    (f) during the last 10 years, judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

    (g) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

    (h) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

    (i) any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

    (j) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:

        (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

        (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

        (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(k) the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Mr Thomas Chu Kok Hong

Mr Thomas Chu Kok Hong, our Managing Director & Executive Director, advised that on 17 March 2011, he met with officers from the MAS at their request. In the course of the meeting, the MAS pointed out that Mr Chu had acquired 5,000 BSL Shares on 1 December 2009 for a total consideration of approximately S$3,553.55 (excluding GST and CDP charges) from his Supplementary Retirement Scheme ("**SRS**") account, prior to the announcement by BSL on 10 December 2009 of the proposed sale of a building under construction and land at Tampines Hi-Tech Park ("**Property Sale**").

According to Mr Chu, he confirmed that he had purchased the 5,000 BSL Shares and he was aware that BSL was in the midst of negotiations on the Property Sale. However, he advised that, although he had met with representatives of the buyer for the Property Sale and was informed that they intended to exercise the option to purchase the property, he was not directly involved in the negotiations and was merely kept copied on the correspondences and progress of the Property Sale. As the negotiations went on for a couple of months, he was not sure if parties would successfully conclude their discussions and enter into any sale and purchase agreement. According to him, his objective of purchasing the 5,000 BSL Shares towards the end of the year was merely to utilise the remaining funds in his SRS account.

Having considered all the relevant facts and circumstances of the matter, the MAS issued a letter dated 17 March 2011 stating that it would not take any further action against Mr Chu. Mr Chu has indicated that this is an isolated event and that he has not committed any further similar actions since then.

SHARE CAPITAL

2. As at the Latest Practicable Date, there is only one (1) class of Shares in the capital of our Company. The rights and privileges attached to our Shares are stated in our Articles. There are no founder, management or deferred shares. Our Substantial Shareholders are not entitled to any different voting rights from the other Shareholders.

WORKING CAPITAL

3. In the reasonable opinion of our Directors, after taking into consideration our present cash position, cash generated from our operations and available banking facilities, our working capital available to our Group, as at the date of this Document, is sufficient for our present requirements. Please refer to the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Document for further details.

MATERIAL CONTRACTS

4. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two (2) years preceding the date of issue of this Document and are or may be material:

(a) the Restructuring Agreement;

(b) the Wuxi Boustead SPA; and

(c) the Licence Agreement.

MISCELLANEOUS

5. No expert is employed on a contingent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company including an interest in the success of the Introduction.

6. CIMB Bank Berhad, Singapore Branch, does not have a material relationship with our Company save that CIMB Bank Berhad, Singapore Branch, is the Issue Manager, and CIMB Bank Berhad, Singapore Branch, its subsidiaries, associated companies and/or affiliates may, in the ordinary course of business, extend credit facilities or engage in commercial banking, investment banking, private banking, securities trading, asset and funds management, research, insurance and/or advisory services with any member of our Group, their respective affiliates and/or our Shareholders, and may receive a fee in respect thereof. In addition, in the ordinary course of its business, it may at any time offer or provide services to or engage in any transactions (on its own account or otherwise) with any member of our Group, their respective affiliates, our Shareholders, or any other entity or person, and may receive a fee in respect thereof. This may include but is not limited to, holding long or short positions in securities issued by any member of our Group and their respective affiliates, and trading or otherwise effecting transactions, for its own account or the accounts of its customers, in debt or equity (or related derivative instruments) of any member of our Group and their respective affiliates.

7. There was no public take-over offer by a third-party in respect of our Shares or by our Company in respect of the shares of another corporation or the units of a business trust during the financial year ended 31 March 2014 and from 1 April 2014 to the Latest Practicable Date.

8. Save as disclosed in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Document, our financial condition and operations are not likely to be affected by any of the following:

   - known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group’s liquidity increasing or decreasing in any material way;

   - material commitments for capital expenditure;

   - unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and

   - known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.

9. Save as disclosed in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” of this Document, the Directors are not aware of any event which has occurred since 1 April 2014 to the Latest Practicable Date which may have a material effect on our financial position and results or the financial information provided in this Document.

10. Each of WongPartnership LLP, Kee Norainn & Partners, JunZeJun Law Offices, CSP Legal LLC and SBC International Law Associates Company Limited does not make, or purport to make, any statement in this Document and is not aware of any statement in this Document which purports to be based on a statement made by it, and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Document.

CONSENTS

11. CIMB Bank Berhad, Singapore Branch, named as the Issue Manager has given, and not withdrawn, its written consent to the issue of this Document with the inclusion herein of, its name and all references thereto in the form and context in which they appear in this Document, and to act in such capacity in relation to this Document.

12. PricewaterhouseCoopers LLP as the Independent and Reporting Auditor, has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of its name and all references thereto in the form and context in which it appears and the inclusion herein of the "Independent Auditor's Report on the Combined Financial Statements of Boustead Projects Limited and its Subsidiaries for the Financial Years ended 31 March 2014, 31 March 2013 and 31 March 2012", the "Independent Auditor's Report on the Unaudited Interim Combined Financial Information of Boustead Projects Limited and its Subsidiaries for the Six-month Periods ended 30 September 2014 and 30 September 2013" and the "Reporting Auditor's Report on the Unaudited Pro Forma Financial Information of Boustead Projects Limited and its Subsidiaries for the Six Months Ended 30 September 2014 and Financial Year Ended 31 March 2014" as set out in Appendix D, E and F of this Document respectively and to act in such capacity in relation to this Document.

13. Each of CBRE Pte. Ltd., Knight Frank Pte. Ltd., DTZ Debenham Tie Leung (SEA) Pte. Ltd., Colliers International Consultancy & Valuation (Singapore) Pte. Ltd., VPC Alliance (JB) Sdn. Bhd., Jiangsu Mingchen Land and Real Estate Assessment Co., Ltd. and Colliers International (Hong Kong) Ltd. named as Independent Valuer has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of its name and references thereto and their respective reports as set out in "Appendix G – Valuation Certificates and Reports" of this Document, in the form and context in which they are respectively included in this Document, and to act in such capacity in relation to this Document.

RESPONSIBILITY STATEMENT BY THE DIRECTORS

14. The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Document and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Document constitutes full and true disclosure of all material facts about the Introduction, our Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Document misleading. Where information in this Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Document in its proper form and context.

RESPONSIBILITY STATEMENT BY THE ISSUE MANAGER

15. The Issue Manager, CIMB Bank Berhad, Singapore Branch, confirms that to the best of its knowledge and belief, this Document constitutes full and true disclosure of all material facts about the Introduction, our Company and its subsidiaries, and the Issue Manager is not aware of any facts the omission of which would make any statement in this Document misleading. Where information in this Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Issue Manager has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Document in its proper form and context.

DOCUMENTS AVAILABLE FOR INSPECTION

16. Copies of the following documents may be inspected at our registered office at 82 Ubi Avenue 4, #07-01 Edward Boustead Centre, Singapore 408832 during normal business hours for a period of six (6) months from the date of issue of this Document:

    (a) our Memorandum and Articles of Association;

    (b) the "Independent Auditor's Report on the Combined Financial Statements of Boustead Projects Limited and its Subsidiaries for the Financial Years ended 31 March 2014, 31 March 2013 and 31 March 2012" as set out in Appendix D of this Document;

    (c) the "Independent Auditor's Report on the Unaudited Interim Combined Financial Information of Boustead Projects Limited and its Subsidiaries for the Six-month Periods ended 30 September 2014 and 30 September 2013" as set out in Appendix E of this Document;

    (d) the "Reporting Auditor's Report on the Unaudited Pro Forma Financial Information of Boustead Projects Limited and its Subsidiaries for the Six Months Ended 30 September 2014 and Financial Year Ended 31 March 2014" as set out in Appendix F of this Document;

    (e) the respective audited financial statements of our Company and our subsidiaries for FY2012, FY2013 and FY2014 and the unaudited interim financial statements of our Company and our subsidiaries for HY2015;

    (f) the material contracts referred to in paragraph 4 above;

    (g) the letters of consent and reports referred to in paragraphs 11, 12 and 13 above; and

    (h) the respective valuation reports and/or valuation certificates as set out in "Appendix G – Valuation Certificates and Reports" of this Document.

APPENDIX A — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

The following summarises certain provisions of our Articles of Association relating to:

(i) power of a Director to vote on a proposal, arrangement or contract in which he is interested:

Article 105

(A) A Director shall not vote in respect of any contract or proposed contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(B) A Director, whose remuneration (including pension and other benefits) for himself is the subject of a resolution tabled at a meeting shall not be entitled to vote on the said resolution as he shall be taken to have a personal material interest in the matter, and he shall not be counted in the quorum of the meeting in relation to the said resolution on which he is debarred from voting. Other Directors will not be prevented from voting on the said resolution so long as they do not have any personal material interest, whether direct or indirect, in the subject matter of the said resolution.

(ii) the remuneration of our Directors:

Article 81

The ordinary fees of the Directors shall from time to time be determined by Ordinary Resolution and shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees is payable shall be entitled only to rank in such division for a proportion of fees related to the period during which he has held office.

Article 82

(A) Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

(B) The remuneration (including any remuneration under Article 82(A) above) in the case of a Director other than a Director who holds any executive office shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether holding executive office or otherwise shall be remunerated by a commission on or percentage of turnover.

Article 84

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

Article 85

A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

Article 90

The remuneration of a Managing Director (or a person holding an equivalent position) shall from time to time be fixed by the Directors and may, subject to the provisions of these presents, be by way of salary or commission or participation in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Article 101(D)

An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct provided that any fees payable to him shall be deducted from his principal's remuneration.

(iii) the borrowing powers exercisable by our Directors:

Article 112

Subject to the Statutes and the provisions of these presents:

(a) the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party; and

(b) such provisions of these presents may be varied by amendments to the provisions of these presents.

(iv) the retirement or non-retirement of a Director under an age limit requirement:

There are no specific provisions in our Articles of Association relating to the retirement or non-retirement of a Director under an age limit requirement. Section 153(1) of the Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of our Company or authorised to continue in office as a Director of our Company by way of an ordinary resolution passed at an annual general meeting of our Company.

(v) the shareholding qualification of a Director:

Article 80

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

(vi) the rights, preferences and restrictions attaching to each class of shares:

Article 53

(A) Subject to the Statutes, any General Meeting at which it is proposed to pass a Special Resolution shall be called by twenty-one days' notice in writing at the least. An Annual General Meeting and any other Extraordinary General Meeting shall be called by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereafter mentioned to all members other than those who are not under the provisions of these presents entitled to receive such notices from the Company, provided that a General Meeting which has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

(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 95 per cent. of the total voting rights of all the members having a right to vote at that meeting,

except that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting.

(B) Where special notice is required of a resolution pursuant to the Statutes, notice of the intention to move the resolution shall be given to the Company and notice of any General Meeting shall be called in accordance with the Statutes and in particular, Section 185 of the Act.

(C) Subject to the Statutes or the bye-laws or listing rules of the securities exchange on which shares in the Company are listed, for so long as the shares in the Company are listed on the Securities Exchange, notices convening any General Meeting at which it is proposed to pass a Special Resolution shall be sent to members entitled to attend and vote at the meeting at least twenty-one calendar days before the meeting (excluding the date of notice and the date of meeting). Notices convening any other General Meeting must be sent to members entitled to attend and vote at the meeting at least fourteen calendar days before the meeting (excluding the date of notice and the date of meeting). At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any securities exchange on which shares in the Company are listed.

Article 67

Each member who is a holder of ordinary shares in the capital of the Company shall be entitled to be present at any General Meeting. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 12, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote provided that in the case of a member who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion, shall be entitled to vote. On a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company.

Article 126

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide and except as otherwise permitted under the Statutes:

(a) *all dividends in respect of shares must be 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 must 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 dividend is paid.*

For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.

Article 147

Subject to the provisions of these presents and the Statutes, if the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the liquidator may, with the authority of a Special Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(vii) any change in capital:

Article 3

Subject to the Statutes and the provisions of these presents, no shares may be issued by the Directors without the prior approval of the Company by Ordinary Resolution but subject thereto and to Article 7, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of shares to such persons on such terms and conditions and for such consideration 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, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, 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, provided that:

(a) *(subject to any direction to the contrary that may be given by the Company in a General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 7(A) with such adaptations as are necessary shall apply; and*

(b) *the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same and in the provisions of these presents.*

Article 7

(A) Subject to the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed or to any direction to the contrary that may be given by the Company in a General Meeting, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, 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 Article 7(A).

(B) Except so far as otherwise provided by the conditions of issue or by the provisions of these presents, all new shares shall be subject to the Statutes and the provisions of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Article 8

The Company may by Ordinary Resolution:

(a) consolidate and divide all or any of its shares;

(b) cancel any shares which, at the date of the passing of the resolution, have been forfeited and diminish the amount of its capital by the number of shares so cancelled;

(c) sub-divide its shares, or any of them in accordance with the Statutes and the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; or

(d) subject to the Statutes, convert any class of paid-up shares into any other class of paid-up shares.

Article 9

(A) The Company may reduce its share capital or any reserve in any manner and with and subject to any incident authorised and consent required by law.

(B) Subject to the Statutes, the Company may purchase or otherwise acquire any of its issued shares on such terms and in such manner as the Company may from time to time think fit and in the manner prescribed by the Statutes. If required by the Statutes, any share which is so purchased or acquired by the Company, unless held as treasury shares in accordance with the Statutes, shall be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share (including treasury shares) which is so purchased or acquired by it in accordance with the Statutes.

(viii) any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law:

Article 5

(A) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the Statutes, be varied or abrogated either with the consent in writing of holders who represent at least three-quarters of the total voting rights of all the shares of that class or by a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting, all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of all the shares of that class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the shares of that class concerned within two Months of such General Meeting shall be as valid and effectual as a Special Resolution passed at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

(B) The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned provided that where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the preference shares concerned within two Months of the General Meeting, shall be as valid and effectual as a Special Resolution carried at the General Meeting.

(C) The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

(ix) any dividend restriction, the date on which the entitlement to dividends arises, any procedure for our Shareholders to claim dividends, any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates:

Article 124

The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors. No dividends may be paid, unless otherwise provided in the Statutes, to the Company in respect of treasury shares.

Article 125

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Article 126

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide and except as otherwise permitted under the Statutes:

(a) *all dividends in respect of shares must be 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 must 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 dividend is paid.*

For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.

Article 127

No dividend shall be paid otherwise than out of profits available for distribution under the Statutes.

Article 128

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

Article 129

(A) *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.*

(B) *The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.*

(C) *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 or moneys unclaimed after a period of six years from the date they are first payable may 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.*

(D) *A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability in respect of that payment. 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 years has elapsed from the date on which such other moneys are first payable.*

Article 133

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 appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register 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 to such person at such address as such member or person or persons may by writing direct. 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 persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn 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. Notwithstanding the foregoing provisions of this Article and the provisions of Article 135, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.

Article 135

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in a General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

APPENDIX B — DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the more important rights and privileges of Shareholders conferred by the laws of Singapore and our Articles of Association. These statements summarise the material provisions of our Company's Articles of Association but are qualified in their entirety by reference to our Company's Articles of Association and the laws of Singapore. See "Appendix A — Summary of Selected Articles of Association of our Company".

Share Capital

Our Shares, which have identical rights in all respects, rank equally with one another. Our Articles of Association provide that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Board of Directors may think fit, and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations.

All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in the circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

We may only issue new Shares with the prior approval of our Shareholders in a general meeting.

Shareholders

We only recognise the persons who are registered in our register of members, and in cases in which the person so registered is CDP or its nominee, as the case may be, we recognise the persons named as the depositors in the depository register maintained by CDP for our Shares as holders of our Shares.

We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any of our Shares, or any interest in any fractional part of a Share, or other rights in respect of any Share, other than the absolute right thereto of the person whose name is entered in our register of members as the registered holder thereof, or of the person whose name is entered in the depository register maintained by CDP for that Share.

We may close our register of members at any time or times if we provide the SGX-ST with at least five (5) clear Market Days' notice, or such other periods as may be prescribed by the SGX-ST. However, our register of members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our register of members to determine Shareholders' entitlements to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid-up Shares except where required by law or the listing rules of, or bye-laws and rules, governing any securities exchange upon which our Shares are listed or as provided in our Articles of Association. Our Directors may in their discretion decline to register any transfer of Shares on which we have 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. A Shareholder may transfer any Shares registered in its own name by means of a duly signed instrument of transfer in a form approved by any securities exchange upon which our Shares are listed or in any other form acceptable to our Directors. Our Directors may in their discretion decline to register any transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. A Shareholder may transfer any Shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for Shares provided that the applicant pays a fee which will not exceed S$2.00, and furnishes such evidence and a letter of indemnity as our Board of Directors may require.

General Meetings of our Shareholders

We are required to hold a general meeting of Shareholders every year and not more than 15 months after the holding of the last preceding annual general meeting. Our Board of Directors may convene an extraordinary general meeting whenever they think fit and it must do so upon the written request of Shareholders representing not less than 10.0% of the total voting rights of all Shareholders. In addition, two (2) or more Shareholders holding not less than 10.0% of our total number of issued Shares may call for a meeting of our Shareholders.

Unless otherwise required by law or by our Articles of Association, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including:

- voluntary winding-up;
- amendments to our Memorandum of Association and our Articles of Association;
- a change of our corporate name; and
- a reduction in the share capital.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. For so long as our Shares are listed on the SGX-ST, at least 14 days' notice of any general meeting shall be given in writing to the SGX-ST and by advertisement in the daily press.

The notice must be given to every Shareholder who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting, and in the case of special business, the general nature of that business.

Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting.

Except as otherwise provided in our Articles of Association, two (2) or more Shareholders must be present in person or by proxy or attorney, representing one-third or more of our total issued Shares to constitute a quorum at any general meeting. Under our Articles of Association:

- on a show of hands, every Shareholder present in person or by proxy shall have one (1) vote (provided that in the case of a Shareholder who is represented by two (2) proxies, only one (1) of the two (2) proxies as determined by that Shareholder, or failing such determination, by the chairman of the meeting (or by a person authorised by the chairman of the meeting) in his sole discretion shall be entitled to vote on a show of hands); and
- on a poll, every Shareholder present in person or by proxy or attorney shall have one (1) vote for each Share which he holds or represents.

Under our Articles of Association, if required by the listing rules of the stock exchange upon which our Shares may be listed (including the SGX-ST), all resolutions shall be voted by poll (unless such requirement is waived by such stock exchange (including the SGX-ST)). Subject to the foregoing, a resolution shall be decided on a show of hands unless a poll is demanded. A poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;
- by not less than two (2) Shareholders present in person or by proxy or attorney and entitled to vote at the meeting;
- by any Shareholder present in person or by proxy or attorney and representing not less than 10.0% of the total voting rights of all Shareholders having the right to vote at the meeting; and
- by any Shareholder present in person or by proxy or attorney and holding not less than 10.0% of the total number of paid-up Shares (excluding treasury shares).

In the case of a tie vote, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

Limitations on Rights to Hold Shares

Singapore law and our Articles of Association do not impose any limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights attached to our Shares.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. Our Board of Directors may also declare an interim dividend without the approval of our Shareholders.

We must pay all dividends out of our profit(s) available for distribution.

All dividends we pay are pro rata in amount to our Shareholders in proportion to the amount paid-up or credited as paid on each Shareholder's Shares, unless the rights attaching to an issue of any share or class of shares provide otherwise.

Unless otherwise directed, dividends may be paid by a cheque or warrant sent through the post to each Shareholder at his registered address appearing in our register of members or (as the case may be) the depository register. However, our payment to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issues

Our Board of Directors may, with the approval from our Shareholders at a general meeting, capitalise any sums standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of the profit and loss account and distribute the same as bonus Shares credited as paid-up to the Shareholders in proportion to their shareholdings.

Our Board of Directors may also issue bonus Shares to participants of any share incentive or option scheme or plan implemented by our Company and approved by our Shareholders in such manner and on such terms as our Board of Directors shall think fit.

Our Board of Directors may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any securities exchange upon which our Shares are listed.

Take-overs

Under the Take-over Code, issued by the MAS pursuant to section 321 of the Securities and Futures Act, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting shares must extend a takeover offer for the remaining voting shares in accordance with the provisions of the Take-over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% of the voting shares acquires additional voting shares representing more than 1.0% of the voting shares in any six-month period. Under the Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

(a) the following companies:

  (i) a company;

  (ii) the parent company of (i);

  (iii) the subsidiaries of (i);

  (iv) the fellow subsidiaries of (i);

  (v) the associated companies of (i), (ii), (iii) or (iv);

  (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

  (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:

  (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and

  (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10.0% or more of the customer's equity share capital;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) the following persons and entities:

  (i) an individual;

  (ii) the close relatives of (i);

(iii) the related trusts of (i);

(iv) any person who is accustomed to act in accordance with the instructions of (i);

(v) companies controlled by any of (i), (ii), (iii) or (iv); and

(vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six (6) months.

Liquidation or Other Return of Capital

If we are liquidated or in the event of any other return of capital, our Shareholders will be entitled to participate in the distribution of any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares in our Company.

Indemnity

As permitted by Singapore law, our Articles of Association provide that, subject to the Companies Act, our Board of Directors and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal:

(a) which relate to anything done or omitted or alleged to have been done or omitted by them as an officer or employee of our Company; and

(b) in which judgment is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the court.

We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, wilful default, breach of duty or breach of trust of which they may be guilty in relation to us. However, we may purchase and maintain for our Directors and Executive Officers insurance against any such liability.

Substantial Shareholdings

Under the Securities and Futures Act, a person has a substantial shareholding in our Company if he has an interest (or interests) in one (1) or more voting Shares (excluding treasury shares) in our Company and the total votes attached to that Share or those Shares, is not less than 5.0% of the aggregate of the total votes attached to all voting Shares (excluding treasury shares) in our Company.

The Securities and Futures Act requires our Substantial Shareholders, or if they cease to be our Substantial Shareholders, to give notice to us of particulars of the voting Shares in our Company in which they have or had an interest (or interests) and the nature and extent of that interest or those interests, and of any change in the percentage level of their interest.

In addition, the deadline for a Substantial Shareholder to make disclosure to our Company under the Securities and Futures Act is two (2) Singapore business days after he becomes aware:

(a) that he is or (if he had ceased to be one) had been a Substantial Shareholder;

(b) of any change in the percentage level in his interest; or

(c) that he had ceased to be a Substantial Shareholder,

there being a conclusive presumption of a person being "aware" of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Following the above, we will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which we received the notice.

"Percentage level", in relation to a Substantial Shareholder in our Company, means the percentage figure ascertained by expressing the total votes attached to all the voting Shares in our Company in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting Shares (excluding treasury shares) in our Company, and if it is not a whole number, rounding that figure down to the next whole number.

While the definition of an "interest" in our voting Shares for the purposes of substantial shareholder disclosure requirements under the Securities and Futures Act is similar to that under the Companies Act, the Securities and Futures Act provides that a person who has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, a voting share is regarded as having an interest in such share, even if such authority is, or is capable of being made, subject to restraint or restriction in respect of particular voting shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations where:

(a) our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one (1) or more of our Shareholders; or

(b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one (1) or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

(a) direct or prohibit any act or cancel or vary any transaction or resolution;

(b) regulate the conduct of our affairs in the future;

(c) authorise civil proceedings to be brought in our name, or on behalf of, by a person or persons and on such terms as the court may direct;

(d) provide for the purchase of a minority Shareholder's Shares by our other Shareholders or by us, and in the case of a purchase of Shares by us, a corresponding reduction of our share capital; or

(e) provide that we be wound up.

Legal Framework

The following statements are brief summaries of the laws of Singapore relating to the legal framework in Singapore and our Board of Directors, which are qualified in their entirety by reference to the laws of Singapore.

Singapore has a common law system based on a combination of case law and statutes. The Companies Act is the principal legislation governing companies incorporated under the laws of Singapore and provides for three (3) main forms of corporate vehicles, being the company limited by shares, the company limited by guarantee and the unlimited company.

Companies are incorporated by filing with the Accounting and Corporate Regulatory Authority in Singapore certain electronic forms, including the constitutional documents which comprise its memorandum and articles of association.

The memorandum of association of a Singapore-incorporated company may set out the specific objects and powers of the company, or may give the company full power to carry on or undertake any business activity. The articles of association generally contain provisions relating to share capital and variation of rights, transfers and transmissions of shares, meetings of shareholders, directors and directors' meetings, powers and duties of directors, accounts, dividends and reserves, capitalisation of profits, secretary, common seal, winding-up and indemnity of the officers of a company.

APPENDIX C — TAXATION

SINGAPORE TAXATION

The following is a discussion of certain tax matters arising under the current tax law in Singapore and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing law in force as at the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of these laws will agree with this interpretation or that changes in the law will not occur.

The discussion is limited to a general description of income tax, stamp duty and Goods and Services Tax ("**GST**") consequences in Singapore with respect to the purchase, holding or disposal of our Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, hold and dispose of our Shares.

Prospective investors should consult their tax advisers regarding Singapore tax and other tax consequences of purchasing, holding and disposing of our Shares. It is emphasised that neither our Company, our Directors nor any other persons involved in this Listing accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.

Individual income tax

An individual is a tax resident in Singapore in a year of assessment ("**YA**") if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income (except for income received through a partnership in Singapore) received in Singapore on or after 1 January 2004 by a Singapore tax resident individual is exempt from Singapore income tax if the Comptroller of Income Tax in Singapore ("**Comptroller**") is satisfied that the tax exemption would be beneficial to the individual.

A Singapore tax resident individual is taxed at progressive rates ranging from 0.0% to 20.0%. Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at a rate of 20.0%, except that Singapore employment income is taxed at a flat rate of 15.0% or at progressive resident rates with relief, whichever yields a higher tax.

Corporate income tax

A company is regarded as tax resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore. Generally, control and management of the company is vested in its board of directors and the place where the board of directors' meetings are held is regarded to be the place where the management and control of the company is exercised.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore, and subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore.

Foreign-sourced income in the form of branch profits, dividends and service fee income received or deemed received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax subject to meeting the following conditions:

(i) at the time the foreign-sourced income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received is at least 15.0%;

(ii) such foreign-sourced income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and

(iii) the Comptroller is satisfied that the tax exemption would be beneficial to the recipient of the foreign-sourced income.

The prevailing corporate tax rate in Singapore is 17.0%. In addition, companies will be able to enjoy a partial tax exemption on the first S$300,000 of chargeable income as follows:

(a) 75.0% of the first S$10,000; and

(b) 50.0% of the next S$290,000.

The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate.

A start-up tax exemption scheme ("**Full Tax Exemption Scheme**") is granted to newly incorporated Singapore companies for the first three (3) consecutive YAs, subject to certain conditions. Under the Full Tax Exemption Scheme, the first S$300,000 of the company's normal chargeable income will be exempted as follows:

(1) 100.0% of the first S$100,000 of chargeable income; and

(2) 50.0% of the next S$200,000 of chargeable income.

The remaining chargeable income (after the tax exemptions) will be taxed at the prevailing corporate tax rate of 17.0%.

However, the Full Tax Exemption Scheme is no longer available to the following companies which are incorporated after 25 February 2013:

- a company whose principal activity is that of investment holding; and

- a company whose principal activity is that of developing properties for sale, for investment, or for both investment and sale.

For the YA 2013 to 2015, companies will be granted a 30.0% corporate income tax rebate, capped at S$30,000 for each YA.

Dividend distributions

Dividends paid by a Singapore-resident company are tax exempt from Singapore tax in the hands of the shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident. The same tax treatment would also apply to dividends in specie.

Singapore does not impose withholding tax on dividends paid to non-resident shareholders. Foreign shareholders are advised to consult their tax advisers to take into account the tax laws of their own countries of residence in relation to taxation of the dividends in those countries.

Gains on disposal of Shares

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. In general, gains or profits derived from the disposal of shares acquired for long-term investment purposes should be considered as capital gains and not subject to Singapore tax. However, gains arising from the disposal of shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which the Inland Revenue Authority of Singapore regards as the carrying on of a trade or business in Singapore.

It was announced in the Singapore Government's Budget 2012 that gains derived from the disposal of ordinary shares in a company between 1 June 2012 and 31 May 2017 (both dates inclusive) are exempt from tax if, immediately prior to the date of disposal, the divesting company had held at least 20.0% of the shares in the company for a continuous period of at least 24 months.

Shareholders who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 - Financial Instruments: Recognition and Measurement ("**FRS 39**") for the purposes of Singapore income tax may be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of our Shares is made.

Shareholders who may be subject to this tax treatment should consult their accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of our Shares.

Stamp duty

There is no stamp duty payable on the subscription for our Shares.

Where our Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of their transfer at the rate of S$0.20 for every S$100 or part thereof of the consideration for, or market value of, our Shares, whichever is higher.

Stamp duty is borne by the purchaser unless there is an agreement to the contrary. Where an instrument of transfer is executed outside Singapore or no instrument of transfer is executed, no stamp duty is payable on the acquisition of our Shares. However, stamp duty may be payable if the instrument of transfer is executed outside Singapore and is received in Singapore.

Stamp duty is not applicable however to electronic transfers of our Shares through the scripless trading system operated by CDP.

GST

The sale of our Shares by a GST-registered investor belonging in Singapore to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

Where our Shares are sold by a GST-registered investor in the course of or furtherance of a business carried on by him contractually to and for the direct benefit of a person belonging outside Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0.0%. Any input GST incurred by the GST-registered investor in making such a supply in the course of or furtherance of a business may be fully recoverable from the Singapore Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the standard rate of 7.0%. Similar services rendered by a GST-registered person contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to satisfaction of certain conditions, be subject to GST at 0.0%.

APPENDIX D — INDEPENDENT AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS OF BOUSTEAD PROJECTS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 MARCH 2014, 31 MARCH 2013 AND 31 MARCH 2012

INDEPENDENT AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS OF BOUSTEAD PROJECTS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 MARCH 2014, 31 MARCH 2013 AND 31 MARCH 2012

The Board of Directors
Boustead Projects Limited
82 Ubi Avenue 4
#07-01, Edward Boustead Centre
Singapore 408832

31 March 2015

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Boustead Projects Limited (the "Company") and its subsidiaries (the "Group") set out on pages D-3 to D-49, which comprise the combined balance sheets as at 31 March 2014, 31 March 2013 and 31 March 2012, the combined statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial years ended 31 March 2014, 31 March 2013 and 31 March 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with the provisions of Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of combined financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to present fairly, in all material respects, the combined state of affairs of the Group as at 31 March 2014, 31 March 2013 and 31 March 2012 and of the combined results, changes in equity and cash flows of the Group for the financial years ended 31 March 2014, 31 March 2013 and 31 March 2012.

Other matter

This report has been prepared for the inclusion in the Introductory Document of the Group in respect of the proposed listing on the Singapore Exchange Securities Trading Limited.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

Partner-in-charge: Yee Chen Fah

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

For the financial years ended 31 March 2014, 31 March 2013 and 31 March 2012

	Note	**2014**	2013	2012
		$'000	$'000	$'000
Revenue	5	**209,165**	256,107	147,038
Cost of sales	6	**(156,264)**	(193,618)	(108,233)
Gross profit		**52,901**	62,489	38,805
Other income	8	**2,260**	2,121	1,683
Other gains - net	9	**5,111**	15,904	2,492
Expenses				
- Distribution and marketing	6	**(3,628)**	(3,423)	(3,168)
- Administrative	6	**(15,951)**	(12,510)	(13,923)
- Finance	10	**(727)**	(997)	(675)
Share of results of an associated company and a joint venture	18,19	**(572)**	–	–
Profit before income tax		**39,394**	63,584	25,214
Income tax expense	11	**(3,581)**	(1,659)	(3,324)
Total profit		**35,813**	61,925	21,890
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
- Currency translation gains arising from consolidation		**42**	14	1,298
Other comprehensive income, net of tax		**42**	14	1,298
Total comprehensive income		**35,855**	61,939	23,188
Earnings per share for profit attributable to equity holders of the Company ($ per share)				
Basic and diluted earnings per share	12	**2.39**	4.13	1.46

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

COMBINED BALANCE SHEETS
As at 31 March 2014, 31 March 2013 and 31 March 2012

	Note	**2014** **$'000**	2013 $'000	2012 $'000
ASSETS				
Current assets				
Cash and cash equivalents	14	**54,598**	71,666	54,150
Properties held for sale	15	**30,368**	30,449	61,363
Trade and other receivables	16	**213,181**	201,600	173,303
Contracts work-in-progress	17	**1,291**	3,220	6,064
		299,438	306,935	294,880
Assets held for sale	13	**–**	15,550	–
		299,438	322,485	294,880
Non-current assets				
Trade and other receivables	16	**9,183**	10,436	7,438
Investment in an associated company	18	**1,172**	–	–
Investment in a joint venture	19	**4,467**	–	–
Available-for-sale investment	20	**17,872**	–	5,465
Investment properties	21	**108,962**	50,346	52,142
Property, plant and equipment	22	**752**	689	353
		142,408	61,471	65,398
Total assets		**441,846**	383,956	360,278
LIABILITIES				
Current liabilities				
Borrowings	23	**5,415**	9,290	4,278
Trade and other payables	24	**141,909**	116,305	124,076
Current income tax liabilities		**8,598**	12,714	16,902
Contracts work-in-progress	17	**3,379**	8,123	21,375
		159,301	146,432	166,631
Liabilities directly associated with assets classified as held for sale	13	**–**	3,825	–
		159,301	150,257	166,631
Non-current liabilities				
Borrowings	23	**46,740**	25,155	17,729
Trade and other payables	24	**3,295**	3,710	6,160
Deferred income tax liabilities	25	**1,772**	1,951	1,814
		51,807	30,816	25,703
Total liabilities		**211,108**	181,073	192,334
NET ASSETS		**230,738**	202,883	167,944
EQUITY				
Capital and reserves attributable to equity holders of the Group				
Share capital	26	**15,000**	15,000	15,000
Currency translation reserve		**1,190**	1,148	1,134
Accumulated profits	28	**214,548**	186,735	151,810
Total equity		**230,738**	202,883	167,944

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

COMBINED STATEMENTS OF CHANGES IN EQUITY

For the financial years ended 31 March 2014, 31 March 2013 and 31 March 2012

	Note	← Attributable to equity holders of the Group →			
		Share capital	Currency translation reserve	Accumulated profits	Total equity
		$'000	$'000	$'000	$'000
2014					
Beginning of financial year		15,000	1,148	186,735	202,883
Total comprehensive income for the year		–	42	35,813	35,855
Dividends	27	–	–	(8,000)	(8,000)
End of financial year		15,000	1,190	214,548	230,738
2013					
Beginning of financial year		15,000	1,134	151,810	167,944
Total comprehensive income for the year		–	14	61,925	61,939
Dividends	27	–	–	(27,000)	(27,000)
End of financial year		15,000	1,148	186,735	202,883
2012					
Beginning of financial year		5,000	(164)	154,420	159,256
Capitalisation of accumulated profits	26	10,000	–	(10,000)	–
Total comprehensive income for the year		–	1,298	21,890	23,188
Dividends	27	–	–	(14,500)	(14,500)
End of financial year		15,000	1,134	151,810	167,944

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

COMBINED STATEMENTS OF CASH FLOWS

For the financial years ended 31 March 2014, 31 March 2013 and 31 March 2012

	Note	**2014** **$'000**	2013 $'000	2012 $'000
Cash flows from operating activities				
Profit before income tax		**39,394**	63,584	25,214
Adjustments for:				
- Depreciation expense		**4,772**	1,746	757
- Reversal of provision for foreseeable losses and liquidated damages		**–**	–	(5,975)
- Share of loss of an associated company		**176**	–	–
- Share of loss of a joint venture		**396**	–	–
- Gain on disposal of assets held for sale		**(5,309)**	–	–
- Gain on disposal of subsidiaries		**(79)**	(10,176)	(3,233)
- Gain on disposal of available-for-sale investment		**–**	(5,800)	–
- Gain on disposal of a joint venture		**–**	–	(262)
- Interest income		**(1,167)**	(1,051)	(700)
- Interest expense		**727**	997	675
- Loss on disposal of property, plant and equipment		**–**	–	6
- Unrealised currency translation loss		**293**	116	1,300
		39,203	49,416	17,782
Change in working capital, net of effects from				
- Trade and other receivables		**(2,141)**	(11,390)	1,603
- Contracts work-in-progress		**(2,815)**	(28,405)	21,562
- Properties held for sale		**81**	15,576	(4,992)
- Trade and other payables		**19,138**	(10,408)	37,325
Cash generated from operations		**53,466**	14,789	73,280
Interest received		**1,167**	1,051	700
Interest paid		**(727)**	(997)	(675)
Income tax paid		**(7,876)**	(5,710)	(4,001)
Net cash provided by operating activities		**46,030**	9,133	69,304
Cash flows from investing activities				
Purchase of property, plant and equipment		**(281)**	(494)	(223)
Additions to investment properties		**(80,593)**	(43,133)	(55,756)
Net cash inflow on acquisition of a subsidiary		**–**	–	2,920
Proceeds from repayment of loan by a joint venture		**6,267**	–	–
Net cash inflow on disposal of assets held for sale		**15,806**	–	–
Proceeds on disposal of available-for-sale investment		**–**	11,265	–
Net cash inflow on disposal of a subsidiary retained as a joint venture from loan settlement		**7,536**	–	–
Net cash inflow on disposal of subsidiaries		**309**	52,852	4,921
Cash outflow on acquisition of an associated company		**(1,348)**	–	–
Cash outflow on disposal of a joint venture		**–**	–	(56)
Loan to an associated company		**(12,150)**	–	–
Purchase of available-for-sale investment		**(17,872)**	–	–
Net cash (used in)/provided by investing activities		**(82,326)**	20,490	(48,194)
Cash flows from financing activities				
Proceeds from borrowings		**27,000**	22,650	285
Repayment of borrowings		**(9,290)**	(6,588)	(3,432)
Dividends paid		**(22,600)**	(22,400)	(11,500)
Proceeds/(repayments) from ultimate holding company		**23,904**	(5,555)	10,491
Net cash provided by/(used in) financing activities		**19,014**	(11,893)	(4,156)
Net (decrease)/increase in cash and cash equivalents		**(17,282)**	17,730	16,954
Cash and cash equivalents at				
Beginning of financial year	14	**71,880**	54,150	37,196
End of financial year	14	**54,598**	71,880	54,150

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

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

1. General information

Boustead Projects Pte Ltd is incorporated and domiciled in the Republic of Singapore. The address of its registered office and principal place of business is 82 Ubi Avenue 4, #07-01 Edward Boustead Centre, Singapore 408832.

The principal activities of Boustead Projects Pte Ltd are to design and build and develop industrial facilities and industrial parks for lease or sale. The principal activities of its subsidiaries are disclosed in Note 2 to the combined financial statements.

2. Corporate restructuring

For the purpose of the listing on Singapore Exchange Securities Trading Limited ("SGX-ST"), Boustead Projects Pte Ltd will change its name to Boustead Projects Limited (the "Company") by listing as a new holding company.

On 23 March 2015, the Company entered into the Restructuring Agreement and the Wuxi Boustead Sale and Purchase Agreement (through its subsidiary) with its immediate holding company, Boustead Singapore Limited ("BSL") to acquire its entire equity interest of the following companies. The restructuring is expected to be completed prior to the listing of the Company on SGX-ST.

For the purpose of this combined financial statements, the cash consideration is assumed to be $4,324,000, which is based on the net book value of $3,324,000 of Wuxi Boustead Industrial Development Co. Ltd. as at 1 April 2011 and the net book values of Boustead Real Estate Fund, Boustead Trustees Pte Ltd, Boustead Funds Management Pte Ltd and Boustead Property Services Pte Ltd of $1,000,000 as at 30 June 2013, the month of incorporating these entities.

Name of companies	Principal activities	Country of business incorporation
Wholly-owned subsidiaries of Boustead Singapore Limited		
Wuxi Boustead Industrial Development Co. Ltd.	Development of industrial space for lease/sale	People's Republic of China
Boustead Real Estate Fund	Private business trust	Singapore
Boustead Trustees Pte Ltd	Trustee for real estate trust	Singapore
Boustead Funds Management Pte Ltd	Provision for property fund management	Singapore
Boustead Property Services Pte Ltd	Investment holding	Singapore

Upon completion of the restructuring, the Company will hold Wuxi Boustead Industrial Development Co. Ltd., Boustead Real Estate Fund, Boustead Trustees Pte Ltd, Boustead Funds Management Pte Ltd and Boustead Property Services Pte Ltd as subsidiaries. The Company, and its subsidiaries, a joint venture, an associated company and the entities acquired from its immediate holding company together will form the combined group (the "Group").

2. **Corporate restructuring** (continued)

The impending acquisition of the entities by the Company is a business combination under common control as the entities transferred are under common control by BSL. Accordingly, the combined financial statements of the Group are presented as follow:

(i) The combined balance sheets of the Group as at 31 March 2014, 31 March 2013 and 31 March 2012, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for the financial years ended 31 March 2014, 31 March 2013 and 31 March 2012 have been prepared as if the Company had been the holding company of the Group throughout the financial years ended 31 March 2014, 31 March 2013 and 31 March 2012 rather than from the date on which the restructuring was completed.

(ii) The assets and liabilities of Wuxi Boustead Industrial Development Co. Ltd., Boustead Real Estate Fund, Boustead Trustees Pte Ltd, Boustead Funds Management Pte Ltd and Boustead Property Services Pte Ltd are brought into the Group's books based on their existing carrying value in the consolidated financial statements of the ultimate holding company, Boustead Singapore Limited. No adjustments are made to the carrying values of those assets and liabilities, as the financial statements of the Group and the entities concerned have been prepared using consistent accounting policies.

(iii) All significant intra-group transactions and balances have been eliminated on combination.

The list of companies of the Group upon the completion of the restructuring are as follow:

Name of companies	Principal activities	Country of business incorporation	Equity holding		
			2014	2013	2012
			%	%	%
Significant subsidiaries held by the Company					
Boustead Mec. Pte Ltd	Investment holding	Singapore	**100**	100	100
PIP Pte Ltd	Provide project management, design, construction works and property-related activities	Singapore	**100**	100	100
BP-CA Pte Ltd	Holding of property for rental income	Singapore	**100**	100	100
BP-SFN Pte Ltd	Holding of property for rental income	Singapore	**100**	100	100
BP-UMS Pte Ltd	Holding of property for rental income	Singapore	**100**	100	100
BP-Tuas1 Pte Ltd	Holding of property for rental income	Singapore	**100**	100	100
CN Logistics Pte Ltd	Holding of property for rental income	Singapore	**100**	100	100
A Logistics Pte Ltd	Holding of property for rental income	Singapore	**100**	100	100
Boustead Projects Investments Pte Ltd	Holding of property for rental income	Singapore	**100**	100	100
BP-BBD Pte Ltd	Holding of property for rental income	Singapore	**100**	100	100
BP-JCS Pte Ltd	Holding of property for rental income	Singapore	**100**	100	100
BP Engineering Solutions Sdn Bhd	Holding of property for rental income	Malaysia	**100**	100	100
BP Land Sdn Bhd	Investment holding	Malaysia	**100**	–	–
BP-TN Pte Ltd	Holding of property for rental income	Singapore	**100**	100	100
BP-EA Pte Ltd	Holding of property for rental income	Singapore	**100**	100	100

2. Corporate restructuring (continued)

Name of companies	Principal activities	Country of business incorporation	Equity holding		
			2014	2013	2012
			%	%	%
Significant subsidiaries held by the Company (continued)					
Boustead Projects (Vietnam) Co. Ltd	Design and built contractors	Vietnam	**100**	100	100
Wuxi Boustead Industrial Development Co. Ltd	Development of industrial space for lease/sale	People's Republic of China	**100**	100	100
Boustead Projects (North China) Pte Ltd	Investment holding	Singapore	**–**	100	100
BP-SDV Pte Ltd	Holding of property for rental income	Singapore	**–**	–	100
CNIM Pte Ltd	Holding of property for rental income	Singapore	**–**	100	100
IPark Pte Ltd	Holding of property for rental income	Singapore	**–**	100	100
Boustead (Beijing) Logistics Co., Ltd	Provide facilities management distribution services, packaging and information consultation	People's Republic of China	**–**	100	100
Boustead Real Estate Fund	Private business trust	Singapore	**100**	–	–
Boustead Trustees Pte Ltd	Trustee for real estate trust	Singapore	**100**	–	–
Boustead Funds Management Pte Ltd	Provision for property fund management	Singapore	**100**	–	–
Boustead Property Services Pte Ltd	Investment holding	Singapore	**100**	–	–
Boustead Project (Thailand) Co Ltd	Provide project management, design, construction works and property-related activities	Thailand	**49**	–	–
Boustead Crescendas Holdings Pte Ltd	Investment holding	Singapore	**100**	–	–
Significant joint venture held by the Company's subsidiary					
BP-Ubi Development Pte Ltd	Holding of property for rental income	Singapore	**51**	–	–
Significant associated company held by the Company's subsidiary					
THAB Development Sdn Bhd (formerly Tat Hong Industrial Properties Sdn Bhd)	Property development	Malaysia	**35**	–	–

3. Significant accounting policies

3.1 Basis of preparation

These combined financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of combined financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the combined financial statements are disclosed in Note 4.

3. Significant accounting policies (continued)

3.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the rendering of services in the ordinary course of the Company's activities. Revenue is presented, net of value-added tax, rebates, and discounts, and after eliminating revenue within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follow:

(a) Construction contracts

The group enters into construction contracts with customers to design and build industrial facilities. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

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

(b) Sale of industrial properties

The group constructs industrial properties for sale. Revenue from the sale of industrial properties is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and industrial leasehold properties;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods and industrial leasehold properties sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(c) Interest income

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

3. Significant accounting policies (continued)

3.2 Revenue recognition (continued)

(d) Rental income

The group holds investment properties and earns rental income on these properties. Please refer to Note 3.14 (Leases) for the accounting policy for rental income.

3.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the combined financial statements, transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

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

(b) An associated company and a joint venture

An associated company is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

A joint venture is an entity over which the Group has contractual arrangements to jointly share control over the economic activity of the entity with one or more parties.

Investments in an associated company and a joint venture are accounted for in the combined financial statements using the equity method of accounting less any impairment losses, if any.

(i) Acquisitions

Investments in an associated company and a joint venture are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on an associated company or a joint venture represents the excess of the cost of acquisition of an associated company over the Group's share of the fair value of the identifiable net assets of an associated company or a joint venture and is included in the carrying amount of the investments.

3. Significant accounting policies (continued)

3.3 Group accounting (continued)

(b) An associated company and a joint venture (continued)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of an associated company and a joint venture's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from an associated company and a joint venture are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or a joint venture equals to or exceeds its interest in an associated company or a joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of an associated company or a joint venture.

Unrealised gains on transactions between the Group and an associated company or a joint venture are eliminated to the extent of the Group's interest in an associated company or a joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of an associated company and a joint venture are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in an associated company and a joint venture are derecognised when the Group loses significant influence or joint control. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in an associated company and a joint venture in which significant influence or joint control is retained are recognised in profit or loss.

3.4 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(b) Depreciation

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives as follows:

	Estimated useful lives
Plant and machinery	5 years
Office computers	5 years
Office equipment, furniture and fittings	5 years
Renovations	5 years

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

3. Significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

(c) Subsequent expenditure

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

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is included in profit or loss within “Other gains-net.”

3.5 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of investment properties and properties held for sale. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the investment property.

3.6 Construction contracts

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within “contracts work-in-progress”. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within “contracts work-in-progress”.

Progress billings not yet paid by customers and retention sum receivable by customers are included within “trade and other receivables”. Advances received are included within “trade and other payables”.

3.7 Investment properties

Investment properties are properties that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes land cost, related acquisition expenses, construction costs and finance costs incurred during the period of construction. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their useful life of 30 years for the leasehold building and 10 years for machinery and equipment. No depreciation is provided for investment properties under construction. The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. **Significant accounting policies** (continued)

3.7 **Investment properties** (continued)

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

3.8 **Impairment of non-financial assets**

Property, plant and equipment
Investment properties
Investments in a joint venture and an associated company

Property, plant and equipment, investment properties and investments in subsidiaries, a joint venture and an associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

3.9 **Financial assets**

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 16) and "cash and cash equivalents" (Note 14) less "prepayments" (Note 16) on the balance sheet.

3. Significant accounting policies (continued)

3.9 Financial assets (continued)

(a) Classification (continued)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

3. Significant accounting policies (continued)

3.9 Financial assets (continued)

(e) Impairment (continued)

(i) Loans and receivables (continued)

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale investments

In addition to the objective evidence of impairment described in Note 3.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale investment is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.10 Properties held for sale

Properties held for sale are stated at the lower of cost (specific identification method) and net realisable value. Cost includes costs of construction and interests incurred during the period of construction. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

3.11 Borrowings

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

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

3.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

3. Significant accounting policies (continued)

3.13 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Valuation techniques, such as discounted cash flow analysis are also used to determine the fair values of the financial instruments.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

3.14 Leases

(a) *When the Group is the lessee:*

The Group leases land under operating leases.

(i) *Lessee - Operating leases*

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

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor:*

The Group leases investment properties under operating leases.

(i) *Lessor - Operating leases*

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

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

Contingent rents are recognised as income in profit or loss when earned.

3.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, an associated company and a joint venture, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3. Significant accounting policies (continued)

3.15 Income taxes

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

3.16 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.17 Employee compensation

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

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(b) Share-based compensation

The ultimate holding company issues equity-settled share-based payments to certain employees of the Company.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share-based payments is recognised as an expense in the income statement with a corresponding increase in amount due to ultimate holding company based on the Company's number of equity instruments that will eventually vest.

3. Significant accounting policies (continued)

3.17 Employee compensation (continued)

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

3.18 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The combined financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the financial statements, currency translation differences arising from net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented within "other gains – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follow:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

3. Significant accounting policies (continued)

3.19 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, and deposits with financial institutions which are subject to an insignificant risk of change in value.

3.20 Assets held for sale and liabilities directly associated with assets classified as held for sale

Non-current assets and liabilities directly associated with assets classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and liabilities directly associated with assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell.

3.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the senior management, whose members are responsible for allocating resources and assessing performance of the operating segments.

3.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3.23 Dividends to the Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

4. Critical accounting estimates, assumptions and judgements

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4. **Critical accounting estimates, assumptions and judgements** (continued)

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the combined financial statements.

(a) *Revenue recognition – construction contract*

The Group recognises revenue and costs from long-term contracts using the percentage of completion method determined by reference to the stage of completion of the contract activity at the end of each reporting period. A considerable amount of judgement is required in assessing the relationship of the value of work performed to date relative to the estimated total contract costs.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

If the revenue on uncompleted contracts at the balance sheet date had been higher/lower by 1% (2013: 1%, 2012: 1%) from management's estimates, the Group's revenue would have been higher/lower by $1,662,000 (2013: $1,717,000, 2012: $1,731,000) and $1,662,000 (2013: $1,717,000, 2012: $1,731,000) respectively.

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 1% (2013: 1%, 2012: 1%) from management's estimates, the Group's profit would have been lower/higher by $1,557,000 (2013: $1,553,000, 2012: $1,550,000) and $1,557,000 (2013: $1,553,000, 2012: $1,550,000) respectively.

(b) *Allowance for foreseeable losses on construction contract*

Judgement is exercised in determining foreseeable losses on construction contracts. In making such judgement, the Group evaluates by relying on past experience and cost estimates. A significant degree of estimate is required in assessing the cost estimates based on suppliers' quotation or engineers' estimates and taking into consideration the escalation of costs in the country in which the project takes place.

As at 31 March 2014, 31 March 2013 and 31 March 2012, the contracts work-in-progress is a net liability comprising progress billings and allowance for foreseeable losses in excess of contract costs plus recognised profits amounting to $2,088,000, $4,903,000 and $15,311,000 respectively.

(c) *Allowance for properties held for sale*

In determining the net realisable value of the Group's properties held for sale, management estimated the recoverable amount of the properties held for sale based on most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations in prices, the condition of the properties held for sale and market evidence of transaction price for similar properties. The carrying amount of properties held for sale is disclosed in Note 15.

(d) *Assessment of liquidated damages*

The Group reviews the progress of construction contracts to determine whether any provision for liquidated damages is required for the projects which are behind schedule, taking into consideration the cause of the delay and time required for completion. The Group and the Company have provided the maximum liquidated damages amounting to $1,250,000 (2013: $1,250,000, 2012: $1,250,000) as at 31 March 2014.

5. Revenue

	2014	2013	2012
	$'000	$'000	$'000
Construction contract revenue	**187,303**	191,488	134,334
Sale of property held for sale	**–**	47,381	–
Property rental income	**21,862**	17,238	12,704
	209,165	256,107	147,038

6. Expenses by nature

	2014	2013	2012
	$'000	$'000	$'000
Sub-contractor fees	**151,317**	191,689	107,245
Employee compensation (Note 7)	**10,640**	9,888	8,525
Depreciation expense	**4,772**	1,746	757
Fees on audit services paid/payable to:			
- Auditors of the Company	**148**	89	92
- Other auditors	**19**	19	40
Property related expenses	**5,937**	5,018	3,813
Maintenance expenses	**47**	25	16
Selling expenses	**166**	150	459
Others	**2,797**	927	4,377
Total cost of sales, distribution and marketing, and administrative expenses	**175,843**	209,551	125,324

7. Employee compensation

The Company's ultimate holding company grants equity compensation from Boustead Restricted Share Plan 2011 (the "2011 Share Plan") to certain employees of the Company.

Awards granted under the 2011 Share Plan may be subject to time-based and/or performance-based restrictions. For the Company, time-based restricted awards granted under the 2011 Share Plan will vest only after satisfactory completion of time-based service conditions, that is, after the participant has served the Company for a specified number of years.

Participants are not required to pay for the grant of the awards. Awards are forfeited when the participant leaves the Group before the awards vest.

Details of the shares under 2011 Share Plan outstanding during the year are as follow:

	2014	2013	2012
Number of shares			
Outstanding at beginning of the year	**676,302**	–	–
Granted during the year	**76,418**	676,302	–
Outstanding at the end of the year	**752,720**	676,302	–

The estimated weighted average fair value of the shares granted under 2011 Share Plan during the year is $1.45 (2013: $0.97, 2012: $Nil). The fair value is determined based on the ultimate holding company's market share price on grant date.

7. Employee compensation (continued)

The ultimate holding company recharges the share-payment expense to the Company when incurred. The Group recognised total expenses of $138,000 (2013: $130,000, 2012: $Nil) relating to equity settled share-based payment transactions during the year.

	2014	2013	2012
	$'000	$'000	$'000
Wages and salaries	**10,013**	9,257	8,044
Employer's contribution to defined contribution plans including Central Provident Fund	**489**	501	481
Share-based payment expense	**138**	130	–
	10,640	9,888	8,525

8. Other income

	2014	2013	2012
	$'000	$'000	$'000
Interest income			
- Non-related parties	**462**	227	155
- Ultimate holding corporation	**705**	824	545
	1,167	1,051	700
Sublease income	**1,093**	1,070	983
	2,260	2,121	1,683

9. Other gains - net

	2014	2013	2012
	$'000	$'000	$'000
Gain on disposal of assets held for sale	**5,309**	–	–
Gain on disposal of subsidiaries	**79**	10,176	3,233
Gain on disposal of available-for-sale investment	**–**	5,800	–
Gain on disposal of a joint venture	**–**	–	262
Loss on disposal of property, plant and equipment	**–**	–	(6)
Others	**(277)**	(72)	(997)
	5,111	15,904	2,492

10. Finance expenses

	2014	2013	2012
	$'000	$'000	$'000
Interest expense	**727**	997	675

11. Income taxes

Income tax expense

	2014	2013	2012
	$'000	$'000	$'000
Tax expense attributable to profit is made up of:			
Profit for the financial year			
Current income tax	**6,797**	9,656	3,187
Deferred income tax (Note 25)	**(179)**	137	137
	6,618	9,793	3,324
Over provision in prior financial years			
Current income tax	**(3,037)**	(8,134)	–
	3,581	1,659	3,324

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2014	2013	2012
	$'000	$'000	$'000
Profit before tax	**39,394**	63,584	25,214
Tax calculated at tax rate of 17% (2013: 17%, 2012: 17%)	**6,697**	10,809	4,286
Effects of			
- Singapore statutory tax exemption	**(244)**	(193)	(146)
- expenses not deductible for tax purposes	**205**	96	441
- tax losses transferred to the Group	**(625)**	–	(2,425)
- unrealised group profit subject to tax	**1,348**	1,972	1,791
- income not subject to tax	**(916)**	(2,850)	–
- different tax rates in other countries	**28**	(5)	(467)
- other	**125**	(36)	(156)
Tax charge	**6,618**	9,793	3,324

Included in the Group's current tax liabilities is consideration of $625,000 (2013: $Nil, 2012: $2,425,000) that will be payable to related companies who had tax losses transferred to the Group under the group tax relief system.

12. Earnings per share

(a) Basic earnings per share

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

	2014	2013	2012
Profit attributable to equity holders of the Company ($'000)	**35,813**	61,925	21,890
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**15,000**	15,000	15,000
Basic earnings per share ($)	**2.39**	4.13	1.46

(b) Diluted earnings per share

The Company has no dilutive potential ordinary shares.

13. Assets held for sale and liabilities directly associated with assets classified as held for sale

On 25 March 2013, the Group entered into a sale and purchase agreement for the sale of 100% of the ordinary issued and paid-up shares of Boustead Projects (North China) Pte Ltd ("BPNC"), a wholly-owned subsidiary of the Group, to a non-related party. The carrying amounts of assets and liabilities attributable to BPNC and its subsidiary, which were expected to be sold within the next twelve months, had been classified as "assets held for sale" and "liabilities directly associated with assets classified as held for sale" and were presented separately on the face of the balance sheet.

The major classes of assets and liabilities directly associated with assets classified as held for sale are as follow:

	2013
	$'000
Assets	
Cash and cash equivalents	214
Trade and other receivables	109
Properties held for sale	15,222
Property, plant and equipment	5
	15,550
Liabilities	
Bank loan[(a)]	3,624
Trade and other payables	90
Income tax payable	111
Total liabilities associated with assets held for sale	3,825
Net assets	11,725

(a) The bank loan was secured by way of legal mortgage on the asset held for sale and the future rental income and all rights, titles, benefits and interest arising out of the tenancy agreement between the subsidiary and the lessee. The term loan bore effective interest rate of about 7.04% per annum in 2013.

On the completion date as at 30 June 2013, the net book value of BPNC was $10,151,000 and sale proceeds of $16,020,000 had been received. The group incurred China sales tax of $560,000 and recognised a gain of $5,309,000.

14. Cash and cash equivalents

	2014	2013	2012
	$'000	$'000	$'000
Cash at bank and on hand	**17,730**	14,493	16,035
Short-term bank deposits	**36,868**	57,173	38,115
	54,598	71,666	54,150

The short-term deposits have maturities of one month or less and earn interest of 0.54% (2013: 0.35%, 2012: 0.36%) per annum. The carrying amounts of these assets approximate their fair value.

Cash and cash equivalents of the Group are denominated in the functional currency of the respective group companies.

14. Cash and cash equivalents (continued)

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

	2014	2013	2012
	$'000	$'000	$'000
Cash and bank balances (as above)	**54,598**	71,666	54,150
Add: Cash at bank included in assets held for sale (Note 13)	**–**	214	–
Cash and cash equivalent per consolidated statements of cash flows	**54,598**	71,880	54,150

Disposal of subsidiaries

The effects of the disposal of subsidiaries on the cash flows of the Group were:

	2014	2013	2012
	$'000	$'000	$'000
Cash and cash equivalents	**264**	549	260
Investment properties	**–**	43,340	10,868
Trade and other receivables	**301**	216	133
Total liabilities	**(71)**	(880)	(10)
Net assets disposed of	**494**	43,225	11,251
Gain on disposal	**79**	10,176	3,233
Cash proceeds from disposal	**573**	53,401	14,484
Proceeds receivable	**–**	–	(9,303)
Net cash and cash equivalents disposed of	**(264)**	(549)	(260)
Net cash inflow on disposal of subsidiaries	**309**	52,852	4,921

Acquisition of a subsidiary

The effects of the acquisition of a subsidiary on the cash flows of the Group were:

	2012
	$'000
Cash and cash equivalents	2,920
Properties held for sale	1,630
Total other assets	90
Trade and other payables	(1,222)
Net assets acquired	3,418
Consideration payable	(3,418)
Net cash and cash equivalent acquired	2,920
Net cash inflow on acquisition of subsidiary	2,920

15. Properties held for sale

The Group has the following properties held for sale measured at their lower of cost and net realisable value:

	Location	Description/Area	Tenure
(1)	Singapore No. 12 Changi North Way	Industrial/ Gross floor: 23,881 sq metres	60 years from 16 January 2005
(2)	Singapore No. 16 Changi North Way	Industrial/ Gross floor: 11,320 sq metres	27 years 4 months from 1 September 2007 with an option to extend a further 30 years
(3)	Singapore No. 25 Changi North Rise	Industrial/ Gross floor: 7,014 sq metres	30 years from 1 February 2007
(4)	Singapore No. 85 Tuas South Avenue 1	Industrial/ Gross floor: 10,433 sq metres	30 years from 16 April 2007 with an option to extend a further 23 years
(5)	People's Republic of China No. 3 Xin Mei Road Plot 117, Wuxi New District Wuxi Jiangsu	Industrial/ Gross floor: 4,663 sq metres	50 years from 26 June 2002
(6)	People's Republic of China No. 7 Xin Mei Road Plot 117, Wuxi New District Wuxi Jiangsu	Industrial/ Gross floor: 6,038 sq metres	50 years from 26 June 2002
(7)	People's Republic of China No. 18 Xin Mei Road Plot 117, Wuxi New District Wuxi Jiangsu	Industrial/ Gross floor: 3,238 sq metres	50 years from 26 June 2002
(8)	People's Republic of China No. 2 Xinmao Street Tongzhou District Tongzhou Logistics Park Beijing (Disposed in financial year ended 31 March 2014)	Industrial/ Gross floor: 38,792 sq metres	50 years from 17 August 2008
(9)	Private Lot A2905801 Pioneer Road/Tuas West Avenue (Disposed in financial year ended 31 March 2013)	Industrial/ Gross floor: 5,501sq metres	30 years from 30 September 2011
(10)	61 Ubi Avenue 1 (Disposed in financial year ended 31 March 2013)	Industrial/ Gross floor: 5,502sq metres	60 years from 10 March 1997

As at 31 March 2014, properties held for sale amounting to $19,951,000 (2013: $28,935,000, 2012: $44,157,000) are pledged to the banks for banking facilities (Note 23).

16. Trade and other receivables

	2014 $'000	2013 $'000	2012 $'000
Trade and other receivables - current			
Trade receivables			
- Non-related parties	**30,820**	43,145	22,384
- Related corporations	**4,923**	166	1,859
- Retention sum receivable	**9,217**	8,790	10,244
Less: Allowance for impairment of receivables – for non-related parties	**–**	(59)	(2,841)
Trade receivables – net	**44,960**	52,042	31,646
Other receivables and prepayments			
Loan to ultimate holding corporation	**143,365**	145,530	125,300
Deposits	**4,578**	1,118	430
Prepayments	**3,019**	1,829	2,196
Other debtors	**5,212**	1,081	13,731
Other receivables from related corporations	**12,047**	–	–
Net other receivables and prepayments	**168,221**	149,558	141,657
Total trade and other receivables - current	**213,181**	201,600	173,303
Trade and other receivables - non-current			
Trade receivables			
- Retention sum receivable	**9,183**	10,436	7,438
Total trade and other receivables	**222,364**	212,036	180,741

The loan to ultimate holding corporation is unsecured, bears interest at 0.36% (2013: 0.33%, 2012: 0.46%) per annum and is renewed on a monthly basis.

Other receivables from related corporations refer to loan to an associated company is unsecured, bears interest at 3.76% (2013: Nil; 2012: Nil) repayable on demand.

Amounts due from ultimate holding corporation and related corporations are expected to be settled within the next 12 months for the purpose of the listing of the Group on the Singapore Exchange Securities Trading Limited.

17. Contracts work-in-progress

	2014 $'000	2013 $'000	2012 $'000
Contracts work-in-progress:			
Amounts due from contract customers	**1,291**	3,220	6,064
Contract costs incurred plus recognised profits	**23,698**	15,076	24,198
Less: Progress billings	**(22,407)**	(11,856)	(18,134)
	1,291	3,220	6,064
Contracts work-in-progress			
Amounts due to contract customers	**3,379**	8,123	21,375
Progress billings	**104,704**	109,132	131,120
Less: Contract costs incurred plus recognised profits	**(101,325)**	(101,009)	(109,745)
	3,379	8,123	21,375

At 31 March 2014, 31 March 2013 and 31 March 2012, there are no advances received from customers for contract work.

18. Investment in an associated company

	2014	2013	2012
	$'000	$'000	$'000
Equity investment at cost			
Beginning of financial year	**–**	–	–
Additions	**1,348**	–	–
Share of loss	**(176)**	–	–
End of financial year	**1,172**	–	–

The summarised financial information of the associated company, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2014	2013	2012
	$'000	$'000	$'000
- Assets	**37,769**	–	–
- Liabilities	**(34,422)**	–	–
- Revenue	**–**	–	–
- Net loss	**(502)**	–	–

The Group has significant influence over the associated company by having a 35% interest and the power to participate in the financial and operating policy decision of the associated company.

19. Investment in a joint venture

On 1 February 2013, the Company incorporated a 100% owned subsidiary, Ubi Development and provided a shareholders loan of $18,666,000 for the purpose of acquiring land from JTC and meeting preliminary operating costs. Subsequently, the Company sold 49% stake of Ubi Development to a joint venture partner who contributed $10,693,000 as its share of shareholders loan. The Company was repaid $7,536,000 via reduction of its shareholders loan from the joint venture in order to maintain both parties shareholders contributions at 51% and 49% in accordance with the Company and the joint venture shareholdings interests. When the joint venture received funding from the bank, an amount of $6,267,000 was repaid to the Company to reduce its shareholders loan to $4,863,000.

As a result, the Group has a 51% equity interest at a cost of $51 (2013: $Nil, 2012: $Nil) and loan receivable of $4,863,000 (2013: $Nil, 2012: $Nil) to BP-Ubi Development Pte Ltd ("Ubi Development"). The loan receivable is unsecured and interest-free. The loan receivable is treated as part of investment in a joint venture as the Group is not expected to demand repayment of the loan.

Ubi Development is deemed to be a joint venture of the Group as the appointment of its directors and the allocation of voting rights for key business decisions require the unanimous approval of its venturers.

19. **Investment in a joint venture** (continued)

The following amounts represent the Group's 51% share of the assets and liabilities and income and expenses of a joint venture which are included in the balance sheet position and statement of comprehensive income using the equity method of accounting:

	2014
	$'000
Assets	
- Current assets	**6,979**
- Non-current assets	**14,570**
	21,549
Liabilities	
- Current liabilities	**(13,223)**
- Non-current liabilities	**(8,335)**
	(21,558)
Net liabilities	**(9)**
Sales	**–**
Expenses	**(9)**
Loss before tax	**(9)**
Income tax	**–**
Loss after tax	**(9)**

As at 31 March 2014, Ubi Development has a 100% interest in BP-Ubi Industrial Pte Ltd ("Ubi Industrial"). Ubi Industrial is currently constructing an industrial building as an investment property which is intended to generate future rental income.

20. **Available-for-sale investment**

Available-for-sale financial assets are analysed as follow:

	2014	2013	2012
	$'000	$'000	$'000
Unquoted securities			
- Equity shares	**17,872**	–	5,465

21. **Investment properties**

	2014	2013	2012
	$'000	$'000	$'000
Cost			
Beginning of financial year	**52,598**	52,805	7,917
Additions	**80,593**	43,133	55,756
Disposals	**(17,423)**	(43,340)	(10,868)
End of financial year	**115,768**	52,598	52,805
Accumulated depreciation			
Beginning of financial year	**2,252**	663	36
Depreciation charge	**4,554**	1,589	627
End of financial year	**6,806**	2,252	663
Net book value			
End of financial year	**108,962**	50,346	52,142

Investment properties are leased to non-related parties under operating leases (Note 29).

21. Investment properties (continued)

The following amounts are recognised in profit and loss:

	2014	2013	2012
	$'000	$'000	$'000
Rental income	**12,505**	6,586	2,556
Direct operating expenses arising from:			
- Investment properties that generate rental income	**4,557**	1,589	627

At the balance sheet date, the details of the Group's investment properties are as follow:

Location	**Description**	**Existing use**	**Terms of lease**
10 Seletar Aerospace Heights	Industrial/Leasehold	Rental	30 years from 1 June 2012
80 Boon Keng Road (Phase 1)	Industrial/Leasehold	Rental	56 years from 1 April 2011
16 Tampines Industrial Cresent	Industrial/Leasehold	Rental	30 years from 16 June 2012
26 Changi North Rise	Industrial/Leasehold	Rental	60 years from 30 April 2010
10 Changi North Way	Industrial/Leasehold	Rental	54 years from 16 September 2010
80 Boon Keng Road (Phase 2)	Industrial/Leasehold	Under construction	46 years from 1 October 2013
31 Tuas South Ave 10	Industrial/Leasehold	Under construction	30 years from 16 December 2013
10 Tukang Innovation Drive	Industrial/Leasehold	Under construction	30 years from 1 November 2013
36 Tuas Road	Industrial/Leasehold	Rental	12 years from 1 October 2013
11 Pioneer Turn (Disposed in financial year ended 31 March 2013)	Industrial/Leasehold	Rental	30 years from 1 June 2011
Pte Lot A2868800 7W West Kent Road Seletar Aerospace Park (Disposed in financial year ended 31 March 2012)	Industrial/Leasehold	Rental	30 years from 1 April 2011

Independent professional valuations have been carried out for the Group's investment properties that are completed as at the end of the reporting period by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The valuation of $179,000,000 (2013: $127,500,000, 2012: $92,403,000) is based on sales comparison method and income method for comparative properties.

As at 31 March 2014, investment properties amounting to $65,630,000 (2013: $22,591,000, 2012: $Nil) are pledged to banks for banking facilities (Note 23).

21. Investment properties (continued)

Fair value hierarchy

The table below analyses investment properties not carried at fair value, but for which fair values are disclosed.

Description	Fair value measurements at 31 March 2014 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$'000	$'000	$'000
Recurring fair value measurements			
Investment properties:			
- Industrial buildings - Singapore	–	–	179,000

Description	Fair value measurements at 31 March 2013 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$'000	$'000	$'000
Recurring fair value measurements			
Investment properties:			
- Industrial buildings - Singapore	–	–	127,500

Description	Fair value measurements at 31 March 2012 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$'000	$'000	$'000
Recurring fair value measurements			
Investment properties:			
- Industrial buildings - Singapore	–	–	92,403

22. Property, plant and equipment

	Plant and machinery	Office computers	Office equipment, furniture and fittings	Renovations	Total
	$'000	$'000	$'000	$'000	$'000
2014					
Cost					
Beginning of financial year	411	712	212	26	1,361
Additions	–	281	–	–	281
End of financial year	411	993	212	26	1,642
Accumulated depreciation					
Beginning of financial year	33	454	166	19	672
Depreciation charge	82	120	13	3	218
End of financial year	115	574	179	22	890
Net book value					
End of financial year	296	419	33	4	752
2013					
Cost					
Beginning of financial year	–	635	212	26	873
Additions	411	81	2	–	494
Disposal	–	(4)	(1)	–	(5)
Exchange differences	–	–	(1)	–	(1)
End of financial year	411	712	212	26	1,361
Accumulated depreciation					
Beginning of financial year	–	371	135	14	520
Depreciation charge	33	86	33	5	157
Disposal	–	(3)	(1)	–	(4)
Exchange differences	–	–	(1)	–	(1)
End of financial year	33	454	166	19	672
Net book value					
End of financial year	378	258	46	7	689
2012					
Cost					
Beginning of financial year	–	449	189	26	664
Additions	–	186	37	–	223
Disposal	–	–	(12)	–	(12)
Exchange differences	–	–	(2)	–	(2)
End of financial year	–	635	212	26	873
Accumulated depreciation					
Beginning of financial year	–	288	101	9	398
Depreciation charge	–	83	42	5	130
Disposal	–	–	(6)	–	(6)
Exchange differences	–	–	(2)	–	(2)
End of financial year	–	371	135	14	520
Net book value					
End of financial year	–	264	77	12	353

23. Borrowings

	2014	2013	2012
	$'000	$'000	$'000
Current			
Bank borrowings	**5,415**	9,290	4,278
Non-current			
Bank borrowings	**46,740**	25,155	17,729
Total borrowings	**52,155**	34,445	22,007

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follow:

	2014	2013	2012
	$'000	$'000	$'000
6 months or less	**52,155**	34,445	22,007

(a) Security granted

Total borrowings include secured liabilities of $52,155,000 (2013: $34,445,000, 2012: $22,007,000) for the Group. Bank borrowings are secured over investment properties (Note 21) and properties held for sale (Note 15).

(b) Fair value of non-current borrowings

At the end of the reporting period, the carrying amounts of the borrowings approximated their fair values as all the amounts are at floating interest rates and are revised every one to six months.

(c) Undrawn borrowing facilities

	2014	2013	2012
	$'000	$'000	$'000
Expiring within one year	**6,106**	–	–

The facilities are mainly to fund the development of properties.

24. Trade and other payables

	2014	2013	2012
	$'000	$'000	$'000
Current			
Trade payables to:			
- Non-related parties	**73,673**	72,950	74,357
Other payables to :			
- Non-related parties	**21,278**	3,629	14,475
- Ultimate holding corporation	**27,105**	19,966	15,291
- Related corporations	**284**	11	3,350
Accruals for operating expenses	**2,792**	3,704	2,620
Retention sum payables	**16,777**	16,045	13,983
	141,909	116,305	124,076
Non-current			
Retention sum payables	**3,295**	3,710	6,160
Total trade and other payables	**145,204**	120,015	130,236

24. **Trade and other payables** (continued)

The average credit period on purchases ranges from 30 days to 60 days (2013: 30 to 60 days, 2012: 30 to 60 days). No interest is charged on the overdue payables.

Trade payables and accruals are denominated in the functional currency of the respective group companies.

Included in trade payables to non-related parties is a provision for liquidated damages amounting to $1,250,000 (2013: $1,250,000, 2012: $1,250,000). During the year, there was no charge (2013: $Nil, 2012: $2,703,000 credited) to cost of sales.

Amounts due to ultimate holding corporation and related corporations are expected to be settled within the next 12 months for the purpose of the listing of the Group on the Singapore Exchange Securities Trading Limited.

25. **Deferred income taxes**

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation
	$'000
2014	
Beginning of financial year	1,951
Credited to profit or loss	(179)
End of financial year	1,772
2013	
Beginning of financial year	1,814
Charged to profit or loss	137
End of financial year	1,951
2012	
Beginning of financial year	1,677
Charged to profit or loss	137
End of financial year	1,814

26. **Share capital**

	No. of ordinary shares	Amount
		$'000
2014		
Beginning and end of financial year	15,000,000	15,000
2013		
Beginning and end of financial year	15,000,000	15,000
2012		
Beginning of financial year	5,000,000	5,000
Capitalisation of accumulated profits	10,000,000	10,000
End of financial year	15,000,000	15,000

26. Share capital (continued)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

The capitalisation of $10,000,000 from accumulated profits in 2012 to share capital was to fulfill the Building and Construction Authority A1 upgrading requirement.

27. Dividends

	2014	2013	2012
	$'000	$'000	$'000
Ordinary dividends paid			
First interim dividend of 53 cents (2013: 83 cents, 2012: 30 cents) per ordinary share declared and paid/payable	**8,000**	12,400	4,500
Second interim dividend paid in respect of the previous financial year of Nil cents (2013: 97 cents, 2012: 67 cents) per share	**–**	14,600	10,000

28. Accumulated profits

Accumulated profits of the Group are distributable.

29. Commitments

(a) Operating lease commitments - where the Group is a lessee

The Group leases land from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follow:

	2014	2013	2012
	$'000	$'000	$'000
Not later than one year	**4,419**	3,194	2,405
Between one and five years	**17,678**	12,705	9,619
Later than five years	**145,570**	113,687	95,781
	167,667	129,586	107,805

Operating lease payments represent rentals payable by the Group for the leases of leasehold land premises. Leases of leasehold land by the Group are negotiated for a term of 30 years with an option to extend for 23 to 30 years from the expiry of the lease terms; for a fixed term of 30 years; or a fixed term of 45 years or 60 years. Rental amounts are fixed for the first year and are subject to annual revision of rent which will be carried out based on the market rate prevailing on the respective revision dates. The operating lease commitments estimated above were determined assuming the same rental expense fixed in the first year continues for the remaining terms of lease.

29. Commitments (continued)

(b) Operating lease commitments - where the Group is a lessor

The Group leases out industrial space to non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follow:

	2014	2013	2012
	$'000	$'000	$'000
Not later than one year	**25,136**	20,667	14,755
Between one and five years	**110,811**	72,209	55,636
Later than five years	**151,585**	72,043	67,557
	287,532	164,919	137,948

Leases are negotiated for a fixed term of 1 to 12 years (2013: 1 to 12 years, 2012: 1 to 12 years). The above future minimum lease payments are subject to annual revision of rent based on terms and conditions of the lease agreement. The operating lease commitments estimated above were determined assuming the same rental income fixed during the year continues for the remaining lease term.

30. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by finance personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore. The Group does not carry out any significant business in any other currency other than Singapore Dollars except for 2012, where currency translation losses of $1 million arose primarily from a US$ denominated intercompany loan amounting to $3,877,000 as at 31 March 2012 provided to a subsidiary in Vietnam. As such the Group's business operations are not exposed to significant foreign currency risks.

No sensitivity analysis is prepared as the management does not expect any material effect on the Group's profit or loss arising from the fluctuation of exchange rate.

(ii) Price risk

The Group is exposed to price risk arising from available-for-sale investments in the office retail property segment. The investment in office retail property segment provides opportunity to the Group to participate in a new segment other than industrial segment.

30. **Financial risk management** (continued)

(a) Market risk (continued)

(ii) *Price risk* (continued)

The sensitivity analyses below have been determined based on the exposure to price risks at the end of the reporting period.

If prices for available-for-sale investments had changed by 10% (2013: 10%, 2012:10%) with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

	Increase / (Decrease)					
	2014		2013		2012	
	Profit after tax ($'000)	Other comprehensive income ($'000)	Profit after tax ($'000)	Other comprehensive income ($'000)	Profit after tax ($'000)	Other comprehensive income ($'000)
Group						
Unquoted equity securities						
- increased by	–	1,787	–	–	–	547
- decreased by	–	(1,787)	–	–	–	(547)

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from non-current variable-rate borrowings.

The Group's borrowings at variable rates are denominated mainly in SGD. If the SGD interest rates had been higher/lower by 1% (2013: 1%, 2012: 1%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by $522,000 (2013: $344,000, 2012: $220,000) as a result of higher/lower interest expense on borrowings and on loans to ultimate holding corporation.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Management based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored by the management.

Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and rendering of services, determined by reference to past default experience.

30. **Financial risk management** (continued)

(b) Credit risk (continued)

Before accepting any new customer, the Group will assess the potential customer's credit quality and define credit limits for each of the customer. Limits attributed to customers are reviewed periodically. There are 4 (2013: 6, 2012: nil) external customers which individually represents more than 5% of the total trade receivables.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful receivables.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	2014	2013	2012
	$'000	$'000	$'000
Past due > 3 months	**995**	1,972	2,871

Movement in the allowance for doubtful receivables from non-related parties:

	2014	2013	2012
	$'000	$'000	$'000
Gross amount	**–**	59	2,841
Less: Allowance for impairment	**–**	(59)	(2,841)
	–	–	–
Balance at beginning of financial year	**59**	2,841	520
Allowance made	**–**	–	2,841
Write-off during the year	**(59)**	(2,782)	–
Write-back during the year	**–**	–	(520)
Balance at end of financial year	**–**	59	2,841

The impaired trade receivables as at 31 March 2014, 31 March 2013 and 31 March 2012 arise mainly from sales to customers for potential projects that were cancelled due to disagreements.

30. Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities (Note 23) and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group for managing liquidity risk included cash and short-term deposits as disclosed in Note 14.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility (Note 23) and cash and cash equivalents (Note 14) of the Group) on the basis of expected cash flow. The Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years	Over 5 years
	$'000	$'000	$'000
Group			
At 31 March 2014			
Trade and other payables	141,909	3,295	–
Borrowings	6,285	44,940	2,663
At 31 March 2013			
Trade and other payables	116,305	3,710	–
Borrowings	9,768	20,441	5,652
At 31 March 2012			
Trade and other payables	124,076	6,160	–
Borrowings	4,724	18,774	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratios and the level of total net tangible assets, which are in tandem with the requirements of the banks. The banks require the Group to have a minimum total net tangible assets of $60,000,000, a total liability gearing ratio of 175% and a borrowing gearing ratio of 100%. The Group's strategy which was unchanged from 2012, is to maintain gearing ratios and minimum level of total net tangible assets within the banks' requirements.

The total liability gearing ratio is calculated as total liability divided by the total net tangible assets and the borrowing gearing ratio is calculated as total borrowings from banks divided by the total net tangible assets.

The Group are in compliance with all externally imposed capital requirements for the financial years ended 31 March 2014, 31 March 2013 and 31 March 2012.

30. Financial risk management (continued)

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the combined balance sheet and in Note 20 to the combined financial statements, except for the following:

	2014	2013	2012
	$'000	$'000	$'000
Loans and receivables	**273,943**	281,873	231,793
Financial liabilities at amortised cost	**197,359**	154,460	152,243

(f) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	**Total $'000**
Group				
31 March 2014				
Assets				
Available-for-sale investment	–	–	17,872	**17,872**
31 March 2013				
Assets				
Available-for-sale investment	–	–	–	**–**
31 March 2012				
Assets				
Available-for-sale investment	–	–	5,465	**5,465**

During the financial year ended 31 March 2014, 31 March 2013 and 31 March 2012 there were no transfers between Level 1 to Level 3 of the fair value hierarchy.

30. Financial risk management (continued)

(f) Fair value measurements (continued)

In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3. The following table presents the changes in Level 3 instruments:

	Available-for-sale investments $'000
2014	
Beginning of financial year	–
Purchase	17,872
End of financial year	17,872
2013	
Beginning of financial year	5,465
Disposal	(5,465)
End of financial year	–
2012	
Beginning and end of financial year	5,465

Level 3 instruments include one unquoted equity investments as at 31 March 2014 (2013: Nil, 2012: One).

The fair value of the available-for-sale investment amounting to $17,872,000, which is determined based on consideration paid for the investment. The transaction was completed on 25 March 2014. As a result, the Group considered the consideration paid to approximate the fair value of the investment due to the completion being close to the Group's financial year end.

The fair value of the unquoted equity investment amounting to $5,465,000 is supported by valuation based on the sales comparison method and income method.

The management of the Group performed the valuations of the Level 3 instruments. Discussions of the valuation process and results are held between the management and Audit Committee at each year end.

The carrying amount less impairment provision of trade receivables and payables approximate their fair values. The carrying amount of current borrowings approximates their fair values.

31. Immediate and ultimate holding corporation

The Company's immediate and ultimate holding corporation is Boustead Singapore Limited, incorporated in the Republic of Singapore.

32. Related party transactions

In addition to the information disclosed elsewhere in the combined financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	2014	2013	2012
	$'000	$'000	$'000
Share of central management and administration expenses payable to a related party	**480**	480	360
Rental expense to a related company	**313**	294	267
Interest income from ultimate holding company	**(705)**	(824)	(545)

Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 March 2014, 31 March 2013 and 31 March 2012 arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 16 and 24 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	2014	2013	2012
	$'000	$'000	$'000
Wages and salaries	**2,274**	1,727	2,035
Post-retirement benefits	**54**	54	63
Share-based payments	**49**	66	–
	2,377	1,847	2,098

33. Segment information

Segment information is presented in respect of the Group's reportable segment provided to the senior management which comprises of Managing Director, Senior Deputy Managing Director and the Chief Financial Officer for the purpose of resource allocation and assessment of segment performance.

The senior management considers the business from both a business and geographical segment perspective.

The Group's businesses comprise the following:

(i) Design and Build: Provision of design-and-build expertise for industrial facilities.

(ii) Leases: Lease arrangements for industrial facilities.

Geographically, senior management manages and monitors the business in one primary geographic area, namely Singapore.

33. Segment information (continued)

(a) Segment revenue and results

The segment information for the reportable segments is as follows:

	Design and build			Leases			Elimination			Group		
	2014	2013	2012	**2014**	2013	2012	**2014**	2013	2012	**2014**	2013	2012
	$'000	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000
Revenue												
External sales	**187,303**	238,869	134,334	**21,862**	17,238	12,704	**–**	–	–	**209,165**	256,107	147,038
Internal sales	**26,589**	57,458	66,702	**–**	–	–	**(26,589)**	(57,458)	(66,702)	**–**	–	–
Total revenue	**213,892**	296,327	201,036	**21,862**	17,238	12,704	**(26,589)**	(57,458)	(66,702)	**209,165**	256,107	147,038
Results												
Segment result	**43,934**	53,185	26,202	**10,812**	11,110	7,790	**(15,792)**	(766)	(8,803)	**38,954**	63,529	25,189
Interest income	**915**	800	545	**252**	251	155	**–**	–	–	**1,167**	1,052	700
Finance expense										**(727)**	(997)	(675)
Profit before tax										**39,394**	63,584	25,214
Income tax expense										**(3,581)**	(1,659)	(3,324)
Total profit										**35,813**	61,925	21,890

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents profit earned by each segment without allocation of finance costs and income tax expense. This is the measure reported to the senior management for the purposes of resource allocation and assessment of segment performance.

	Design and build			Leases			Group		
	2014	2013	2012	**2014**	2013	2012	**2014**	2013	2012
	$'000	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000
Capital expenditure	**281**	494	223	**80,593**	43,133	55,756	**80,874**	43,627	55,979
Depreciation expense	**218**	157	130	**4,554**	1,589	627	**4,772**	1,746	757
Gain on disposal of assets held for sale	**–**	–	–	**(5,309)**	–	–	**(5,309)**	–	–
Gain on disposal of a subsidiary	**(79)**	(10,176)	(3,233)	**–**	–	–	**(79)**	(10,176)	(3,233)
Gain on disposal of available-for-sale investments	**–**	(5,800)	–	**–**	–	–	**–**	(5,800)	–
Gain on disposal of a joint venture	**–**	–	(262)	**–**	–	–	**–**	(262)	–
Share of results of an associated company and a joint venture	**176**	–	–	**396**	–	–	**572**	–	–
Property related expenses	**–**	–	–	**2,303**	3,765	3,814	**2,303**	3,765	3,814

33. **Segment information** (continued)

(b) Segment assets and liabilities

	Design and build			Leases			Group		
	2014	2013	2012	**2014**	2013	2012	**2014**	2013	2012
	$'000	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000
Segment assets									
Segment assets	**245,544**	268,237	241,391	**190,663**	115,719	118,887	**436,207**	383,956	360,278
Investment in an associated company	**1,172**	–	–	**–**	–	–	**1,172**	–	–
Investment in a joint venture	**4,467**	–	–	**–**	–	–	**4,467**	–	–
Consolidated total assets							**441,846**	383,956	360,278
Additions to:									
- Investment properties	**–**	–	–	**80,593**	43,133	55,756	**80,593**	43,133	55,756
Investment in an associated company	**1,172**	–	–	**–**	–	–	**1,172**	–	–
Investment in a joint venture	**4,467**	–	–	**–**	–	–	**4,467**	–	–
Segment liabilities									
Segment liabilities	**107,637**	105,190	137,345	**93,101**	61,218	36,273	**200,738**	166,408	173,618
Income tax payable/Deferred tax liabilities	**–**	–	–	**–**	–	–	**10,370**	14,665	18,716
Consolidated total liabilities							**211,108**	181,073	192,334

For the purposes of monitoring segment performance and allocating resources between segments, the senior management monitors the tangible and financial assets, as well as the financial liabilities attributable to each segment.

All assets are allocated to reportable segments.

All liabilities are allocated to reportable segments other than income tax payable and deferred income tax liabilities.

(c) Revenue from core businesses to non-related parties:

Group

	2014	2013	2012
	$'000	$'000	$'000
Design and build	**187,303**	191,488	134,334
Leases	**21,862**	17,238	12,704
Sale of property	**–**	47,381	-
	209,165	256,107	147,038

33. Segment information (continued)

(d) Geographical information:

The Group's revenue from external customers and information about its segment assets (non-current assets excluding deferred income tax assets) by geographical locations are detailed below:

	Singapore			Other countries			Group		
	2014	2013	2012	**2014**	2013	2012	**2014**	2013	2012
	$'000	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000
Revenue									
External sales	**207,796**	253,030	134,856	**1,369**	3,077	12,182	**209,165**	256,107	147,038
Other information									
Investment in an associated company	**1,172**	–	–	**–**	–	–	**1,172**	–	–
Investment in a joint venture	**4,467**	–	–	**–**	–	–	**4,467**	–	–
Other non-current assets	**136,769**	61,471	65,398	**–**	–	–	**136,769**	61,471	65,398
Additions to:									
- Investments properties	**80,593**	43,133	55,756	**–**	–	–	**80,593**	43,133	55,756
- Investment in a joint venture	**4,467**	–	–	**–**	–	–	**4,467**	–	–
- Investment in an associated company	**1,172**	–	–	**–**	–	–	**1,172**	–	–

(e) Information of major customers

There are 3 (2013: 3, 2012: 2) customers from the Group's design and build segment representing more than 10% of the Group's revenue. These customers contribute $51,083,000, $26,051,000, $22,963,000 (2013: $40,229,000, $38,000,000, $32,834,000; 2012: $18,336,000, $16,870,000) respectively.

34. Events occurring after balance sheet date

(a) On 23 March 2015, Boustead Projects Pte Ltd entered into a sale and purchase agreement with BSL to acquire its entire 5.2% interests in Perennial Tongzhou Development Pte Ltd for a consideration of approximately $20,478,000. The consideration is subjected to adjustments based on the unaudited net asset value of the entity on the completion date of the transaction which is prior to the listing.

(b) On 23 March 2015, Boustead Projects Pte Ltd entered into an Assignment Deed with BSL to take over the shareholders loan of Boustead Real Estate Funds which approximates $13,250,000. The loan amount is subjected to adjustments based on the actual amount outstanding on the completion date of the transaction which is prior to the listing.

35. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2015 or later periods and which the Group has not early adopted:

- FRS 102 Share-based Payment (effective for annual periods beginning on or after 1 July 2014)

  The amendment clarifies the definition of vesting condition and separately defines 'performance condition' and 'service condition'. The Group will apply this amendment from 1 April 2015, but this is not expected to have any significant impact on the financial statements of the Group.

- FRS 40 Investment Property (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to clarify that FRS 40 and FRS 103 are not mutually exclusive. The guidance in FRS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in FRS 103 to determine whether the acquisition of an investment property is a business combination.

  The Group will apply this amendment from 1 April 2015, but this amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 113 Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)

  The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

  The Group will apply this amendment from 1 April 2015, but this amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 108 Operating Segments (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

35. New or revised accounting standards and interpretations (continued)

The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

The Group will apply this amendment from 1 April 2015, but this amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

  The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

  The Group will apply this amendment from 1 April 2015. This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)

  FRS 110 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group will apply FRS 110 from 1 April 2014, but this is not expected to have any significant impact on the financial statements of the Group.

- FRS 112 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)

  FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associated companies, (3) joint arrangements and (4) unconsolidated structured entities.

  The Group will apply FRS 112 prospectively from 1 April 2014. FRS 112 will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)

  This standard replaces FRS 18 *Revenue* and FRS 11 *Construction Contracts* and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

  The Group will apply the standard from 1 January 2017. It is not expected to have a material impact on the financial statements.

35. **New or revised accounting standards and interpretations** (continued)

- FRS 109 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

  This standard replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement* that relates to the classification and measurement of financial assets, and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit and loss.

  The Group will apply the standard from 1 January 2018. The Group is assessing the impact of IFRS 9.

36. **Authorisation of financial statements**

These combined financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Boustead Projects Limited on

APPENDIX E — INDEPENDENT AUDITOR'S REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL INFORMATION OF BOUSTEAD PROJECTS LIMITED AND ITS SUBSIDIARIES FOR THE SIX-MONTH PERIODS ENDED 30 SEPTEMBER 2014 AND 30 SEPTEMBER 2013

INDEPENDENT AUDITOR'S REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL INFORMATION OF BOUSTEAD PROJECTS LIMITED AND ITS SUBSIDIARIES FOR THE SIX-MONTH PERIODS ENDED 30 SEPTEMBER 2014 AND 30 SEPTEMBER 2013

The Board of Directors
Boustead Projects Limited
82 Ubi Avenue 4
#07-01, Edward Boustead Centre
Singapore 408832

31 March 2015

Introduction

We have reviewed the accompanying combined balance sheets of Boustead Projects Limited (the "Company") and its subsidiaries (the "Group") as at 30 September 2014 and 31 March 2014 and the related combined statements of comprehensive income, changes in equity and statements of cash flows for the six-month periods ended 30 September 2014 and 30 September 2013. Management is responsible for the preparation and presentation of this interim combined financial information in accordance with Singapore Financial Reporting Standards 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim combined financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity".* A review of interim combined financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim combined financial information is not prepared, in all material respects, in accordance with *Financial Reporting Standards 34 Interim Financial Report.*

Other matter

The report has been prepared for the inclusion in the Introductory Document of the Group in respect of the proposed listing on the Singapore Exchange Securities Trading Limited.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

Partner-in-charge: Yee Chen Fah

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

For the 6-month period ended 30 September 2014 and 30 September 2013

		Six months ended	
		30 September 2014	30 September 2013
		$'000	$'000
	Note	**Unaudited**	
Revenue	4	**107,290**	107,412
Cost of sales	5	**(78,002)**	(85,654)
Gross profit		**29,288**	21,758
Other income	6	**1,272**	1,030
Other gains - net	7	**165**	5,085
Expenses			
- Distribution and marketing	5	**(1,986)**	(1,552)
- Administrative	5	**(8,712)**	(6,699)
- Finance		**(530)**	(275)
Share of results of an associated company and a joint venture		**(800)**	–
Profit before income tax		**18,697**	19,347
Income tax expense	8	**(4,554)**	(2,442)
Total profit		**14,143**	16,905
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation gains arising from consolidation		**43**	58
Other comprehensive income, net of tax		**43**	58
Total comprehensive income		**14,186**	16,963
Profit attributable to:			
Equity holders of the Company		**14,195**	16,905
Non-controlling interests		**(52)**	–
		14,143	16,905
Total comprehensive income attributable to:			
Equity holders of the Company		**14,238**	16,963
Non-controlling interests		**(52)**	–
		14,186	16,963
Earnings per share for profit attributable to equity holders of the Company ($ per share)			
Basic and diluted earnings per share	9	**0.95**	1.13

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

COMBINED BALANCE SHEETS

As at 30 September 2014 and 31 March 2014

	Note	**30 September 2014**	31 March 2014
		$'000	$'000
		Unaudited	**Audited**
ASSETS			
Current assets			
Cash and cash equivalents	10	**107,089**	54,598
Properties held for sale		**30,322**	30,368
Trade and other receivables		**218,018**	213,181
Contracts work-in-progress	11	**7,367**	1,291
		362,796	299,438
Non-current assets			
Trade and other receivables		**7,438**	9,183
Investment in an associated company		**1,316**	1,172
Investment in a joint venture		**4,080**	4,467
Available-for-sale investment		**17,872**	17,872
Investment properties	12	**132,162**	108,962
Property, plant and equipment		**858**	752
		163,726	142,408
Total assets		**526,522**	441,846
LIABILITIES			
Current liabilities			
Borrowings	13	**7,155**	5,415
Trade and other payables		**136,840**	141,909
Current income tax liabilities		**8,764**	8,598
Contracts work-in-progress	11	**2,790**	3,379
		155,549	159,301
Non-current liabilities			
Borrowings	13	**121,763**	46,740
Trade and other payables		**2,514**	3,295
Deferred income tax liabilities		**1,772**	1,772
		126,049	51,807
Total liabilities		**281,598**	211,108
NET ASSETS		**244,924**	230,738
EQUITY			
Capital and reserves attributable to equity holders of the Group			
Share capital		**15,000**	15,000
Currency translation reserve		**1,233**	1,190
Accumulated profits		**228,743**	214,548
		244,976	230,738
Non-controlling interests		**(52)**	–
Total equity		**244,924**	230,738

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

COMBINED STATEMENTS OF CHANGES IN EQUITY

For the 6-month period ended 30 September 2014 and 30 September 2013

	Share capital	Currency translation reserve	Accumulated profits	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2014	15,000	1,190	214,548	230,738	–	230,738
Total comprehensive income for the period	–	43	14,195	14,238	(52)	14,186
Balance at 30 September 2014 (unaudited)	15,000	1,233	228,743	244,976	(52)	244,924
Balance at 1 April 2013	15,000	1,148	186,735	202,883	–	202,883
Total comprehensive income for the year	–	58	16,905	16,963	–	16,963
Balance at 30 September 2013 (unaudited)	15,000	1,206	203,640	219,846	–	219,846

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

COMBINED STATEMENTS OF CASH FLOWS

For the 6-month period ended 30 September 2014 and 30 September 2013

	Note	Six months ended 30 September 2014 $'000	30 September 2013 $'000
		Unaudited	
Cash flows from operating activities			
Profit before income tax		**18,697**	19,347
Adjustments for:			
- Depreciation expense		**3,108**	1,999
- Share of gain of an associated company		**(132)**	–
- Share of loss of a joint venture		**932**	–
- Gain on disposal of assets held-for-sale		**–**	(5,309)
- Gain on disposal of subsidiaries		**(19)**	(13)
- Interest income		**(705)**	(491)
- Interest expense		**530**	275
- Unrealised currency translation loss		**81**	79
		22,492	16,175
Change in working capital, net of effects from			
- Trade and other receivables		**(8,526)**	10,443
- Contracts work-in-progress		**(6,665)**	(23,010)
- Trade and other payables		**(6,119)**	11,463
Cash generated from operations		**1,182**	15,071
Interest received		**705**	491
Interest paid		**(530)**	(275)
Income tax paid		**(4,388)**	(5,451)
Net cash (used in)/provided by operating activities		**(3,031)**	9,836
Cash flows from investing activities			
Purchase of property, plant and equipment		**(224)**	(231)
Additions to investment properties		**(26,190)**	(30,645)
Increase in shareholders loan to a joint venture		**(546)**	–
Net cash inflow on disposal of assets held-for-sale		**–**	15,806
Net cash inflow on disposal of subsidiaries retained as a joint venture from loan settlement		**–**	7,485
Net cash inflow on disposal of subsidiaries		**1**	299
Net cash used in investing activities		**(26,959)**	(5,786)
Cash flows from financing activities			
Proceeds from borrowings		**79,472**	–
Repayment of borrowings		**(2,708)**	(6,582)
Dividends paid		**–**	(14,600)
Proceeds/(repayments) from ultimate holding company		**5,717**	(9,244)
Net cash provided by/(used in) financing activities		**82,481**	(30,426)
Net increase/(decrease) in cash and cash equivalents		**52,491**	(26,376)
Cash and cash equivalents at			
Beginning of period	10	**54,598**	71,880
End of period	10	**107,089**	45,290

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

NOTES TO THE COMBINED FINANCIAL INFORMATION
For the 6-month period ended 30 September 2014 and 30 September 2013.

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

1. Background and basis of preparation

1.1 Introduction

Boustead Projects Pte Ltd is incorporated and domiciled in the Republic of Singapore. The address of its registered office and principal place of business is 82 Ubi Avenue 4, #07-01 Edward Boustead Centre, Singapore 408832.

The principal activities of Boustead Projects Pte Ltd are to design and build and develop industrial facilities and industrial parks for lease or sale. The principal activities of its subsidiaries are disclosed in Note 1.2 to the financial information.

1.2 Corporate restructuring

For the purpose of the listing Boustead Projects Pte Ltd on Singapore Exchange Securities Trading Limited ("SGX-ST"), Boustead Projects Pte Ltd will change its name from Boustead Projects Pte Ltd to Boustead Projects Limited (the "Company") by listing as a new holding company.

On 23 March 2015, the Company entered into the Restructuring Agreement and the Wuxi Boustead Sale and Purchase Agreement (through its subsidiary) with its immediate holding company, Boustead Singapore Limited ("BSL") to acquire its entire equity interest of the following companies. The restructuring is expected to be completed prior to the listing of the Company on SGX-ST.

For the purpose of this interim combined financial information, the cash consideration is assumed to be $4,324,000 which is based on the net book value of $3,324,000 of Wuxi Boustead Industrial Development Co. Ltd. as at 1 April 2011 and the net book values of Boustead Real Estate Fund, Boustead Trustees Pte Ltd, Boustead Funds Management Pte Ltd and Boustead Property Services Pte Ltd of $1,000,000 as at 30 June 2013, the month of incorporating these entities.

Name of companies	Principal activities	Country of business incorporation
<u>Wholly-owned subsidiaries of Boustead Singapore Limited</u>		
Wuxi Boustead Industrial Development Co. Ltd.	Development of industrial space for lease/sale	People's Republic of China
Boustead Real Estate Fund	Private business trust	Singapore
Boustead Trustees Pte Ltd	Trustee for real estate trust	Singapore
Boustead Funds Management Pte Ltd	Provision for property fund management	Singapore
Boustead Property Services Pte Ltd	Investment holding	Singapore

Upon completion of the restructuring, the Company will hold Wuxi Boustead Industrial Development Co. Ltd., Boustead Real Estate Fund, Boustead Trustees Pte Ltd, Boustead Funds Management Pte Ltd and Boustead Property Services Pte Ltd as subsidiaries. The Company, and its subsidiaries, a joint venture, an associated company and its entities acquired from its immediate holding companies together will form the combined group (the "Group").

1. **Background and basis of preparation** (continued)

1.2 **Corporate restructuring** (continued)

The impending acquisition of the entities by the Company is a business combination under common control as the entities transferred are under common control by BSL. Accordingly, the combined financial information of the Group is presented as follows:

(i) The combined balance sheets of the Group as at 30 September 2014 and 31 March 2014, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for the six-month periods ended 30 September 2014 and 30 September 2013 have been prepared as if the Company had been the holding company of the Group throughout the half years ended 30 September 2014 and 30 September 2013 rather than from the date on which the restructuring was completed.

(ii) The assets and liabilities of Wuxi Boustead Industrial Development Co. Ltd., Boustead Real Estate Fund, Boustead Trustees Pte Ltd, Boustead Funds Management Pte Ltd and Boustead Property Services Pte Ltd are brought into the Group's books based on their existing carrying value in the consolidated financial statements of the ultimate holding company, BSL. No adjustments are made to the carrying values of those assets and liabilities as the financial statements of the Group and the entities concerned have been prepared using consistent accounting policies.

(iii) All significant intra-group transactions and balances have been eliminated on combination.

The list of companies of the Group upon the completion of the restructuring are as follows:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			30 September 2014	31 March 2014
			%	%
<u>Significant subsidiaries held by the Company</u>				
Boustead Mec. Pte Ltd	Investment holding	Singapore	**–**	100
PIP Pte Ltd	Provide project management, design, construction works and property-related activities	Singapore	**100**	100
BP-CA Pte Ltd	Holding of property for rental income	Singapore	**100**	100
BP-SFN Pte Ltd	Holding of property for rental income	Singapore	**100**	100
BP-UMS Pte Ltd	Holding of property for rental income	Singapore	**100**	100
BP-Tuas1 Pte Ltd	Holding of property for rental income	Singapore	**100**	100
CN Logistics Pte Ltd	Holding of property for rental income	Singapore	**100**	100
A Logistics Pte Ltd	Holding of property for rental income	Singapore	**–**	100
Boustead Projects Investments Pte Ltd	Holding of property for rental income	Singapore	**100**	100

1. Background and basis of preparation (continued)

1.2 Corporate restructuring (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			30 September 2014	31 March 2014
			%	%
<u>Significant subsidiaries held by the Company</u> (continued)				
BP-BBD Pte Ltd	Holding of property for rental income	Singapore	**100**	100
BP-JCS Pte Ltd	Holding of property for rental income	Singapore	**100**	100
BP Engineering Solutions Sdn Bhd	Holding of property for rental income	Singapore	**100**	100
BP Land Sdn Bhd	Investment holding	Malaysia	**100**	100
BP-TN Pte Ltd	Holding of property for rental income	Singapore	**100**	100
BP-EA Pte Ltd	Holding of property for rental income	Singapore	**100**	100
Boustead Projects (Vietnam) Co. Ltd	Design and built contractors	Vietnam	**100**	100
Wuxi Boustead Industrial Development Co. Ltd	Development of industrial space for lease/sale	People's Republic of China	**100**	100
Boustead Real Estate Fund	Private business trust	Singapore	**100**	100
Boustead Trustees Pte Ltd	Trustee for real estate trust	Singapore	**100**	100
Boustead Funds Management Pte Ltd	Provision for property fund management	Singapore	**100**	100
Boustead Property Services Pte Ltd	Investment holding	Singapore	**100**	100
Boustead Crecendas Holdings Pte Ltd	Investment holding	Singapore	**55**	–
Boustead Crecendas Management Pte Ltd	Provision of property management services	Singapore	**55**	–
Boustead Crecendas Property Mangement Pte Ltd	Provision of property management services	Singapore	**55**	–

1. Background and basis of preparation (continued)

1.2 Corporate restructuring (continued)

Name of companies	**Principal activities**	**Country of business/ incorporation**	**Equity holding**	
			30 September 2014	31 March 2014
			%	%
Significant joint venture held by the Company's subsidiary				
BP-Ubi Development Pte Ltd	Holding of property for rental income	Singapore	**50**	51
Significant associated company held by the Company's subsidiary				
THAB Development Sdn Bhd (formerly Tat Hong Industrial Properties Sdn Bhd)	Property development	Malaysia	**35**	35

2. Significant accounting policies

2.1 Basis of preparation

These financial information have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial information in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 3.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the rendering of services in the ordinary course of the Company's activities. Revenue is presented, net of value-added tax, rebates, and discounts, and after eliminating revenue within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follow:

(a) Construction contracts

The Group enters into construction contracts with customers to design and build industrial facilities. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2. **Significant accounting policies** (continued)

2.2 **Revenue recognition** (continued)

(a) Construction contracts (continued)

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

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

(b) Sale of industrial properties

The Group constructs industrial properties for sales. Revenue from the sale of industrial properties is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and industrial leasehold properties;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods and industrial leasehold properties sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(c) Interest income

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

(d) Rental income

The Group holds investment properties and earns rental income on this properties. Please refer to Note 2.14 (Leases) for the accounting policy for rental income.

2. Significant accounting policies (continued)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial information, transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

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

(b) An associated company and a joint venture

An associated company is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

A joint venture is an entity over which the Group has contractual arrangements to jointly share control over the economic activity of the entity with one or more parties.

Investments in an associated company and a joint venture are accounted for in the combined financial information using the equity method of accounting less any impairment losses, if any.

(i) Acquisitions

Investments in an associated company and a joint venture are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on an associated company or a joint venture represents the excess of the cost of acquisition of an associated company over the Group's share of the fair value of the identifiable net assets of an associated company or a joint venture and is included in the carrying amount of the investments.

2. **Significant accounting policies** (continued)

2.3 **Group accounting** (continued)

(b) An associated company and a joint venture (continued)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of an associated company and a joint venture's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from an associated company and a joint venture are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or a joint venture equals to or exceeds its interest in an associated company or a joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of an associated company or a joint venture.

Unrealised gains on transactions between the Group and an associated company or a joint venture are eliminated to the extent of the Group's interest in an associated company or a joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of an associated company and a joint venture are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in an associated company and a joint venture are derecognised when the Group loses significant influence or joint control. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in an associated company and a joint venture in which significant influence or joint control is retained are recognised in profit or loss.

2.4 **Plant, property and equipment**

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(b) Depreciation

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives as follows:

	Estimated useful lives
Plant and machinery	5 years
Office computers	5 years
Office equipment, furniture and fittings	5 years
Renovations	5 years

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

2. Significant accounting policies (continued)

2.4 Plant, property and equipment (continued)

(c) Subsequent expenditure

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

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is included in profit or loss within "Other gains - net."

2.5 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of investment properties and properties held for sale. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the investment property.

2.6 Construction contracts

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

Progress billings not yet paid by customers and retention sum receivable by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

2.7 Investment properties

Investment properties are properties that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes land cost, related acquisition expenses, construction costs and finance costs incurred during the period of construction. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their useful life of 30 years for the leasehold building and 10 years for machinery and equipment. No depreciation is provided for investment properties under construction. The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2. Significant accounting policies (continued)

2.7 Investment properties (continued)

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.8 Impairment of non-financial assets

Property, plant and equipment
Investment properties
Investments in a joint venture and an associated company

Property, plant and equipment, investment properties and investments in a joint venture and an associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" (Note 10) less "prepayments" on the balance sheet.

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(a) Classification (continued)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2. **Significant accounting policies** (continued)

2.9 **Financial assets** (continued)

(e) *Impairment (continued)*

(ii) *Available-for-sale investments*

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale investment is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 **Properties held for sale**

Properties held for sale are stated at the lower of cost (specific identification method) and net realisable value. Cost includes costs of construction and interests incurred during the period of construction. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2.11 **Borrowings**

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

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.12 **Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 **Fair value estimation of financial assets and liabilities**

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

2. Significant accounting policies (continued)

2.14 Leases

(a) When the Group is the lessee:

The Group leases land under operating leases.

(i) Lessee - Operating leases

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

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor:

The Group leases investment properties under operating leases.

(i) Lessor - Operating leases

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

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

Contingent rents are recognised as income in profit or loss when earned.

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, an associated company and a joint venture, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

2. Significant accounting policies (continued)

2.15 Income taxes (continued)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.16 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.17 Employee compensation

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

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(b) Share-based compensation

The ultimate holding company issues equity-settled share-based payments to certain employees of the Company.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share-based payments is recognised as an expense in the income statement with a corresponding increase in amount due to ultimate holding company, based on the Company's number of equity instruments that will eventually vest.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2. Significant accounting policies (continued)

2.18 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the financial information, currency translation differences arising from net investment in foreign currencies are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented within "other gains - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follow:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.19 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2. Significant accounting policies (continued)

2.20 Assets held-for-sale and liabilities directly associated with assets classified as held-for-sale

Non-current assets and liabilities directly associated with the assets classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held-for-sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and liabilities directly associated with assets classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less cost to sell.

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.22 Dividends to the Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial information.

(a) Revenue recognition - construction contract

The Group recognises revenue and costs from long-term contracts using the percentage of completion method determined by reference to the stage of completion of the contract activity at the end of each reporting period. A considerable amount of judgement is required in assessing the relationship of the value of work performed to date relative to the estimated total contract costs.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

If the revenue on uncompleted contracts at the balance sheet date had been higher/lower by 1% (2013: 1%) from management's estimates, the Group's revenue would have been higher/lower by $2,004,000 (2013: $2,504,000) and $2,004,000 (2013: $2,504,000) respectively.

3. **Critical accounting estimates, assumptions and judgements** (continued)

(a) *Revenue recognition - construction contract (continued)*

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 1% (2013: 1%) from management's estimates, the Group's profit would have been lower/higher by $1,882,000 (2013: $2,323,000) and $1,882,000 (2013: $2,323,000) respectively.

(b) *Allowance for foreseeable losses on construction contract*

Judgement is exercised in determining foreseeable losses on construction contracts. In making such judgement, the Group evaluates by relying on past experience and cost estimates. A significant degree of estimate is required in assessing the cost estimates based on suppliers' quotation or engineers' estimates and taking into consideration the escalation of costs in the country in which the project takes place.

(c) *Allowance for properties held for sale*

In determining the net realisable value of the Group's properties held for sale, management estimated the recoverable amount of the properties held for sale based on most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations in prices, the condition of the properties held for sale and market evidence of transaction price for similar properties.

(d) *Assessment of liquidated damages*

The Group reviews the progress of construction contracts to determine whether any provision for liquidated damages is required for the projects which are behind schedule, taking into consideration the cause of the delay and time required for completion. The Group has provided liquidated the maximum damages amounting to $1,250,000 as at 30 September 2014 (31 March 2014: $1,250,000).

4. **Revenue**

	Six months ended	
	30 September 2014	30 September 2013
	$'000	$'000
Construction contract revenue	**94,901**	97,481
Property rental income	**12,389**	9,931
	107,290	107,412

5. **Expenses by nature**

	Six months ended	
	30 September 2014	30 September 2013
	$'000	$'000
Sub-contractor fees	**74,852**	83,581
Employee compensation	**5,856**	4,393
Depreciation expense	**3,108**	1,999
Fees on audit services	**61**	59
Property related expenses	**3,248**	2,998
Maintenance expenses	**7**	11
Selling expenses	**81**	106
Others	**1487**	758
Total cost of sales, distribution and marketing, and administrative expenses	**88,700**	93,905

6. Other income

	Six months ended 30 September 2014 $'000	Six months ended 30 September 2013 $'000
Interest income		
- Non-related parties	**390**	141
- Ultimate holding company	**315**	350
	705	491
Sublease income	**567**	539
	1,272	1,030

7. Other gains - net

	Six months ended 30 September 2014 $'000	Six months ended 30 September 2013 $'000
Gain on disposal of assets held for sale	**–**	5,021
Gain on disposal of subsidiaries	**19**	13
Others	**146**	51
	165	5,085

8. Income taxes

(a) Income tax expense

	Six months ended 30 September 2014 $'000	Six months ended 30 September 2013 $'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax	**4,554**	2,442

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Six months ended 30 September 2014 $'000	Six months ended 30 September 2013 $'000
Profit before tax	**18,697**	19,347
Tax calculated at tax rate of 17% (2013: 17%)	**3,178**	3,289
Effects of		
- Singapore statutory tax exemption	**(211)**	(175)
- expenses not deductible for tax purposes	**21**	24
- unrealised group profit subject to tax	**1,168**	323
- income not subject to tax	**–**	(903)
- other	**398**	(116)
Tax charge	**4,554**	2,442

9. Earnings per share

(a) Basic earnings per share

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

	Six months ended	
	30 September 2014	30 September 2013
	$'000	$'000
Profit attributable to equity holders of the Company ($'000)	**14,195**	16,905
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**15,000**	15,000
Basic earnings per share ($ per share)	**0.95**	1.13

(b) Diluted earnings per share

The Company has no dilutive potential ordinary shares.

10. Cash and cash equivalents

	30 September 2014	31 March 2014
	$'000	$'000
Cash at bank and on hand	**17,748**	17,730
Short-term bank deposits	**89,341**	36,868
	107,089	54,598

The short-term deposits have maturities of one month or less and earn interest of 0.54% (2013: 0.36%) per annum. The carrying amounts of these assets approximate their fair value.

Cash and cash equivalents of the Group are denominated in the functional currency of the respective group companies.

Disposal of subsidiaries

The effects of the disposal of subsidiaries on the cash flows of the Group were:

	30 September 2014	30 September 2013
	$'000	$'000
Cash and cash equivalents	**151**	130
Other assets	**–**	300
Total liabilities	**(18)**	(4)
Net assets disposed of	**133**	426
Gain on disposal	**19**	3
Cash proceeds from disposal	**152**	429
Net cash and cash equivalents disposed of	**(151)**	(130)
Net cash inflow on disposal of subsidiaries	**1**	299

11. Contracts work-in-progress

	30 September 2014 $'000	31 March 2014 $'000
Contracts work-in-progress:		
Amounts due from contract customers	**7,367**	1,291
Contract cost incurred plus recognized profits	**178,958**	23,698
Less: Progress billings	**(171,591)**	(22,407)
	7,367	1,291
Contracts work-in-progress:		
Amounts due to contract customers	**2,790**	3,379
Progress billings	**72,990**	104,704
Less : Contract costs incurred plus recognised profits	**(70,200)**	(101,325)
	2,790	3,379

At 30 September 2014 and 31 March 2014, there are no advances received from customers for contract work.

12. Investment properties

	30 September 2014 $'000	31 March 2014 $'000
Cost		
Beginning of financial year	**115,768**	52,598
Additions	**26,190**	80,593
Disposal	**–**	(17,423)
End of financial year	**141,958**	115,768
Accumulated depreciation		
Beginning of financial year	**6,806**	2,252
Depreciation charge	**2,990**	4,554
End of financial year	**9,796**	6,806
Net book value		
End of financial year	**132,162**	108,962

Investment properties are leased to non-related parties under operating leases.

The following amounts are recognised in profit and loss:

	Six months ended	
	30 September 2014 $'000	30 September 2013 $'000
Rental income	**12,389**	9,931
Direct operating expenses arising from:		
- Investment properties that generate rental income	**3,152**	2,072

12. Investment properties (continued)

At the balance sheet date, the details of the Group's investment properties are as follow:

Location	Description	Existing use	Terms of lease
10 Seletar Aerospace Heights	Industrial/Leasehold	Rental	30 years from 1 June 2012
80 Boon Keng Road (Phase 1)	Industrial/Leasehold	Rental	56 years from 1 April 2011
16 Tampines Industrial Cresent	Industrial/Leasehold	Rental	30 years from 16 June 2012
26 Changi North Rise	Industrial/Leasehold	Rental	60 years from 30 April 2010
10 Changi North Way	Industrial/Leasehold	Rental	54 years from 16 September 2010
80 Boon Keng Road (Phase 2)	Industrial/Leasehold	Rental	46 years from 1 October 2013
31 Tuas South Ave 10	Industrial/Leasehold	Under construction	30 years from 16 December 2013
10 Tukang Innovation Drive	Industrial/Leasehold	Under construction	30 years from 1 November 2013
36 Tuas Road	Industrial/Leasehold	Rental	12 years from 1 October 2013

Independent professional valuations have been carried out for the Group's investment properties that are completed as at the end of the reporting period by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The valuation of $191,100,000 (31 March 2014: $179,000,000 million) is based on sales comparison method and income method for comparative properties. Except for one of the investment properties which has received temporary occupation permit (TOP) status as at 30 September 2014, valuation for 30 September 2014 is based on the latest valuation report obtained on 31 March 2014, and this approximates the valuation on 30 September 2014 as sensitivity analysis performed by management suggest insignificant change in value.

As at 30 September 2014, investment properties amounting to $96,370,000 (31 March 2014: $65,630,000) are pledged to banks for banking facilities.

12. Investment properties (continued)

Fair value hierarchy

The table below analyses investment properties not carried at fair value, but for which fair values are disclosed.

Description	Fair value measurements at 30 September 2014 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$'000	$'000	$'000
Recurring fair value measurements			
Investment properties:			
- Industrial buildings - Singapore	–	–	191,000

Description	Fair value measurements at 31 March 2014 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$'000	$'000	$'000
Recurring fair value measurements			
Investment properties:			
- Industrial buildings - Singapore	–	–	179,000

13. Borrowings

	30 September 2014	31 March 2014
	$'000	$'000
Current		
Bank borrowings	**7,155**	5,415
Non-current		
Bank borrowings	**121,763**	46,740
Total borrowings	**128,918**	52,155

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follow:

	30 September 2014	31 March 2014
	$'000	$'000
6 months or less	**128,918**	52,155

13. Borrowings (continued)

(a) Security granted

Total borrowings include secured liabilities of $128,918,000 (31 March 2014: $52,155,000) for the Group. Bank borrowings are secured over investment properties and properties held for sale.

(b) Fair value of non-current borrowings

At the end of the reporting period, the carrying amounts of the borrowings approximates their fair values as all the amounts are at floating interest rates and are revised every one to six months.

(c) Undrawn borrowing facilities

	30 September 2014	31 March 2014
	$'000	$'000
Expiring within one year	**55,113**	6,106

The facilities are mainly to fund the development of properties.

REPORTING AUDITOR'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF BOUSTEAD PROJECTS LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014 AND FINANCIAL YEAR ENDED 31 MARCH 2014

The Board of Directors
Boustead Projects Limited
82 Ubi Avenue 4
#07-01, Edward Boustead Centre
Singapore 408832

31 March 2015

Dear Sirs

Report on the Compilation of Pro Forma Financial Information

We have completed our assurance engagement to report on the compilation of pro forma financial information of Boustead Projects Limited (the "Company") and its subsidiaries (collectively the "Group") by the management of Boustead Projects Limited (the "Management"). The pro forma financial information consists of the pro forma statement of financial positions as at 30 September 2014 and 31 March 2014 and the pro forma statements of cash flows for the 6 months ended 30 September 2014 and financial year ended 31 March 2014, and related notes as set out on pages F-3 to F-23 of the Introductory Document issued by the Management. The basis of preparation which the Management has compiled the pro forma financial information is described in Note 1.

The pro forma financial information has been compiled by the Management to illustrate the impact of the Significant Events set out in Note 1.3 of the pro forma financial information (the "Significant Events") on the Company's financial positions as at 30 September 2014 and 31 March 2014 as if the Significant Events had taken place on 30 September 2014 and 31 March 2014 respectively and the Company's cash flows then ended as if the Significant Events had taken place on 1 April 2013.

As part of this process, information about the Group's financial position and cash flows have been extracted by the Management from:

(a) the unaudited interim combined financial information of the Group for the six months ended 30 September 2014 on which a review report has been published; and

(b) the audited combined financial statements of the Group for the year ended 31 March 2014 on which an audit report has been published.

Management's Responsibility for the Pro Forma Financial Information

The Management is responsible for compiling the pro forma financial information on the basis as set out in Notes 1 to 3 of the pro forma financial information.

Reporting Auditor's Responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the Management on the basis as set on in Notes 1 to 3 of the pro forma financial information.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the Reporting Auditor comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the pro forma financial information on the basis as set on in Notes 1 to 3 of the pro forma financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the Introductory Document is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the Significant Events had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event for the 6 months ended 30 September 2014 and financial year ended 31 March 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Management in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the event, and to obtain sufficient appropriate evidence about whether:

a) The related pro forma adjustments give appropriate effect to those criteria; and

b) The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Reporting Auditor's judgement, having regard to the Reporting Auditor's understanding of the nature of the Group and the event in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) The pro forma financial information has been compiled:

    (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited financial statements, which are in accordance with Singapore Financial Reporting Standards;

    (ii) on the basis of the applicable criteria stated in Notes 1 to 3 of the pro forma financial information; and

(b) each material adjustment made to the information used in the preparation of the pro forma financial information is appropriate for the purpose of preparing such unaudited financial information.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

Partner-in-charge: Yee Chen Fah

UNAUDITED PRO FORMA BALANCE SHEETS

As at 30 September 2014 and 31 March 2014

	30 September 2014	31 March 2014
	$'000	$'000
ASSETS		
Current assets		
Cash and cash equivalents	117,513	70,870
Properties held for sale	30,322	30,368
Trade and other receivables	79,218	68,942
Contracts work-in-progress	7,367	1,291
	234,420	171,471
Non-current assets		
Trade and other receivables	7,438	9,183
Investment in an associated company	1,316	1,172
Investment in a joint venture	4,080	4,467
Available-for-sale investments	38,350	38,350
Investment properties	132,162	108,962
Property, plant and equipment	858	752
	184,204	162,886
Total assets	418,624	334,357
LIABILITIES		
Current liabilities		
Borrowings	7,155	5,415
Trade and other payables	108,942	114,420
Current income tax liabilities	8,764	8,598
Contracts work-in-progress	2,790	3,379
	127,651	131,812
Non-current liabilities		
Borrowings	121,763	46,740
Trade and other payables	2,514	3,295
Deferred income tax liabilities	1,772	1,772
	126,049	51,807
Total liabilities	253,700	183,619
NET ASSETS	**164,924**	**150,738**
EQUITY		
Capital and reserves attributable to equity holders of the Group		
Share capital	15,000	15,000
Currency translation reserve	1,233	1,190
Accumulated profits	148,743	134,548
	164,976	150,738
Non-controlling interests	(52)	–
Total equity	164,924	150,738

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

UNAUDITED PRO FORMA STATEMENTS OF CASH FLOWS

For the six months ended 30 September 2014 and financial year ended 31 March 2014

	30 September 2014 $'000	31 March 2014 $'000
Cash flows from operating activities		
Profit before income tax	18,697	39,394
Adjustments for:		
- Depreciation expense	3,108	4,772
- Share of (gain)/loss of an associated company	(132)	176
- Share of loss of a joint venture	932	396
- Gain on disposal of assets held for sale	–	(5,309)
- Gain on disposal of subsidiaries	(19)	(79)
- Interest income	(705)	(1,167)
- Interest expense	530	727
- Unrealised currency translation loss	81	293
	22,492	39,203
Change in working capital, net of effects from		
- Trade and other receivables	(8,526)	(2,141)
- Contracts work-in-progress	(6,665)	(2,815)
- Propertied held for sale	–	81
- Trade and other payables	(6,119)	19,138
Cash generated from operations	1,182	53,466
Interest received	705	1,167
Interest paid	(530)	(727)
Income tax paid	(4,388)	(7,876)
Net cash (used in)/provided by operating activities	(3,031)	46,030
Cash flows from investing activities		
Purchase of property, plant and equipment	(224)	(281)
Additions to investment properties	(26,190)	(80,593)
(Loan to)/Proceeds from repayment of loan by a joint venture	(546)	6,267
Net cash inflow on disposal of assets held for sale	–	15,806
Net cash inflow on disposal of subsidiaries retained as a joint venture from loan settlement	–	7,536
Cash inflow on disposal of subsidiaries	1	309
Cash outflow on acquisition of an associated company	–	(1,348)
Loan to an associated company	–	(12,150)
Purchase of available-for-sale investment	–	(17,872)
Net cash used in by investing activities	(26,959)	(82,326)
Cash flows from financing activities		
Proceeds from borrowings	79,472	27,000
Repayment of borrowings	(2,708)	(9,290)
Dividends paid	–	(22,600)
(Repayments to)/Repayment from ultimate holding company	(5,848)	16,272
Proceeds from ultimate holding company	5,717	23,904
Net cash provided by financing activities	76,633	35,286
Net increase/(decrease) in cash and cash equivalents	46,643	(1,010)
Cash and cash equivalents at		
Beginning of financial period/ year	70,870	71,880
End of financial period/year	117,513	70,870

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

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014 AND FINANCIAL YEAR ENDED 31 MARCH 2014

The unaudited pro forma financial information should be read in conjunction with the audited combined financial statements of Boustead Projects Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2014 and the unaudited interim combined financial information of the Group for the six months ended 30 September 2014 which will be set out in the Introductory Document.

1. Background and basis of preparation

1.1 Introduction

The unaudited pro forma financial information, comprising the unaudited pro forma balance sheets of the Group as at 30 September 2014 and 31 March 2014, unaudited pro forma statements of cash flows of the Group for the six months ended 30 September 2014 and for the financial year ended 31 March 2014 and the notes thereon, have been prepared for inclusion in the Introductory Document of the Group in connection with the listing of the ordinary shares of the Company on Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company is incorporated and domiciled in the Republic of Singapore. The address of its registered office and principal place of business is 82 Ubi Avenue 4, #07-01 Edward Boustead Centre, Singapore 408832.

The principal activities of the Company are to design and build and develop industrial facilities and industrial parks for lease or sale. The principal activities of its subsidiaries are disclosed in Note 1.2 to the combined financial statements.

1.2 Corporate restructuring

For the purpose of the listing on SGX-ST, the Company will change its name from Boustead Projects Pte Ltd to Boustead Projects Limited.

(a) On 23 March 2015, the Company entered into the Restructuring Agreement and the Wuxi Boustead Sale and Purchase Agreement (through its subsidiary) with its immediate holding company, Boustead Singapore Limited ("BSL") to acquire its entire equity interest of the following companies. The restructuring is expected to be completed prior to the listing of the Company on SGX-ST.

For the purpose of this pro forma financial information, the cash consideration is assumed to be $4,324,000 which is based on the net book value of $3,324,000 of Wuxi Boustead Industrial Development Co. Ltd. as at 1 April 2011 and the net book values of Boustead Real Estate Fund, Boustead Trustees Pte Ltd, Boustead Funds Management Pte Ltd and Boustead Property Services Pte Ltd of $1,000,000 as at 30 June 2013, the month of incorporating these entities.

Name of companies	Principal activities	Country of business incorporation
Wholly-owned subsidiaries of Boustead Singapore Limited		
Wuxi Boustead Industrial Development Co. Ltd.	Development of industrial space for lease/sale	People's Republic of China
Boustead Real Estate Fund	Private business trust	Singapore
Boustead Trustees Pte Ltd	Trustee for real estate trust	Singapore
Boustead Funds Management Pte Ltd	Provision for property fund management	Singapore
Boustead Property Services Pte Ltd	Investment holding	Singapore

1. Background and basis of preparation (continued)

1.2 Corporate restructuring (continued)

(a) (continued)

Upon completion of the restructuring, the Company will hold Wuxi Boustead Industrial Development Co. Ltd., Boustead Real Estate Fund, Boustead Trustees Pte Ltd, Boustead Funds Management Pte Ltd and Boustead Property Services Pte Ltd as subsidiaries. The Company, and its subsidiaries, a joint venture, an associated company and the entities acquired from its immediate holding company together will form the combined group (the "Group").

The impending acquisition of the entities by the Company is a business combination under common control as the entities transferred are under common control by BSL. Accordingly, the combined financial statements of the Group are presented as follow:

(i) The combined balance sheets of the Group as at 30 September 2014 and 31 March 2014, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for the six months ended 30 September 2014 and full year ended 31 March 2014 have been prepared as if the restructuring had occurred and been completed since the earliest period presented rather than from the date on which the restructuring was completed.

(ii) The assets and liabilities of Wuxi Boustead Industrial Development Co. Ltd., Boustead Real Estate Fund, Boustead Trustees Pte Ltd, Boustead Funds Management Pte Ltd and Boustead Property Services Pte Ltd are brought into the Group's books based on their existing carrying value in the consolidated financial statements of the ultimate holding company, Boustead Singapore Limited. No adjustments are made to the carrying values of those assets and liabilities, as the financial statements of the Group and the entities concerned have been prepared using consistent accounting policies.

(iii) All significant intra-group transactions and balances have been eliminated on combination.

1.3 Significant events

(a) On 23 March 2015, the Company entered into a sale and purchase agreement with BSL to acquire its entire 5.2% interests in Perennal Tongzhou Development Pte Ltd for a consideration of approximately $20,478,000. The consideration is subjected to adjustments based on the unaudited net asset value of the entity on the completion date of the transaction which is prior to the listing.

(b) Immediately prior to the issue of the Introductory Document, the Group will declare interim dividends amounting to $80,000,000 ($5.33 per ordinary share) to BSL which will be settled by offsetting receivables from BSL.

(c) Immediately prior to the issue of the Introductory Document, the amounts owing by BSL and its subsidiaries to the Group will be settled by offsetting the balances payable by the Group to BSL with the balance to be repaid by way of cash.

1.4 Basis of preparation of unaudited pro forma financial information

The Unaudited Pro Forma Financial Information have been prepared for illustrative purposes only and are based on certain assumptions after making certain adjustments to show what:

(a) the financial position of the Group as at 30 September 2014 and 31 March 2014 would have been if the Corporate Restructuring (as described in Note 1.2 to the Unaudited Pro Forma Financial Information) had occurred on 30 September 2014 and 31 March 2014 respectively; and

(b) the cash flows of the Group for the six months ended 30 September 2014 and financial year ended 31 March 2014 would have been if the Corporate Restructuring (as described in Note 1.2 to the Unaudited Pro Forma Financial Information) had occurred on 1 April 2013.

1. **Background and basis of preparation** (continued)

1.4 **Basis of preparation of unaudited pro forma financial information** (continued)

The Unaudited Pro Forma Financial Information is not necessarily indicative of the financial positions and cash flows of the operations that would have been attained had the Significant Events actually occurred earlier. The Unaudited Pro Forma Financial Information have been prepared for illustrative purposes only, and because of their nature, may not give a true picture of the actual financial position and cash flows of the operations of the Group.

The Unaudited Pro Forma Financial Information of the Group for the six months ended 30 September 2014 and financial year ended 31 March 2014 have been compiled based on the following:

(a) the unaudited interim combined financial information of the Group for the six months ended 30 September 2014 which was prepared in accordance with Singapore Financial Reporting Standards and reviewed by PricewaterhouseCoopers LLP, Singapore, Public Accountants and Chartered Accountants, in accordance with Singapore Standards on Review Engagements; and

(b) the audited combined financial statements of the Group for the year ended 31 March 2014 which was prepared in accordance with Singapore Financial Reporting Standards and audited by PricewaterhouseCoopers LLP, Singapore, Public Accountants and Chartered Accountants, in accordance with Singapore Standards on Auditing.

The auditor's report on the unaudited interim combined financial information and audited combined financial statements used in compilation of the Unaudited Pro Forma Financial Information were not subject to any qualifications.

The following key adjustments and assumptions were made for the preparation of the Unaudited Pro Forma Financial Information:

(a) At the balance sheet dates, the Group will declare interim dividends amounting to $80,000,000 ($5.33 per ordinary share) to BSL which will be settled by offsetting receivables from BSL.

(b) At the balance sheet dates, the amounts owing by BSL and its subsidiaries to the Group will be settled by offsetting the balances payable by the Group to BSL with the balance to be repaid by way of cash.

These changes are assumed to have occurred on:

(a) 1 April 2013 for the purposes of the financial information covering the financial year to 31 March 2014 and for the six months to 30 September 2014; and

(b) the respective balance sheet dates for the purposes of the balance sheets as at 31 March 2014 and 30 September 2014.

No pro forma statement of comprehensive income has been presented as the pro forma adjustments do not materially affect the statement of comprehensive income of the Group.

2. Significant accounting policies

2.1 Basis of preparation

These combined financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of combined financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the rendering of services in the ordinary course of the Company's activities. Revenue is presented, net of value-added tax, rebates, and discounts, and after eliminating revenue within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follow:

(a) Construction contracts

The group enters into construction contracts with customers to design and build industrial facilities. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

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

(b) Sale of industrial properties

The group constructs industrial properties for sale. Revenue from the sale of industrial properties is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and industrial leasehold properties;

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods and industrial leasehold properties sold;

2. **Significant accounting policies** (continued)

2.2 **Revenue recognition** (continued)

(b) Sale of industrial properties (continued)

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(c) Interest income

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

(d) Rental income

The group holds investment properties and earns rental income on these properties. Please refer to Note 2.14 (Leases) for the accounting policy for rental income.

2.3 **Group accounting**

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statement, transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

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

2. **Significant accounting policies** (continued)

2.3 **Group accounting** (continued)

(b) *An associated company and a joint venture*

An associated company is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

A joint venture is an entity over which the Group has contractual arrangements to jointly share control over the economic activity of the entity with one or more parties.

Investments in an associated company and a joint venture are accounted for in the combined financial statements using the equity method of accounting less any impairment losses, if any.

(i) *Acquisitions*

Investments in an associated company and a joint venture are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on an associated company or a joint venture represents the excess of the cost of acquisition of an associated company over the Group's share of the fair value of the identifiable net assets of an associated company or a joint venture and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

In applying the equity method of accounting, the Group's share of an associated company and a joint venture's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from an associated company and a joint venture are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or a joint venture equals to or exceeds its interest in an associated company or a joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of an associated company or a joint venture.

Unrealised gains on transactions between the Group and an associated company or a joint venture are eliminated to the extent of the Group's interest in an associated company or a joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of an associated company and a joint venture are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in an associated company and a joint venture are derecognised when the Group loses significant influence or joint control. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in an associated company and a joint venture in which significant influence or joint control is retained are recognised in profit or loss.

2. Significant accounting policies (continued)

2.4 Plant, property and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(b) Depreciation

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives as follows:

	Estimated useful lives
Plant and machinery	5 years
Office computers	5 years
Office equipment, furniture and fittings	5 years
Renovations	5 years

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

(c) Subsequent expenditure

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

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is included in profit or loss within "Other gains - net."

2.5 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of investment properties and properties held for sale. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the investment property.

2.6 Construction contracts

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

Progress billings not yet paid by customers and retention sum receivable by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

2. Significant accounting policies (continued)

2.7 Investment properties

Investment properties are properties that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes land cost, related acquisition expenses, construction costs and finance costs incurred during the period of construction. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their useful life of 30 years for the leasehold building and 10 years for machinery and equipment. No depreciation is provided for investment properties under construction. The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.8 Impairment of non-financial assets

Property, plant and equipment
Investment properties
Investments in a joint venture and an associated company

Property, plant and equipment, investment properties and investments in subsidiaries, a joint venture and an associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2. Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale investments

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale investment is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Properties held for sale

Properties held for sale are stated at the lower of cost (specific identification method) and net realisable value. Cost includes costs of construction and interests incurred during the period of construction. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2. Significant accounting policies (continued)

2.11 Borrowings

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

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Valuation techniques, such as discounted cash flow analysis are also used to determine the fair values of the financial instruments.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

2.14 Leases

(a) *When the Group is the lessee:*

The Group leases land under operating leases.

(i) *Lessee - Operating leases*

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

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor:*

The Group leases investment properties under operating leases.

(i) *Lessor - Operating leases*

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

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

Contingent rents are recognised as income in profit or loss when earned.

2. Significant accounting policies (continued)

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, an associated company and a joint venture, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.16 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. Significant accounting policies (continued)

2.17 Employee compensation

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

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(b) *Share-based compensation*

The ultimate holding company issues equity-settled share-based payments to certain employees of the Company.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share-based payments is recognised as an expense in the income statement with a corresponding increase in amount due to ultimate holding company, based on the Company's actual number of equity instruments that will eventually vest.

(c) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.18 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The combined financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the financial statements, currency translation differences arising from net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented within "other gains – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2. Significant accounting policies (continued)

2.18 Currency translation (continued)

(c) Translation of Group entities' financial information

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follow:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.19 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.21 Dividends to the Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. PRO FORMA ADJUSTMENTS

UNAUDITED PRO FORMA BALANCE SHEETS

The following adjustments have been made in arriving at the unaudited pro forma balance sheets as at 30 September 2014 and 31 March 2014:

As at 30 September 2014	Historical unaudited	Note (i) Group pro forma adjustments	Note (ii) Group pro forma adjustments	Unaudited pro forma
	$'000	$'000	$'000	$'000
ASSETS				
Current assets				
Cash and cash equivalents	107,089	–	10,424	117,513
Properties held for sale	30,322	–	–	30,322
Trade and other receivables	218,018	(80,000)	(58,800)	79,218
Contracts work-in-progress	7,367	–	–	7,367
	362,796	(80,000)	(48,376)	234,420
Non-current assets				
Trade and other receivables	7,438	–	–	7,438
Investment in an associated company	1,316	–	–	1,316
Investment in a joint venture	4,080	–	–	4,080
Available-for-sale investments	17,872	–	20,478	38,350
Investment properties	132,162	–	–	132,162
Property, plant and equipment	858	–	–	858
	163,726	–	20,478	184,204
Total assets	526,522	(80,000)	(27,898)	418,624
LIABILITIES				
Current liabilities				
Borrowings	7,155	–	–	7,155
Trade and other payables	136,840	–	(27,898)	108,942
Current income tax liabilities	8,764	–	–	8,764
Contracts work-in-progress	2,790	–	–	2,790
	155,549	–	(27,898)	127,651
Non-current liabilities				
Borrowings	121,763	–	–	121,763
Trade and other payables	2,514	–	–	2,514
Deferred income tax liabilities	1,772	–	–	1,772
	126,049	–	–	126,049
Total liabilities	281,598	–	(27,898)	253,700
NET ASSETS	244,924	(80,000)	–	164,924
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	15,000	–	–	15,000
Currency translation reserve	1,233	–	–	1,233
Accumulated profits	228,743	(80,000)	–	148,743
	244,976	(80,000)	–	164,976
Non-controlling interests	(52)	–	–	(52)
Total equity	244,924	(80,000)	–	164,924

Note (i) Being adjustment to reflect the interim dividend declared by the Group to BSL as disclosed in Note 1.3(b).

Note (ii) Being adjustments to reflect the settlement of intercompany loans and receivables/payables from BSL and its subsidiaries and the transfer of 5.2% interest in Perenial Tongzhou Development Pte Ltd, which had been accounted for as an available-for-sale investment, from BSL and its subsidiaries to the Group as disclosed in Note 1.3(a) and 1.3(c).

3. PRO FORMA ADJUSTMENTS (continued)

UNAUDITED PRO FORMA BALANCE SHEETS (continued)

As at 31 March 2014	Historical unaudited $'000	Note (i) Group pro forma adjustments $'000	Note (ii) $'000	Unaudited pro forma $'000
ASSETS				
Current assets				
Cash and cash equivalents	54,598	–	16,272	70,870
Properties held for sale	30,368	–	–	30,368
Trade and other receivables	213,181	(80,000)	(64,239)	68,942
Contracts work-in-progress	1,291	–	–	1,291
	299,438	(80,000)	(47,967)	171,471
Non-current assets				
Trade and other receivables	9,183	–	–	9,183
Investment in an associated company	1,172	–	–	1,172
Investment in a joint venture	4,467	–	–	4,467
Available-for-sale investments	17,872	–	20,478	38,350
Investment properties	108,962	–	–	108,962
Property, plant and equipment	752	–	–	752
	142,408	–	20,478	162,886
Total assets	441,846	(80,000)	(27,489)	334,357
LIABILITIES				
Current liabilities				
Borrowings	5,415	–	–	5,415
Trade and other payables	141,909	–	(27,489)	114,420
Current income tax liabilities	8,598	–	–	8,598
Contracts work-in-progress	3,379	–	–	3,379
	159,301	–	(27,489)	131,812
Non-current liabilities				
Borrowings	46,740	–	–	46,740
Trade and other payables	3,295	–	–	3,295
Deferred income tax liabilities	1,772	–	–	1,772
	51,807	–	–	51,807
Total liabilities	211,108	–	(27,489)	183,619
NET ASSETS	230,738	(80,000)	–	150,738
EQUITY				
Capital and reserves attributable to equity holders of the Group				
Share capital	15,000	–	–	15,000
Currency translation reserve	1,190	–	–	1,190
Accumulated profits	214,548	(80,000)	–	134,548
Total equity	230,738	(80,000)	–	150,738

Note (i) Being adjustment to reflect the interim dividend declared by the Group to BSL as disclosed in Note 1.3(b).

Note (ii) Being adjustments to reflect the settlement of intercompany loans and receivables/ payables from BSL and its subsidiaries and the transfer of 5.2% interest in Perenial Tongzhou Development Pte Ltd, which had been accounted for as an available-for-sale investment, from BSL and its subsidiaries to the Group as disclosed in Note 1.3(a) and 1.3(c).

3. PRO FORMA ADJUSTMENTS (continued)

UNAUDITED PRO FORMA STATEMENTS OF CASH FLOWS

The following adjustments have been made in arriving at the unaudited pro forma statements of cash flows for the six months ended 30 September 2014 and financial year ended 31 March 2014:

For the six months ended 30 September 2014	Historical unaudited $'000	Group pro forma adjustments $'000	Unaudited pro forma $'000
Cash flows from operating activities			
Total profit before income tax	18,697	–	18,697
Adjustments for:			
- Depreciation expense	3,108	–	3,108
- Share of gain of an associated company	(132)	–	(132)
- Share of loss of a joint venture	932	–	932
- Gain on disposal of subsidiaries	(19)	–	(19)
- Interest income	(705)	–	(705)
- Interest expense	530	–	530
- Unrealised currency translation loss	81	–	81
	22,492	–	22,492
Change in working capital, net of effects from			
- Trade and other receivables	(8,526)	–	(8,526)
- Contracts work-in-progress	(6,665)	–	(6,665)
- Trade and other payables	(6,119)	–	(6,119)
Cash generated from operations (Note (i))	1,182	–	1,182
Interest received	705	–	705
Interest paid	(530)	–	(530)
Income tax paid	(4,388)	–	(4,388)
Net cash used in operating activities	(3,031)	–	(3,031)
Cash flows from investing activities			
Purchase of property, plant and equipment	(224)	–	(224)
Additions to investment properties	(26,190)	–	(26,190)
Increase in shareholders loan to a joint venture	(546)	–	(546)
Net cash inflow on disposal of subsidiaries retained as a joint venture from loan settlement	1	–	1
Net cash used in investing activities	(26,959)	–	(26,959)
Cash flows from financing activities			
Proceeds from borrowings	79,472	–	79,472
Repayment of borrowings	(2,708)	–	(2,708)
Repayment to ultimate holding company	–	(5,848)	(5,848)
Proceeds from ultimate holding company	5,717	–	5,717
Net cash provided by financing activities	82,481	(5,848)	76,633
Net increase in cash and cash equivalents	52,491	(5,848)	46,643
Cash and cash equivalents at			
Beginning of period	54,598	16,272	70,870
End of period	107,089	10,424	117,513

Note (i) Being adjustments to reflect the settlement of intercompany loans and receivables/payables from BSL and its subsidiaries and the transfer of 5.2% interest in Perenial Tongzhou Development Pte Ltd, which had been accounted for as an available-for-sale investment, from BSL and its subsidiaries to the Group as disclosed in Note 1.3(a) and 1.3(c).

3. PRO FORMA ADJUSTMENTS (continued)

UNAUDITED PRO FORMA STATEMENTS OF CASH FLOWS (continued)

For the financial year ended 31 March 2014	Historical unaudited $'000	Note (i) Group pro forma adjustments $'000	Unaudited pro forma $'000
Cash flows from operating activities			
Profit before income tax	39,394	–	39,394
Adjustments for:			
- Depreciation expense	4,772	–	4,772
- Share of loss of an associated company	176	–	176
- Share of loss of a joint venture	396	–	396
- Gain on disposal of assets held for sale	(5,309)	–	(5,309)
- Gain on disposal of subsidiaries	(79)	–	(79)
- Interest income	(1,167)	–	(1,167)
- Interest expense	727	–	727
- Unrealised currency translation loss	293	–	293
	39,203	–	39,203
Change in working capital, net of effects from			
- Trade and other receivables	(2,141)	–	(2,141)
- Contracts work-in-progress	(2,815)	–	(2,815)
- Properties held for sale	81	–	81
- Trade and other payables	19,138	–	19,138
Cash generated from operations (Note (i))	53,466	–	53,466
Interest received	1,167	–	1,167
Interest paid	(727)	–	(727)
Income tax paid	(7,876)	–	(7,876)
Net cash provided by operating activities	46,030	–	46,030
Cash flows from investing activities			
Purchase of property, plant and equipment	(281)	–	(281)
Additions to investment properties	(80,593)	–	(80,593)
Proceeds from repayment of loan by a joint venture	6,267	–	6,267
Net cash inflow on disposal of assets held for sale	15,806	–	15,806
Net cash inflow on disposal of a subsidiary retained as a joint venture from loan settlement	7,536	–	7,536
Net cash inflow on disposal of subsidiaries	309	–	309
Net cash outflow on acquisition of an associated company	(1,348)	–	(1,348)
Loan to an associated company	(12,150)	–	(12,150)
Purchase of available-for-sale investment	(17,872)	–	(17,872)
Net cash used in investing activities	(82,326)	–	(82,326)
Cash flows from financing activities			
Proceeds from borrowings	27,000	–	27,000
Repayment of borrowings	(9,290)	–	(9,290)
Dividends paid	(22,600)	–	(22,600)
Repayment from ultimate holding company	–	16,272	16,272
Proceeds from ultimate holding company	23,904	–	23,904
Net cash provided by financing activities	19,014	16,272	35,286
Net (decrease)/increase in cash and cash equivalents	(17,282)	16,272	(1,010)
Cash and cash equivalents at			
Beginning of financial year	71,880	–	71,880
End of financial year	54,598	16,272	70,870

3. PRO FORMA ADJUSTMENTS (continued)

UNAUDITED PRO FORMA STATEMENTS OF CASH FLOWS (continued)

As at 31 March 2014 (continued)

Note (i) Being adjustments to reflect the settlement of intercompany loans and receivables/ payables from BSL and its subsidiaries and the transfer of 5.2% interest in Perenial Tongzhou Development Pte Ltd, which had been accounted for as an available-for-sale investment, from BSL and its subsidiaries to the Group as disclosed in Note 1.3(a) and 1.3(c).

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16 December 2014

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Attention: Mr Jeffrey Chua

Dear Sirs,

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3) 12 Changi North Way, Singapore 498791
4) 16 Changi North Way, Singapore 498772
5) 16 Tampines Industrial Crescent, Singapore 528640
6) 25 Changi North Rise, Singapore 498778
7) 80 Boon Keng Road, Singapore 339780
8) 80 Boon Keng Road (Extension building), Singapore 339780
9) 85 Tuas South Avenue 1, Singapore 637419
10) 82 Ubi Avenue 4, Edward Boustead Centre, Singapore 408832
11) Site at Tuas South Avenue 10, Singapore and
12) Site at Tukang Innovation Drive, Singapore
all within Singapore. (Together "Properties" and Individually "Property")

Instructions

We refer to the instructions issued by Boustead Projects Pte Ltd (the "Client") requesting formal valuation advice in respect of the abovementioned industrial properties. We have specifically been instructed to provide our opinion of Market Value of the remaining leasehold interest in the Properties as at 30 September 2014 and 31 October 2014 subject to the existing tenancies and occupational arrangements as advised.

We have prepared formal valuation reports, full reporting or desk-top format (individually a "Report" and collectively the "Reports") in accordance with the requirements of our instructions. In accordance with the International Valuation Standards and as advocated by the Royal Institution of Chartered Surveyors (RICS), 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".

16 December 2014

For the specific purposes of this Introductory Document, we provide a Summary of the Reports outlining key factors that have been considered in arriving at our opinions of value. The value conclusions reflect all information known by the valuers of CBRE Pte. Ltd. ("CBRE") who worked on the valuations in respect to the Properties, market conditions and available data.

Reliance on This Letter

For the purposes of this Introductory Document, we have prepared this letter which summarises our Reports and outlines key factors which have been considered in arriving at our opinions of value. This letter alone does not contain the necessary data and support information included in our Reports. For further information to that contained herein, reference should be made to the Reports, copies of which are held by the Client.

CBRE has provided the Client with valuation reports for each of the Properties. The valuations and market information are not guarantees or predictions and must be read in consideration of the following:

- As instructed, 3 of the properties' valuation were undertaken on a full reporting basis and 9 were on a desk-top reporting basis.
- Each of the full valuation report is approximately 18 pages in length and the conclusions as to the estimated value are based upon the factual information set forth in that Report. Whilst CBRE has endeavoured to assure the accuracy of the factual information, it has not independently verified all information provided by the Client (primarily the leases and financial information with respect to the Properties as well as reports by independent consultants engaged by the Client, or the government of Singapore (primarily statistical information relating to market conditions). CBRE believes that every investor, before making an investment in Boustead Projects Pte Ltd, should review at least one of the Reports to understand the methodology and the many variables involved.
- The methodologies used by CBRE in valuing the Properties are the Capitalisation of Income and Direct Comparison Methods. These valuation methodologies are summarised in the Valuation Rationale section of this letter.
- The Reports were undertaken based upon information available in and around the dates of valuation. CBRE accepts no responsibility for subsequent changes in information as to income, expenses or market conditions.

Property Descriptions

The following pages provide a brief summary of each of the properties.

1) 10 Changi North Way, Singapore 798740

The Property is located along Changi North Way, off Upper Changi Road North. It is situated within the Changi North Industrial Estate.

The Property is a purpose-built 4-storey light industrial building with a vehicular ramp-up to the 3rd storey. The Temporary Occupation Permit (TOP) for the building was issued on 4 August 2011. It is connected to the adjacent 5-storey ramp-up light industrial building located at 12 Changi North Way (belonging to the same owner) and shares a common vehicular access.

The Property is legally known as Lot 4699M of Mukim 31 (also known as Private Lot A1927403) with a certified land area of 7,511.7 square metres.

The tenure is leasehold for a term of 24 years 4 months + 30 years commencing from 16 September 2010 granted by Jurong Town Corporation (lessor) to CN Logistics Pte. Ltd. (lessee). As per JTC's letter dated 17 March 2014, the further term of 30 years has been granted. Hence, the unexpired lease term is about 50.3 years.

The current land rent payable is S$173,527 per annum.

Based on the information provided, the gross floor area of the Property is 129,373.5 square metres and the total lettable area is about 128,505.0 square feet.

2) 10 Seletar Aerospace Heights, Singapore 797546

The Property is located along Seletar Aerospace Heights, off Seletar Aerospace Drive. It is situated within the Seletar Aerospace Park

The Property is a part 1-storey/part 3-storey single-user industrial building. We were informed that Temporary Occupation Permit (T.O.P) was issued on 9 June 2013.

The Property is legally known as Lot 4777C of Mukim 20 (also known as Private Lot A3000747) with a land area of 9,264.0 square metres (subject to final survey).

The tenure is leasehold for a term of 30 years commencing from 1 June 2012 granted by Jurong Town Corporation (lessor) to BP-BBD Pte. Ltd. (licensee). The unexpired lease term is about 27.6 years.

The current land rent payable is S$224,652 per annum.

Based on information provided to us previously, the Property has a gross floor area of 67,707.2 square feet. As advised, the entire premises has been leased to a single tenant.

3) 12 Changi North Way, Singapore 498791

The Property is located along Changi North Way, off Upper Changi Road North. It is situated within the Changi North Industrial Estate.

The Property is a purpose-built 4-storey light industrial building with a vehicular ramp up to the 3rd storey which was completed circa 2005. It is connected to the adjacent 5-storey ramp-up light industrial building located at 10 Changi North Way and 16 Changi North Way, and shares common vehicular access.

The Property is legally known as Lot 4300P of Mukim 31 (also known as Private Lot A1927400) with a certified land area of 16,617.7 square metres.

The tenure is leasehold for a term of 30 years commencing from 16 January 2005 granted by Jurong Town Corporation (lessor) to CN Logistics Pte. Ltd. (lessee). The lessor further covenants to grant a further term of 30 years from the expiry of the current term to the lessee. Hence, the unexpired lease term is about 50.2 years.

The current land rent payable is S$372,735 per annum.

Based on information provided to us previously, the Property has a gross floor area of 257,056.6 square feet. As advised, the total net lettable area is 214,725.0 square feet.

4) 16 Changi North Way, Singapore 498772

The Property is located along Changi North Way, off Upper Changi Road North. It is situated within the Changi North Industrial Estate.

The Property is a 5-storey ramp-up light industrial building which is connected to another 4-storey light industrial building located at 12 Changi North Way which belongs to the same owner. The vehicular access to the upper levels of the subject Property is via the driveway of 12 Changi North Way.

The Property is legally known as part of Lot 4353X of Mukim 31 with a certified land area of about 7,034.6 square metres.

The tenure is leasehold for a term of 27 years 4 months 15 days commencing from 1 September 2007. Jurong Town Corporation (lessor) has granted a further term of 30 years as the lessee has met the investment criteria on plant and machinery and Building Works. The unexpired lease term is about 50.2 years.

The current land rent payable is S$157,795 per annum.

Based on the information provided to us previously, the Property has a gross floor area of 121,847.3 square metres. We have been advised that the entire premises has been leased out.

5) 16 Tampines Industrial Crescent, Singapore 528640

The Property is located along Tampines Industrial Crescent, off Tampines Avenue 10 near to the junction towards Tampines Expressway (TPE). It is situated within Tampines Hi-Tech Park which is just next to the Tampines Wafer Fab Park.

The Property is a 3-storey industrial building which has obtained its Temporary Occupation Permit (TOP) on 30 April 2013.

The Property is legally known as Lot 2932K of Mukim 29 (also known as Private Lot A3001024) with a land area of 14,300.0 square metres (subject to final survey).

The tenure is leasehold for a term of 30 years with effect from 16 June 2012 granted by Jurong Town Corporation (lessor) to BP-JCS Pte. Ltd. (licensee). The unexpired lease term is about 25.6 years.

The current land rent payable is S$460,603 per annum.

Based on information provided to us previously, the Property has a gross floor area of 215,493.3 square feet. As advised, the total net lettable area is 213,874.4 square feet.

6) 25 Changi North Rise, Singapore 498778

The Property is located along Changi North Rise, off Upper Changi Road North. It is situated within the Changi North Industrial Estate

The Property is a 2-storey purpose-built factory building completed circa October 2007.

The Property is legally known as Lot 4468K of Mukim 31 (also known as Private Lot A2291201) with a certified land area of 8,966.4 square metres.

The tenure is leasehold for a term of 30 years commencing from 1 February 2007 granted by the Jurong Town Corporation (lessor) to BP-UMS Pte Ltd (lessee). The unexpired lease term is about 23 years.

The current land rent payable is S$201,130 per annum.

Based on the information provided to us previously, the Property has a total gross floor area of 75,496.9 square feet. We have been advised that the entire premises has been leased out.

7) 80 Boon Keng Road, Singapore 339780

The Property is located along Boon Keng Road, off Kallang Bahru and Bendemeer Road. It is situated within the Kallang Avenue Industrial Estate.

The Property is a purpose-built 7-storey single-user light industrial development, which was completed circa 2012. Surface car parking is provided on the 1st storey and covered car parking areas are on the 2nd and 3rd storey.

The Property is legally known as Lot 2828L of Town Subdivision 17 (also known as Private Lot A2867402) with a certified land area of 4,501.2 square metres.

The tenure is leasehold for a term of 30 years from 1 April 2011 granted by Jurong Town Corporation (lessor) to BP-CA Pte Ltd (licensee). The lessor further covenants to grant a further term of 26 years, 5 months and 29 days from the expiry of the current term to the lessee. The unexpired lease term is about 52.7 years.

The current land rent payable is S$254,385 per annum.

Based on the information provided, the gross floor area of the Property is 121,088.7 square feet and the total lettable area is about 121,095.0 square feet.

8) 80 Boon Keng Road (Extension Building), Singapore 339780

The Property is located along Boon Keng Road, off Kallang Bahru and Bendemeer Road. It is situated within the Kallang Avenue Industrial Estate.

The Property is a 6-storey extension building to a purpose-built 7-storey single-user light industrial development. We were informed that Temporary Occupation Permit for the

Property was issued on 26 August 2014. Surface car parking is provided on the 1st storey and covered car parking areas are on the 2nd and 3rd storey.

The Property is legally known as Lot 2829C PT of Town Subdivision 17 (also known as Private Lot A3002315) with a land area of 2,001.0 square metres.

The tenure is leasehold 30 years from 1 October 2013. The unexpired lease term is about 28.9 years.

The current land rent payable is S$157,000 per annum.

Based on the information provided, the gross floor area of the Property is 53,132.7 square feet. As advised, the entire premises has been leased to the single tenant of the existing building.

9) 85 Tuas South Avenue 1, Singapore 637419

The Property is located along Tuas South Avenue 1, bounded by Tuas South Avenue 3 and Tuas South Avenue 4.

The Property is legally known as Lot 3111A of Mukim 7 (also known as Private Lot A1820002) with a certified land area of 14,661.5 square metres.

The tenure is leasehold for 30 years commencing from 16 April 2007 granted by Jurong Town Corporation (JTC) (lessor) to BP-Tuas 1 Pte. Ltd. (lessee). The lessor further covenants to grant a further term of 23 years from the expiry of the current term to the lessee. The unexpired lease term is about 46 years.

The current land rent payable is S$195,584 per annum.

Based on the information provided to us previously, the Property has a gross floor area of 112,297.6 square feet. As advised, the entire premises has been leased to a single tenant.

10) 82 Ubi Avenue 4, Edward Boustead Centre, Singapore 408832

The Property is located along Ubi Avenue 4, off Ubi Road 1 and Airport Road.

The Property is a 8-storey single-user light industrial development. We were informed that Temporary Occupation Permit for the Property was issued on 11 June 2014. Surface car parking is provided on the 1st storey and covered car parking areas are on the 2nd to 4th storey.

The Property is legally known as Lot 6645M of Mukim 23 (also known as Private Lot A3002013) with a certified land area of 3,503.5 square metres.

The tenure is leasehold 30 years from 5 April 2013. The unexpired lease term is about 28.4 years.

Based on the information provided, the gross floor area of the Property is 94,278.3 square feet.

11) Site at Tuas South Avenue 10, Singapore

The Property is located along Tuas South Avenue 10, at its junction with Tuas South Avenue 7. It is situated within Jurong Industrial Estate.

The Property is a proposed industrial development comprises a single user single-storey factory with part 2-storey ancillary office. We understand that the Temporary Occupation Permit is expected to be issued on 6 November 2014

The Property is legally known as Lot 4020W of Mukim 7 (also known as Private Lot A3002492) with a land area of 15,000 square metres (subject to final survey).

The tenure is leasehold for 30 years commencing from 16 December 2013 granted by Jurong Town Corporation (JTC) (lessor) to BP-EA Pte. Ltd. (licensee). The unexpired lease term is about 29.1 years.

The current land rent payable is S$270,900 per annum.

Based on the information provided, the proposed gross floor area of the Property is 113,273.6 square feet. We have been advised that the entire premises has been leased to a single tenant.

12) Site at Tukang Innovation Drive, Singapore

The Property is located along Tukang Innovation Drive. It is located at the eastern fringe of Jurong Industrial Estate.

The Property is a proposed industrial development comprises a single-user part 1-storey/part 2-storey service centre, a block of 3-storey training centre and a block of 8-storey office building. We understand that the Temporary Occupation Permits are expected to be issued on 18 December 2014 (Phase I) and 19 March 2015 (Phase II).

The Property is legally known as Lot 0280M of Mukim 6 (also known as Private Lot A3002586) with a land area of 17,526 square metres (subject to final survey).

The tenure is leasehold for 30 years commencing from 1 November 2013 granted by Jurong Town Corporation (JTC) (lessor) to BP-TN Pte. Ltd. (licensee). The unexpired lease term is about 29 years.

The current land rent payable is S$654,246 per annum.

Based on the information provided to us previously, the proposed gross floor area of the Property is 266,944.7 square feet. We have been advised that the entire premises has been leased to a single tenant.

16 December 2014

Valuation Rationale

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties that have occurred in the commercial property market. We have primarily utilised the Capitalisation Approach and Direct Comparison Method in undertaking our assessment for each of the Properties.

Capitalisation Approach

We have utilised a capitalisation approach in which the sustainable net income on a fully leased basis has been estimated having regard to the current passing rental income. From this figure, we have deducted property management fee as all other outgoings including property tax and land rent (where applicable).

The resultant net income has thereafter been capitalised for the remaining tenure of the respective Properties to produce a core capital value. The yields adopted reflect the nature, location and tenancy profile of the Properties together with current market investment criteria, as evidenced by the sales evidence considered. Thereafter, appropriate capital adjustments have been included relating to rental reversion adjustments and capital expenditure requirements.

Direct Comparison Method

This method involves the analysis of comparable sales and adjustments are made to reflect the differences in location, tenure, age of the property, floor area, standard of finishes and fittings as well as date of transaction amongst other factors affecting value.

Summary of Values

	Property	Material Date of Valuation	Market Value
1	10 Changi North Way, Singapore 498740	30 September, 2014	S$26.3mil
2	10 Seletar Aerospace Heights, Singapore 797546	31 October, 2014	S$19.3 mil
3	12 Changi North Way, Singapore 797546	31 October, 2014	S$46.0 mil
4	16 Changi North Way, Singapore 498772	31 October, 2014	S$24.5 mil
5	16 Tampines Industrial Crescent, Singapore 528640	31 October, 2014	S$37.8 mil
6	25 Changi North Rise, Singapore 498778	31 October, 2014	S$11.9 mil
7	80 Boon Keng Road, Singapore 339780	30 September, 2014	S$31.0 mil
8	80 Boon Keng Road (Extension building), Singapore 339780	31 October, 2014	S$12.0 mil
9	85 Tuas South Avenue 1, Singapore 637419	31 October, 2014	S$21.8 mil
10	82 Ubi Avenue 4, Edward Boustead Centre, Singapore 408832	31 October, 2014	S$39.5 mil
11	Site at Tuas South Avenue 10 Singapore and	31 October, 2014	S$19.1 mil
12	Site at Tukang Innovation Drive, Singapore	31 October, 2014	S$50.0 mil

Assessment of Value

We are of the opinion that the Market Value of the leasehold interest in the Properties, subject to the existing tenancies and occupational arrangements is:

Portfolio Total: S$339,200,000/-
(Singapore Dollars: Three Hundred Thirty-Nine Million And Two Hundred Thousand only)

16 December 2014

Disclaimer

Mr Li Hiaw Ho, Ms Sim Hwee Yan and CBRE have prepared this Valuation Summary Letter which appears in this Introductory Document and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the prospectus, other than in respect of the information provided within the aforementioned Reports and this Valuation Summary letter. Mr Li Hiaw Ho, Ms Sim Hwee Yan and CBRE do not make any warranty or representation as to the accuracy of the information in any other part of the Introductory Document other than as expressly made or given by CBRE in this Valuation Summary letter.

CBRE has relied upon property data supplied by the client 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 analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. Messrs Li Hiaw Ho and Sim Hwee Yan have no present or prospective interest in the Properties and have no personal interest or bias with respect to the party/s involved.

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 (such as a lending proposal or sale negotiation).

We hereby certify that the valuers undertaking these valuations are authorised to practise as valuers and have at least 15 years continuous experience in valuation.

Yours sincerely
CBRE PTE. LTD.

Li Hiaw Ho DipUrbVal (Auck) SNZPI FSISV
Appraiser's License, No. AD041-2445
Executive Director
Valuation & Advisory Services

Sim Hwee Yan BSc (Est. Mgt) Hons FSISV
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Valuation Certificate

Property:	10 Changi North Way Singapore 498740
Client:	Boustead Projects Pte Ltd
Purpose:	Corporate Reporting
Interest Valued:	Leasehold for a term of 54 years and 4 months commencing from 16 September 2010. Balance term as at date of valuation is about 50.3 years.
Basis of Valuation:	Market Value subject to existing tenancies and occupational arrangements.
Registered Owner:	CN Logistics Pte. Ltd.
Land Area (sqm):	7,511.7
Town Planning:	"Business 2" with a plot ratio of 1.6.
Brief Description:	The Property is a purpose-built 4-storey light industrial building with a vehicular ramp-up to the 3rd storey. The Temporary Occupation Permit (TOP) for the building was issued on 4 August 2011. It is connected to the adjacent 5-storey ramp-up light industrial building located at 12 Changi North Way (belonging to same owner) and shares a common vehicular access. Other improvements on site include ample loading/unloading bays each with a dock leveller, covered car parking lots, guard house and covered driveway. We have inspected the Property on 14 October 2014. Internal condition of the Property appears to be good.
Lease Condition:	According to information provided to us, the entire building is let to a single tenant. The 1st and 2nd storeys are leased commencing from 4 August 2011 (TOP date) while the 3rd and 4th storeys lease commenced on 31 October 2011.
Annual Land Rent (pa):	$173,527
Gross Floor Area (sq ft):	129,373.5
Net Lettable Floor Area (sq ft):	128,505.0
Valuation Approaches:	Capitalisation Approach & Direct Comparison Method
Date of Valuation:	30 September 2014
Assessed Value:	$26,300,000 (Twenty Six Million Three Hundred Thousand Dollars) This valuation is exclusive of GST.
Value psf of GFA:	$203
Value psf of NLA:	$205
Assumptions, Disclaimers, Limitations & Qualifications	*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on the valuation 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:

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Valuation Certificate

Property:	10 Seletar Aerospace Heights Singapore 797546
Client:	Boustead Projects Pte Ltd
Purpose:	Corporate Reporting
Interest Valued:	Leasehold for a term of 30 years commencing from 1 June 2012. Balance term as at date of valuation is about 27.6 years.
Basis of Valuation:	Market Value subject to existing tenancies and occupational arrangements.
Registered Owner:	BP-BBD Pte. Ltd.
Land Area (sqm):	9,264.0
Town Planning:	"Business 2" with a plot ratio of 1.0.
Brief Description:	The Property is a part 1-storey/part 3-storey single-user industrial building. We were informed that Temporary Occupation Permit (T.O.P) was issued on 9 June 2013. Other improvements on the site include a guard house, tarmacadam driveways and line marked surface car and lorry parking bays. We have been instructed to carry out a desk-top valuation of this Property. As such no site inspection was carried out. We last inspected this Property on 31 March 2014.
Lease Condition:	According to information provided to us, the entire building is let to a single tenant for a period of 10 years commencing on 9 July 2013.
Annual Land Rent (pa):	$224,652
Gross Floor Area (sq ft):	67,707.2
Valuation Approaches:	Capitalisation Approach & Direct Comparison Method
Date of Valuation:	31 October 2014
Assessed Value:	$19,300,000 (Nineteen Million Three Hundred Thousand Dollars) — This valuation is exclusive of GST.
Value psf of GFA:	$285
Assumptions, Disclaimers, Limitations & Qualifications	*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on the valuation 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:

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Valuation Certificate

Property:	12 Changi North Way Singapore 797546
Client:	Boustead Projects Pte Ltd
Purpose:	Corporate Reporting
Interest Valued:	We have been instructed to value the property based on leasehold for a term of 60 years commencing from 16 January 2005. Balance term as at date of valuation is about 50.2 years.
Basis of Valuation:	Market Value subject to existing tenancies and occupational arrangements.
Registered Owner:	CN Logistics Pte. Ltd.
Land Area (sqm):	16,617.7
Town Planning:	"Business 2" with a plot ratio of 1.6.
Brief Description:	The property is a purpose-built 4-storey light industrial building with a vehicular ramp up to the 3rd storey which was completed circa 2005. It is connected to the adjacent 5-storey ramp-up light industrial building located at 10 Changi North Way and 16 Changi North Way, and shares common vehicular access. Other improvements on site include a guard house, tarmacadam driveways and line marked surface car and lorry We have been instructed to carry out a desk-top valuation of this Property. As such no site inspection was carried out. We last inspected this Property on 7 May 2014.
Lease Condition:	According to the information provided, the Property is multi-tenanted.
Annual Land Rent (pa):	$372,735
Gross Floor Area (sq ft):	257,056.6
Net Lettable Floor Area (sq ft):	214,725.0
Valuation Approaches:	Capitalisation Approach & Direct Comparison Method
Date of Valuation:	31 October 2014
Assessed Value:	**$46,000,000** (Forty Six Million Dollars) This valuation is exclusive of GST.
Value psf of GFA:	$179
Value psf of NLA:	$214
Assumptions, Disclaimers, Limitations & Qualifications	*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on the valuation 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:

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Co. Reg. No.: 197701161R
Agency License No.: L3002163I

Valuation Certificate

Property:	16 Changi North Way Singapore 498772
Client:	Boustead Projects Pte Ltd
Purpose:	Corporate Reporting
Interest Valued:	Leasehold for a term of 57 years and 4 months 15 days commencing from 1 September 2007. Balance term as at date of valuation is about 50.2 years.
Basis of Valuation:	Market Value subject to existing tenancies and occupational arrangements.
Registered Owner:	CN Logistics Pte. Ltd.
Land Area (sqm):	7,034.6
Town Planning:	"Business 2" with a plot ratio of 1.6.
Brief Description:	The property is a 5-storey ramp-up light industrial building which is connected to another 4-storey light industrial building located at 12 Changi North Way which belongs to the same owner. The vehicular access to the upper levels of the subject property is via the driveway of the 4-storey light industrial building. Other improvements on site include loading/unloading bays, covered car parking lots, guard house and covered We have been instructed to carry out a desk-top valuation of this Property. As such no site inspection was carried out. We last inspected this Property on 13 December 2010.
Lease Condition:	According to information provided to us, the entire building is let to a single tenant for a period of 10 years commencing on 29 July 2008.
Annual Land Rent (pa):	$157,795
Gross Floor Area (sq ft):	121,847.3
Valuation Approaches:	Capitalisation Approach & Direct Comparison Method
Date of Valuation:	31 October 2014
Assessed Value:	$24,500,000 (Twenty Four Million Five Hundred Thousand Dollars) — This valuation is exclusive of GST.
Value psf of GFA:	$201
Assumptions, Disclaimers, Limitations & Qualifications	*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on the valuation 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:

Li Hiaw Ho DipUrbVal (Auck) SNZPI FSISV
Appraiser's License, No. AD041-2445
Executive Director - Valuation & Advisory Services

Sim Hwee Yan BSc (Est. Mgt) Hons FSISV
Appraiser's License, No. AD041-2004155J
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CBRE Pte. Ltd.

6 Battery Road #32-01
Singapore 049909

T (65) 6224 8181
F (65) 6225 1987

www.cbre.com.sg

Co. Reg. No.: 197701161R
Agency License No.: L3002163I

Valuation Certificate

Property:	16 Tampines Industrial Crescent Singapore 528640
Client:	Boustead Projects Pte Ltd
Purpose:	Corporate Reporting
Interest Valued:	Leasehold for a term of 30 years commencing from 16 June 2012. Balance term as at date of valuation is about 25.6 years.
Basis of Valuation:	Market Value subject to existing tenancies and occupational arrangements.
Registered Owner:	BP-JCS Pte. Ltd.
Land Area (sqm):	14,300.0
Town Planning:	"Business 2" with a plot ratio of 1.4.
Brief Description:	The property is a 3-storey industrial building which has obtained its Temporary Occupation Permit (TOP) on 30 April 2013. Other improvements on site include a guard house, tarmacadam driveways and line marked surface car and lorry parking bays. We have been instructed to carry out a desk-top valuation of this Property. As such no site inspection was carried out. We last inspected this Property on 31 March 2014.
Lease Condition:	According to information provided to us, the entire building is let to a single tenant for a period of 6 years commencing on 1 May 2013 with an option to renew for another 6 years.
Annual Land Rent (pa):	$460,602.96
Gross Floor Area (sq ft):	215,493.3
Net Lettable Floor Area (sq ft):	213,874.4
Valuation Approaches:	Capitalisation Approach & Direct Comparison Method
Date of Valuation:	31 October 2014
Assessed Value:	$37,800,000 (Thirty Seven Million Eight Hundred Thousand Dollars) This valuation is exclusive of GST.
Value psf of GFA:	$175
Value psf of NLA:	$177
Assumptions, Disclaimers, Limitations & Qualifications	*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on the valuation 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:

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Valuation Certificate

Property:	25 Changi North Rise Singapore 498778
Client:	Boustead Projects Pte Ltd
Purpose:	Corporate Reporting
Interest Valued:	Leasehold for a term of 30 years commencing from 1 February 2007. Balance term as at date of valuation is about 23 years.
Basis of Valuation:	Market Value subject to existing tenancies and occupational arrangements.
Registered Owner:	BP-UMS Pte Ltd
Land Area (sqm):	8,966.4
Town Planning:	"Business 2" with a plot ratio of 1.6.
Brief Description:	The property is a 2-storey purpose-built factory building completed circa October 2007. Other improvements on site include a guard house with toilet, a bin centre and surface car parking lots. We have been instructed to carry out a desk-top valuation of this Property. As such no site inspection was carried out. We last inspected this Property on 13 December 2010.
Lease Condition:	According to information provided to us, the entire building is let to a single tenant for a period of 8 years commencing on 8 November 2007.
Annual Land Rent (pa):	$201,130
Gross Floor Area (sq ft):	75,496.9
Valuation Approaches:	Capitalisation Approach & Direct Comparison Method
Date of Valuation:	31 October 2014
Assessed Value:	$11,900,000 (Eleven Million Nine Hundred Thousand Dollars) This valuation is exclusive of GST.
Value psf of GFA:	$158
Assumptions, Disclaimers, Limitations & Qualifications	*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on the valuation 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:

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Valuation Certificate

Property:	80 Boon Keng Road Singapore 339780
Client:	Boustead Projects Pte Ltd
Purpose:	Corporate Reporting
Interest Valued:	Our valuation is based on a lease term of 56 years, 5 months and 29 days commencing from 1 April 2011. Balance term as at date of valuation is about 52.7years.
Basis of Valuation:	Market Value subject to existing tenancies and occupational arrangements.
Registered Owner:	BP-CA Pte Ltd
Land Area (sqm):	4,501.2
Town Planning:	"Business 1" with a plot ratio of 2.5.
Brief Description:	The Property is a purpose-built 7-storey single-user light industrial development, which was completed circa 2012. Surface car parking is provided on the 1st storey and covered car parking areas are on the 2nd and 3rd storey. Other improvements on site include tarmacadam driveways and line marked surface car and lorry parking bays. We have inspected the Property on 14 October 2014. Internal condition of the Property appears to be good.
Lease Condition:	According to information provided to us, the entire building is let to a single tenant. The commencement of the lease is from 10 April 2012.
Annual Land Rent (pa):	$254,385
Gross Floor Area (sq ft):	121,088.7
Net Lettable Floor Area (sq ft):	121,095.0
Valuation Approaches:	Capitalisation Approach & Direct Comparison Method
Date of Valuation:	30 September 2014
Assessed Value:	$31,000,000 (Thirty One Million Dollars) This valuation is exclusive of GST.
Value psf of GFA:	$256
Value psf of NLA:	$256
Assumptions, Disclaimers, Limitations & Qualifications	*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on the valuation 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:

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Valuation Certificate

Property:	80 Boon Keng Road (Extension Building on Private Lot A3002315) Singapore 339780
Client:	Boustead Projects Pte Ltd
Purpose:	Corporate Reporting
Interest Valued:	Leasehold for a term of 30 years commencing from 1 October 2013. Balance term as at date of valuation is about 28.9 years.
Basis of Valuation:	Market Value subject to existing tenancies and occupational arrangements.
Registered Owner:	BP-CA Pte. Ltd.
Land Area (sqm):	2,001.0
Town Planning:	"Business 1" with a plot ratio of 2.5.
Brief Description:	The Property is a 6-storey extension building to a purpose-built 7-storey single-user light industrial development. The development is used for design, research & development and testing of automotive products which include car audio and navigation units, climate control units and instrument clusters. We were informed that Temporary Occupation Permit for the Property was issued on 26 August 2014. Other improvements on site include tarmacadam driveways and line marked surface car and lorry parking bays. We have inspected the Property on 6 October 2014. Internal condition of the Property appears to be good.
Lease Condition:	According to information provided to us, the entire building is let to the single tenant of existing building.
Annual Land Rent (pa):	$148,814
Gross Floor Area (sq ft):	53,132.7
Valuation Approaches:	Capitalisation Approach & Direct Comparison Method
Date of Valuation:	31 October 2014
Assessed Value:	$12,000,000 (Twelve Million Dollars) This valuation is exclusive of GST.
Value psf of GFA:	$226
Assumptions, Disclaimers, Limitations & Qualifications	*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on the valuation 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:

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Co. Reg. No.: 197701161R
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Valuation Certificate

Property:	85 Tuas South Avenue 1 Singapore 637419
Client:	Boustead Projects Pte Ltd
Purpose:	Corporate Reporting
Interest Valued:	Leasehold for a term of 53 years commencing from 16 April 2007. Balance term as at date of valuation is about 46 years.
Basis of Valuation:	Market Value subject to existing tenancies and occupational arrangements.
Registered Owner:	BP-Tuas 1 Pte. Ltd.
Land Area (sqm):	14,661.5
Town Planning:	"Business 2" with a plot ratio of 1.4.
Brief Description:	The property comprises a 2-storey single user industrial building. The Temporary Occupation Permit was issued on circa January 2008. Other improvements on site include car park lots, motor cycles lots, lorry parking lots, concreted driveway, sprinkler water tank, pump room, guard house, bin centre, cable chamber room, consumer switch room and MDF room. We have been instructed to carry out a desk-top valuation of this Property. As such no site inspection was carried out. We last inspected this Property on 13 December 2010.
Lease Condition:	According to information provided to us, the entire building is let to a single tenant for a period of 10 years commencing on 8 January 2008.
Annual Land Rent (pa):	$195,584
Gross Floor Area (sq ft):	112,297.6
Valuation Approaches:	Capitalisation Approach & Direct Comparison Method
Date of Valuation:	31 October 2014
Assessed Value:	$21,800,000 (Twenty One Million Eight Hundred Thousand Dollars) This valuation is exclusive of GST.
Value psf of GFA:	$194
Assumptions, Disclaimers, Limitations & Qualifications	*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on the valuation 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:

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Co. Reg. No.: 197701161R
Agency License No.: L3002163I

Valuation Certificate

Property:	82 Ubi Avenue 4 Edward Boustead Centre Singapore 408832
Client:	Boustead Projects Pte Ltd
Purpose:	Corporate Reporting
Interest Valued:	Leasehold for a term of 30 years commencing from 5 April 2013. Balance term as at date of valuation is about 28.4 years.
Basis of Valuation:	Market Value subject to existing tenancies and occupational arrangements.
Registered Owner:	BP-Ubi Industrial Pte. Ltd.
Land Area (sqm):	3,503.5
Town Planning:	"Business 1" with a plot ratio of 2.5.
Brief Description:	The Property is a 8-storey single-user light industrial development. We were informed that Temporary Occupation Permit for the Property was issued on 11 June 2014. Surface car parking lots is provided on the 1st storey and covered car parking areas are on the 2nd to 4th storey. Other improvements on site include tarmacadam driveways and line marked surface car, lorry and bicycle parking bays. We have inspected the Property on 24 October 2014. Internal condition of the Property appears to be good.
Lease Condition:	According to information provided to us, the building is partially owner occupied and partially leased out.
Gross Floor Area (sq ft):	94,278.3
Valuation Approaches:	Capitalisation Approach & Direct Comparison Method
Date of Valuation:	31 October 2014
Assessed Value:	$39,500,000 (Thirty Nine Million Five Hundred Thousand Dollars) This valuation is exclusive of GST.
Value psf of GFA:	$419
Assumptions, Disclaimers, Limitations & Qualifications	*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on the valuation 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:

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Co. Reg. No.: 197701161R
Agency License No.: L3002163I

Valuation Certificate

Property:	Site at Tuas South Avenue 10 Singapore
Client:	Boustead Projects Pte Ltd
Purpose:	Corporate Reporting
Interest Valued:	Leasehold for a term of 30 years commencing from 16 December 2013. Balance term as at date of valuation is about 29.1 years.
Basis of Valuation:	Market Value subject to existing tenancies and occupational arrangements.
Registered Owner:	BP-EA Pte. Ltd.
Land Area (sqm):	15,000.0
Town Planning:	"Business 2" with a plot ratio of 1.4.
Brief Description:	The proposed industrial development is currently under construction. Upon completion, the property will comprise a single user single-storey factory with part 2-storey ancillary office. A total of 12 surface car parking lots (including 1 handicap lot) and 6 lorry parking lots will be provided within the compound of the development. Other improvements on site will include a guard house, bin centre landscaping, concrete driveway and surface car parking lots. We have been instructed to carry out a desk-top valuation of this Property. As such no site inspection was carried out. We last inspected this Property on 6 november 2014.
Lease Condition:	According to information provided to us, the entire building will be leased to a single tenant for a period of 10 years commencing from TOP date.
Annual Land Rent (pa):	$270,900
Gross Floor Area (sq ft):	113,273.6
Valuation Approaches:	Capitalisation Approach & Direct Comparison Method
Date of Valuation:	31 October 2014
Assessed Value:	**$19,100,000** (Nineteen Million One Hundred Thousand Dollars) This valuation is exclusive of GST.
Value psf of GFA:	$169
Assumptions, Disclaimers, Limitations & Qualifications	*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on the valuation 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:

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Co. Reg. No.: 197701161R
Agency License No.: L3002163I

Valuation Certificate

Property:	Site at Tukang Innovation Drive Singapore
Client:	Boustead Projects Pte Ltd
Purpose:	Corporate Reporting
Interest Valued:	Leasehold for a term of 30 years commencing from 1 November 2013. Balance term as at date of valuation is about 29 years.
Basis of Valuation:	Market Value subject to existing tenancies and occupational arrangements.
Registered Owner:	BP-TN Pte. Ltd.
Land Area (sqm):	7,511.7
Town Planning:	"Business 2" with a plot ratio of 1.6.
Brief Description:	The proposed industrial development is currently under construction. Upon completion, the property will be a single-user industrial development comprises a block of part 1-storey/ part 2-storey service centre, a block of 3-storey training centre and a block of 8-storey office building. Surface car parking lots, lorry parking lots and multi-storey car park lots will be provided within the compound of the development. We understand that the Temporary Occupation Permit is expected to be issued on 18 December 2014 (Phase I) and 19 March 2015 (Phase II). Other improvements on site will include two guard houses of which one is adjacent to fire command centre, bin centre landscaping, POL room, a waste water treatment tank, rain water collection tank, concrete driveway and surface car parking lots. We have been instructed to carry out a desk-top valuation of this Property. As such no site inspection was carried out. We last inspected this Property on 30 January 2014.
Lease Condition:	According to information provided to us, the entire building will be leased to a single tenant for a period of 15 years commencing from TOP date.
Annual Land Rent (pa):	$654,246
Gross Floor Area (sq ft):	266,944.7
Valuation Approaches:	Capitalisation Approach & Direct Comparison Method
Date of Valuation:	31 October 2014
Assessed Value:	$50,000,000 (Fifty Million Dollars) This valuation is exclusive of GST.
Value psf of GFA:	$187
Assumptions, Disclaimers, Limitations & Qualifications	*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on the valuation 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:

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Executive Director - Valuation & Advisory Services

Sim Hwee Yan BSc (Est. Mgt) Hons FSISV
Appraiser's License, No. AD041-2004155J
Executive Director - Valuation & Advisory Service

Our Ref : NC:KF:ao:1412165

17 December 2014

BP-SFN Pte Ltd
82 Ubi Avenue 4 #07-01
Edward Boustead Centre
Singapore 408832

Attention: Mr Jeffrey Chua

Dear Sir

**RE: VALUATION OF 26 CHANGI NORTH RISE SINGAPORE 498756
AS AT 30 SEPTEMBER 2014**

In accordance with your recent instructions requesting a valuation in respect of the property, we confirm that we have inspected the property, made relevant local searches and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value as at 30 September 2014.

The term "Market Value" as used herein is intended to mean "the best price at which the sale interest in property might reasonably be expected to have been completed as at the date of valuation, assuming,

a) a willing seller;

b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms for the completion of the sale;

c) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

d) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

Our valuation has been made on the assumption that the owner sells the property on the market without the benefit of a deferred term contract, sale and leaseback, joint venture or any similar arrangement which could affect the value of the property.

A summary of our valuation together with a brief description of the property is appended to this Valuation Certificate.

.../Page 2

DTZ Debenham Tie Leung (SEA) Pte Ltd 100 Beach Road #35-00 Shaw Tower Singapore 189702 Tel: +65 6293 3228 Fax: +65 6298 9328

No allowances have been made in our valuations for any charges, mortgages or amounts owing on the property, nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the property is free of encumbrances, restrictions or other outgoings of an onerous nature which would affect its value, other than those which have been indicated to us.

Information as to tenure, site area & ownership is obtained from our searches carried out at the Singapore Land Authority. We have also relied on information provided by the company particularly in relation to matters such as tenancy and gross floor area.

We were not instructed to carry out structural surveys of the building, or to test any of the services, but we have reflected in our valuation, where necessary, any items of disrepair which we noticed during the course of our inspection. We are not, however, able to report that the building is free of rot, infestation or any other defect.

Finally and in accordance with our normal practice, we confirm that this Valuation Certificate is for the use of the party to whom it is addressed and no responsibility whatsoever is accepted to any third party.

Neither the whole of this Certificate, not any part, nor reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director
Valuation Advisory Services
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-2004055B)

DTZ
a UGL company

VALUATION SUMMARY

Property	:	26 Changi North Rise Singapore 498756
Legal Description	:	Lot 4697L Mukim 31.
Site Area	:	6,799.6 sq.m.
Tenure	:	A lease term of 30 years and an option for a further term of 30 years with retrospective effect from the Licence Commencement Date on 30 April 2010 will be granted subject to the following conditions: (i) a minimum Gross Floor Area of 6,000 sq.m. and a minimum required investment on Fixed Asset Investments of $17,900,400. If the minimum required investment is not met, then the total lease term offered shall be reduced to the shortest lease term that the Licensee/Lessee is eligible for based on the table as appended in Appendix A. (ii) Annual rent for the further term, if granted, shall be revised to the market rent prevailing on or about the commencement of the further term.
Registered Lessor	:	Jurong Town Corporation (JTC).
Registered Lessee	:	BP-SFN Pte Ltd.
Master Plan Zoning (2014 Edition)	:	Business 2
Brief Description	:	The subject property comprises a 2-storey detached factory located along Changi North Rise, approximately 22 km from the city centre at Raffles Place. It is located within the Changi North Industrial Park, which is dedicated to mainly aviation and logistic-related companies.
Gross Floor Area*	:	Approximately 6,000 sq.m.
Date of Inspection	:	28 August 2014
Market Value as at 30 September 2014	:	S$20,000,000/- (Singapore Dollars Twenty Million).

** According to architect's drawings provided.*

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director
Valuation Advisory Services
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-2004055B)

Date : 17 December 2014
Our Ref : NC:KF:ao:1412165

LIMITING CONDITIONS

This property Valuation and Report has been prepared subject to the following limiting conditions :-

1) VALUATION BASIS

Our valuation is made on the basis of Market Value. This is intended to mean the highest value at which the sale interest in the property might reasonably be expected to have been completed on the date of valuation, assuming :

a) a willing seller;

b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms for the completion of the sale;

c) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

d) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.

Values are reported in Singapore Currency.

2) CONFIDENTIALITY

Our Valuation and Report is confidential to the party to whom it is addressed and to their professional advisors for the specific purpose to which they refer. The valuer disclaims all responsibility and will accept no liability to any other party. Neither the whole, nor any part, nor reference thereto may be published in any document, statement or circular, nor in any communication with third parties, without our prior written consent of the form and context in which it will appear.

3) SOURCE OF INFORMATION

Where it is stated in the report that information has been supplied to the valuer by the sources listed, this information is believed to be reliable, but the valuer will accept no responsibility if this should prove not to be so. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with relevant government authorities.

4) 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.

5) TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Information on Town Planning is obtained from the set of Master Plan, Development Guide Plan (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 improvements. If assurance 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.

6) STRUCTURAL SURVEYS

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services. Whilst any defects or items of disrepair which we note during the course of our inspection will be reflected in our valuations, we are not able to give any assurance in respect of rot, termite, or past infestation or other hidden defects.

7) SITE CONDITIONS

We do not normally carry out investigations on site in order to determine the suitability of the ground conditions, and the services, for any new development. 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.

8) ATTENDANCE IN COURT

The valuer is not required to give testimony or to appear in court by reason of this report unless specific arrangement has been made therefor.

9) MAXIMUM LIABILITY

Our maximum liability to the client relating to our services rendered (regardless of action whether in contract, negligence or otherwise) shall be limited to fees paid for engaging our services. Under no circumstances will we be liable for consequential, incidental, punitive or special losses, damage or expenses (including opportunity costs and loss of profits) despite being advised of their possible existence.

VALUATION CERTIFICATE

Property	:	36 Tuas Road Singapore 638505
Client	:	Boustead Trustees Pte. Ltd. (as Trustee of Boustead Real Estate Fund)
Purpose	:	Audit
Legal Description	:	Lot No. : 2772C Mukim : 7
Tenure	:	Leasehold 30+30 years with effect from 16 May 1995 (Balance lease term of about 40.4 years)
Basis Of Valuation	:	Market value on existing use basis and subject to existing Master Lease.
Registered Lessor/Lessee	:	Leased from JTC Corporation to Boustead Trustees Pte Ltd as Trustee of Boustead Real Estate Fund.
Master Plan 2014	:	"Business 2" with a gross plot ratio of 1.0
Brief Description	:	The Property is located on the north-western side of Tuas Road, near its junction with Tuas Basin Close, off Pioneer Road/Jalan Ahmad Ibrahim, within Jurong Industrial Estate, and some 24.0 km from the City Centre. The Property comprises a part single-storey/part 3-storey factory (Block A), a part single-storey/part 2-storey factory (Block B), a 2-storey office building, a part single-storey/part 2-storey warehouse, 2 single-storey workshops, oil and chemical store, substation/bin centre, guard house and concreted/vacant yards. We understand that Blocks A and B were constructed in 2008 at an approximate cost of $9,700,000. The Certificate of Statutory Completion for Blocks A and B was issued on 10 November 2008. We further understand that the remaining buildings were completed around 1995.
Land Area	:	29,893.1 sm
Gross Floor Area	:	11,470.32 sm approximately
Master Lease	:	The Property is leased to Ausgroup Singapore Pte. Ltd. as the Master Lessee from 2 October 2013 to 14 May 2025, with an option to renew for 5 years, on a triple net basis. The current annual rental is $3,301,942.48, reflecting $23.99 psm (or about $2.23 psf) per month over the gross floor area. The Master Lessee is responsible for all day to day maintenance, utilities, property tax, land premium rent and all outgoings. The Lessor is responsible for capital expenditure including replacement of M&E equipment, all repairs of a structural nature, insurance and Lessor's own lease management fee.
Valuation Approaches	:	Capitalisation Approach and Discounted Cash Flow Analysis
Date Of Valuation	:	2 December 2014
Market Value	:	S$44,700,000/- (Singapore Dollars Forty-Four Million And Seven Hundred Thousand Only)
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 Limiting Conditions located at the end of this 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 authorized, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorized use or reliance. The document should not be reproduced without our written authority. The valuers have no pecuniary interest that would conflict with the proper valuation of the Property.*
Prepared By	:	Knight Frank Pte Ltd Low Kin Hon B.Sc.(Estate Management) Hons.,FSISV Managing Director, Valuation Appraiser's Licence No. AD 041-2003752I

Knight Frank Pte Ltd 16 Raffles Quay #30-01 Hong Leong Building Singapore 048581
Tel: (65) 6222 1333 Fax: (65) 6224 5843 Reg.No. 198205243Z CEA Licence No: L3005536J

KnightFrank.com.sg

Other Offices

Knight Frank Estate Management Pte Ltd 160 Paya Lebar Road #05-05/06 Orion@Paya Lebar Singapore 409022
Knight Frank Asset Management Pte Ltd 16 Raffles Quay #30-01 Hong Leong Building Singapore 048581
KF Property Network Pte Ltd 491B River Valley Road #07-02 Valley Point Singapore 248373

CAPITALISATION APPROACH

36 TUAS ROAD

Material Date of Valuation : **02-Dec-2014**

			Revenue	per annum Outgoings	Total
GROSS INCOME		(See Note 1)	$3,302,000		$3,302,000
					$3,302,000
Outgoings	Operating Expense			($4,000)	
	Vacancy/Bad Debts Allowance	(See Note 2)		($99,000)	
					($103,000)
					$3,199,000
	Property and Lease Management Fees	(See Note 3)		($96,000)	
					($96,000)
NET INCOME					$3,103,000
CAPITALISED VALUE	Capitalise for balance 40.4 years @6.65%				**$43,212,000**
Capital Adjustments	Present Value of Future Letting Up Allowance			($239,000)	
	Present Value of Future Leasing Commissions			($159,000)	
	Present Value of Capital Expenditure			($16,000)	
	Present Value of Land Premium			($6,330,000)	
	Present Value of Capitalised Rental Reversions			$9,152,000	
					$2,408,000
					$45,620,000

Sensitivity Analysis	
6.40%	$46,952,000
6.65%	$45,620,000
6.90%	$44,356,000

ADOPT **$45,620,000**

Notes
1. Gross Income - current annual rental reflects $23.99 psm/month (or about $2.23 psf/month) over the gross floor area on a triple net basis.
2. Vacancy/Bad Debts Allowance - 3% of gross income.
3. Property and Lease Management Fees - total 3% of gross income.

DISCOUNTED CASH FLOW ANALYSIS - 36 TUAS ROAD

Tenure	Leasehold 30 + 30 years wef 16-May-95
Material Date of Valuation	02-Dec-14
Balance Lease Term	40.4 years

Discount Rate	Price
8.25%	$43,940,000
ADOPT	$43,940,000
Year 1 Cashflow Yield	7.28%
Income (%)	42.90%
Terminal Value (%)	57.10%

Sensitivity Analysis

Discount Rate	Terminal Yield 6.65%	Terminal Yield 6.90%	Terminal Yield 7.15%
8.00%	$45,440,000	$44,704,000	$43,997,000
8.25%	$44,660,000	$43,940,000	$43,250,000
8.50%	$43,897,000	$43,194,000	$42,520,000

		0	1	2	3	4	5	6	7	8	9	10
Valuation Period Year Ending		31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Growth Forecast												
CPI		0.16%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Market Rent Growth		0.20%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Selling Considerations												
Terminal Yield	6.90%											
Commission	0.25%											
Legal Fees	0.175%											
Cash Flow Criteria												
Assumed New Lease Term (years)		11.62 years										
Leasing Commission (new lease)		1.43%										
Leasing Commission (renewal leases)		0.36%										
Renewal Probability		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Lease Expiry for Year (sm)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Letting-Up Allowance (months)		6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Capital Expenditure			0.5%									
Future Building Refurbishment Allowance			Year 10	$30 psm	GFA 11,470.32 sm							
Cashflow Forecast ($)												
36 Tuas Road		266,000	3,319,000	3,386,000	3,456,000	3,526,000	3,598,000	3,672,000	3,747,000	3,823,000	3,901,000	3,981,000
Total Gross Revenue		266,000	3,319,000	3,386,000	3,456,000	3,526,000	3,598,000	3,672,000	3,747,000	3,823,000	3,901,000	3,981,000
Less												
Property and Lease Management Fees		8,000	100,000	102,000	104,000	106,000	108,000	110,000	112,000	115,000	117,000	119,000
Operating Expenses		0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Net Income		258,000	3,215,000	3,280,000	3,348,000	3,416,000	3,486,000	3,558,000	3,631,000	3,704,000	3,780,000	3,858,000
Capital Adjustments												
Letting-Up Allowance		-	-	-	-	-	-	-	-	-	-	-
Leasing Commissions		-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure		1,000	17,000	17,000	17,000	18,000	18,000	18,000	19,000	19,000	20,000	20,000
Future Building Refurbishment Allowance												420,000
Future Land Premium Provision												13,986,000
Selling Considerations										Sale Price		60,645,000
										Agent's commission		(152,000)
										Legal Fees		(106,000)
Net Cash Flow		257,000	3,198,000	3,263,000	3,331,000	3,398,000	3,468,000	3,540,000	3,612,000	3,685,000	3,760,000	50,239,000
Running Yield (Cash Flow)			7.28%	7.43%	7.58%	7.73%	7.89%	8.06%	8.22%	8.39%	8.56%	
NPV	$43,940,000											

LIMITING CONDITIONS

This Valuation Certificate is subject to the following limiting conditions:

(1) The Valuer's responsibility in connection with this certificate is limited to the client to whom the certificate is addressed. The Valuer disclaims all responsibility and will accept no liability to any other party.

(2) Reproduction of this certificate in any manner whatsoever in whole or in part or any reference to it in any published document, circular or statement without the Valuer's prior written approval of the form and context in which may appear is prohibited.

(3) The opinion expressed in this 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.

(4) 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.

(5) The Valuer does not warrant to the client to whom the certificate is addressed and any other person the title or the rights of any person with regard to the property.

(6) 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 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.

(7) While due care is taken to note building defects in the course of inspection, no structural survey is made and no guarantee is given in respect of rot, termite or pest infestation or other hidden defects.

(8) The Valuer is not obliged to give testimony or to appear in Court with regard to this certificate, with reference to the property unless specific arrangement has been made therefor.

Valuation Certificate

Attn: Wuxi Boustead Industrial Development Co., Ltd.

According to the Ownership Certificate X.F.Q.Z,X.Z No.65030525, 65010464 and 65010466 which are provided by the company, the owner of the real estate is Wuxi Boustead Industrial Development Co., Ltd.， the real estate is located at Plot 117-b, New district, Wuxi, in total there are 4 buildings recorded in certificat with construction area of 13014.21m^2, and the usage recorded is industry, traffic and storage.

By spot survey and market analysis,our valuers credit the value of appraised object RMB 15,094,700.00 (Say Total RMB Fifteen Million Ninety Four Thousand Seven Hundred)at the time of Oct 13th, and relevent situations are explained in Appraisal Result Schuduel.

Appraisal Result Scheduel

No.	Location	Ownership Certificate No.	Number of Plies	Construction Area（m^2）	Appraisal Value
1	Plot 117, New District, Wuxi	X.F.Q.Z.X.Z No. 65030525	3	2813.22	2,958,600.00
2			1	924.26	998,600.00
3	Plant No.7 on Plot 117, New District,	X.F.Q.Z.X.Z No. 65010464	2	6038.31	7,731,800.00
4	Plant No.18 on Plot 117, New District,	X.F.Q.Z.X.Z No. 65010466	2	3238.42	3,405,700.00
Total				13014.21	15,094,700.00

Certified Real Estate Valuer: **Shi Lina**

Regisration No.: 3220120031

Certified Real Estate Valuer: **Wang Fei**

Regisration No.: 3220090051

Jiangsu Mingchen Land And Real Estate Assessment Co., Ltd

Dec 11th, 2014

Colliers International (Hong Kong) Ltd
Valuation & Advisory Services
Company Licence No: C-006052

Suite 5701 Central Plaza
18 Harbour Road Wanchai
Hong Kong

MAIN 86 10 8518 1633
FAX 85 10 8518 1638
EMAIL flora.he@colliers.com

Our Ref: 21008
December 2014

Boustead Projects Pte Ltd
82 Ubi Ave 4
#07-01 Edward Boustead Centre
Singapore 408832

Re: Plots 13, 14-1 and 14-2, West bank of Core Tongzhou Grand Canal Zone, Tongzhou District, Beijing, PRC (the "Property")

We refer to the instruction from Boustead Projects Pte Ltd (the "Client") for us to carry out a desktop valuation to determine the market value of the captioned property, as at 30 November 2014, for **demerger** purpose.

According to the information provided, the Property, Beijing Tongzhou Integrated Development Phase 1, is a proposed commercial complex comprising a 49-storey office tower, a 43-storey residence tower and a 25-storey building for office and residences, a 4-storey retail podium and a 4-storey basement for retail and car parking use. As advised, the Property has a total gross floor area of 422,471 sq m. As at the date of valuation, the Property was under construction and is expected to be completed in 2016. As advised, the construction cost incurred is approximately RMB86,300,000.

We are of the opinion that the Market Value of the Property in existing state and subject to the assumptions, comments, terms and conditions contained within and annexed to our previous report (as of 31 March 2014, Reference No.20793-2), assuming the Property is free of all encumbrances, as at 30 November 2014 is in the sum of:

RMB5,829,000,000

RENMINBI FIVE BILLION EIGHT HUNDRED TWENTY NINE MILLION

This report is for your sole use and for the purpose indicated and no liability to any third party can be accepted for the whole or any part of the contents of the document. Neither the whole nor any part of this valuation report nor any reference thereto may be included in any published documents, circular or statement, nor published in any way whatsoever without prior written approval of Colliers International (Hong Kong) Limited as to the form and context in which it may appear.

We would like to take this opportunity to thank you for your kind instruction. Should you have any queries, please feel free to contact us.

Yours faithfully

Colliers International (Hong Kong) Ltd

Zhirong He (Flora He)
MRICS MCOMFIN
Senior Director
Valuation and Advisory Services I China

David Faulkner
BSc (Hons) FRICS FHKIS RPS (GP) MAE
Executive Director
Valuation and Advisory Services I Asia

Notes:
We must stress that we have not inspected the Property since February 2014, hence we are not responsible for the verification of existing status of the Property. Our valuation is carried out based on the information provided or advised by the Client.

VALUATION CERTIFICATE

Date	:	22 December 2014
Our Reference	:	2014/235
Address of Property	:	111 Somerset Road TRIPLEONE SOMERSET Singapore 238164
Valuation Prepared For	:	Boustead Projects Pte Ltd
Purpose of Valuation	:	For proposed demerger
Type of Property	:	A 17-storey commercial development with basement carpark
Brief Description	:	TRIPLEONE SOMERSET is located on the southern side of Somerset Road, off Orchard Road and approximately 3 km from the City Centre. The Somerset MRT Station is just across the road. The immediate vicinity is a prime shopping and entertainment belt comprising predominantly shopping complexes, serviced apartments, hotels and office buildings. Prominent developments in the vicinity include 313 @ Somerset, orchardgateway, Hotel Jen, Orchard Central, Comcentre, Orchard Cineleisure, Mandarin Orchard and Mandarin Gallery, Ngee Ann City and Winsland House. The subject 17-storey development comprises an office tower with 2 levels of retail space and 2 basement levels of car park. Major tenants include WorleyParsons Pte Limited, International Air Transport Association, Petroleum Geo-Services Asia Pacific Pte Ltd, Parkway Group Healthcare Pte Ltd and Petra Foods Limited.
Legal Description	:	Lots 678N and 1421V Town Subdivision 21
Tenure	:	99-year leasehold estate commencing 19 February 1975 (with a balance lease term of approximately 59 years)

Registered Proprietor	:	Perennial (Somerset) Pte. Ltd
Site Area	:	10,165.50 sm or thereabouts
Gross Floor Area	:	Approximately 71,214.16 sm - as provided and subject to survey
Lettable Floor Area	:	Based on the Tenancy Schedule provided, the lettable areas are as follows:

Office Area	45,861.5 sm
Retail Area*	6,526.6 sm
Total	52,388.1 sm

**Including Outdoor Refreshment Area*

Year of Completion	:	We understand that the original building was built circa 1970s. Addition and alteration works were carried out in 2006 and subsequently in late 2009/early 2010.
Condition of Building	:	Generally good
Master Plan Zoning (2014 Edition)	:	"'Commercial"
Methods of Valuation	:	Income Capitalisation Method and Sales Comparison Method
Basis of Valuation	:	'As Is' basis and subject to the existing tenancies

Date of Valuation	:	30 November 2014
Valuation	:	Market Value **S$983,000,000/-** (Singapore Dollars Nine Hundred And Eighty-Three Million Only)

Prepared by:
Colliers International Consultancy & Valuation (Singapore) Pte Ltd

Goh Seow Leng
B Sc (Est Mgt), MSISV
Appraiser's Licence No. AD041-2003809B
Executive Director (Valuation & Advisory)

GSL/KN/k

This valuation certificate is subject to the attached Limiting Conditions.

LIMITING CONDITIONS

1. Values are reported in Singapore currency unless otherwise stated

2. In our valuation it is presumed that the property as currently used is not in contravention of any planning or similar regulations. We shall not be responsible if it is otherwise.

3. For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition

4. No requisition on road, MRT, LRT, drainage and other government proposals has been made. Such information will not be tendered unless specifically requested for and we be properly reimbursed.

5. While due care is exercised in the course of our inspection to note any serious defects, we will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible. Further, we will not be able to report that the building is free from rot, infestations or other defects The building services will not be tested but will be presumed to be in good working order. We recommend that appropriately qualified persons be engaged to undertake investigations excluded from our scope of work.

6. Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorised inclusion or publication and reserve the right to claim for any loss, liability, costs or expenses (including but not limited to professional or executive time) we may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

7. In accordance with our usual practice, we must state that this valuation report is restricted to the client or person to whom this valuation report is specifically addressed to and for the specific purpose stated therein and to be used within a reasonable time. We disclaim any liability should it be used by any other person or for any other purpose(s) or beyond a reasonable time.

8. Where it is stated in the valuation report that information has been supplied to us by another party, the information is presumed to be reliable and we do not accept any responsibility should it be proven otherwise. The study of possible alternative development options and the related economics are not within the scope of this report unless expressly stated.

9. Our opinion of the market value of the property is free from any influence and/or point of views of any other parties.

10. Any market projections incorporated within our services including but not limited to, income, expenditure, associated growth rates and other variables are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

11. No allowance will be made in our valuation report for any charges, mortgages or other claims affecting the property nor for any costs, expenses, taxation or outgoings which may be involved in any transaction of the property.

12. The title to the property is presumed to be good and marketable and, unless mentioned in this valuation report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.

13. Any plans included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

14. All Location Plans are obtained from Streetdirectory.com. Whilst we do make every endeavour to update the maps as far as it is possible, we do not vouch for the accuracy of the maps and shall not be responsible if it is otherwise.

15. We shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed. For the avoidance of doubt, our directors and employees shall have no liability in respect of their private assets. The amount of aggregate liability of Colliers is limited to the fee for this service.

VPC Alliance (JB) Sdn Bhd (192838-D)
International Property Consultants, Valuers & Estate Agents

Suite 1502, 15th Floor
City Plaza,
No. 21, Jalan Tebrau,
80300 Johor Bahru,
Johor Malaysia.

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Email : admin@vpcjb.com.my
Website : www.vpc.com.my
Board Registration No.: V(1)0009/1

VPC ASIA PACIFIC
In association with
CLUTTONS

Your Ref : TO BE ADVISED
Our Ref : VPC/JB/V/2137/2014/KC

31st October 2014

THAB Development Sdn Bhd
(Formerly known as Tat Hong Industrial Properties Sdn Bhd)
Suite No. 28-02B, Level 28 City Square Office Tower
106-108 Jalan Wong Ah Fook
80000 Johor Bahru
Johor

Dear Sir,

CERTIFICATE OF VALUATION FOR TOTAL SIX (6) CONTIGUOUS LOTS OF VACANT INDUSTRIAL LAND KNOWN AS PTD 182017 TO PTD 182022, HS(D) 501164 TO HS(D) 501169, ALL LOCATED WITHIN MUKIM OF PULAI, DISTRICT OF JOHOR BAHRU, STATE OF JOHOR.

We are pleased to forward herewith our Certificate of Valuation of the abovementioned property.

The subject property comprise of total six (6) contiguous lots of vacant industrial land located in The Southern Industrial & Logistics Clusters (SiLC), Nusajaya, with a total land area of 11.9388 hectares (29.50 acres or 1,285,082 sq. ft.)

Geographically, SiLC lies approximately 4 kms. south-east of Gelang Patah Town Center, 10 kms. south-east of Kota Iskandar / Puteri Harbour and about 25 kms. west of Johor Bahru City Centre.

Access to the SiLC from Johor Bahru City Centre, can be via Second Link and exit at SiLC Interchange, finally onto Persiaran SiLC where the subject property is located.

SiLC Nusajaya designed to be a world-class clean and green industrial park and planned to meet the demand for environmentally sustainable development. This flagship industrial development with a cluster-based approach, features advanced, innovation-driven industries augmenting the value-chains of integrated 'clean' industrial clusters in three major areas – advanced technology, health & nutrition and logistics.

Prominent factories within the immediate locality are Ensafe, Vitamax Food, Palsgaard, Biocon (under construction), Panelzone, and Kontena National.

VPC
ASIA PACIFIC
In association with
CLUTTONS

Notable industrial developments in the vicinity include Tiong Nam Business Park @ SILC 5 (under construction), King's Park (under construction), Nusajaya Square (under construction), Taman Perindustrian Nusa Cemerlang, while other prominent flagship developments include Edu City, Puteri Harbour, Legoland and Medini.

Residential developments in the locality include Taman Nusa Perintis I, II & III, Setia Eco Garden, Taman Nusantara, Taman Nusa Bayu, East Ledang and Ledang Heights.

After considering all pertinent factors and forces influencing value, we are of the opinion that the current Market Value of the interest in the Subject Property is **RM102,810,000.00 (RINGGIT MALAYSIA : ONE HUNDRED AND TWO MILLION EIGHT HUNDRED AND TEN THOUSAND ONLY).**

Note:
Please note that the above opinion is given to you subject to the normal Limiting Conditions and a full valuation report prepared by us.

Yours faithfully,
VPC ALLIANCE (JB) SDN BHD (192838-D)

TAN BENG SOOI
ANZIV, FIS (M), APEPS, MRICS
Chartered Surveyor / Registered Valuer (V-129)

Note : For security reason, the original copy of this page is embossed.

APPENDIX H — LIST OF PAST AND PRESENT DIRECTORSHIPS

The list of present and past principal directorships held by our Directors and Executive Officers in the last five (5) years preceding the date of this Document, excluding those held in our Company, is as follows:

DIRECTORS

Name	Past principal directorships	Present principal directorships
Mr John Lim Kok Min	*Group Companies* None *Other Companies* Agrifood Technologies Pte. Ltd. Gas Supply Pte Ltd LMA International NV Ned Advisory Services Pte. Ltd. NTUC Fair-Price Co-operative Limited Securities Industry Council Singapore Food Industries Pte. Ltd. Singapore Institute of Management Singapore Institute of Directors The Laryngeal Mask Company (Singapore) Pte. Ltd.	*Group Companies* None *Other Companies* Boustead Singapore Limited Econ Healthcare Pte. Ltd. Forterra Real Estate Pte. Ltd. Integrity Media Asia Pte. Ltd IREIT Global Group Pte. Ltd. Klassik Investment Limited Nexus International School (Singapore) Pte. Ltd. Silverlake Axis Limited Taylor’s Education Pte. Ltd.
Mr Wong Yu Wei	*Group Companies* Boustead Trustees Pte. Ltd.	*Group Companies* BP-BBD Pte. Ltd. BP-CA Pte. Ltd. BP-Conti Alloy Pte. Ltd. BP-EA Pte. Ltd. BP Engineering Solutions Sdn. Bhd. BP-JCS Pte. Ltd. BP Lands Sdn. Bhd. BP-Mandai Pte. Ltd. BP-PRC Pte. Ltd. BP-SCC Pte. Ltd. BP-SFN Pte. Ltd. BP-TM Pte. Ltd. BP-TN Pte. Ltd. BP-Tuas 1 Pte. Ltd. BP-Ubi Development Pte. Ltd. BP-Ubi Industrial Pte. Ltd. BP-UMS Pte. Ltd. Boustead Funds Management Pte. Ltd. Boustead Projects E&C Pte. Ltd. Boustead Projects Investments Pte Ltd Boustead Property Services Pte. Ltd. Boustead Projects (Thailand) Co., Ltd. Boustead Projects (Vietnam) Co., Ltd. CN Logistics Pte. Ltd. Perennial Somerset Investors Pte. Ltd. Perennial Tongzhou Holdings Pte. Ltd. Perennial Tongzhou Development Pte. Ltd. PIP Pte. Ltd. THAB Development Sdn. Bhd.

Name	Past principal directorships	Present principal directorships
	Other Companies A Logistics Pte. Ltd. BP-HP Pte. Ltd. BP-SDV Pte. Ltd. Boustead Mec Pte. Ltd. Boustead (Beijing) Logistics Co., Ltd Boustead Infrastructures Pte. Ltd. Boustead Projects (Shanghai) Co., Ltd CNIM Pte. Ltd. iPark Pte. Ltd. PCG Resources Pte. Ltd. RCLF Beijing 1 Pte. Ltd. Singapore Airport Logistics Center 2 Pte. Ltd. Vietnam Healthcare Investment Pte. Ltd. VC Medi Project Pte. Ltd. Glomatic Pte. Ltd	*Other Companies* Bco Environmental Pte. Ltd. Esri-Australia Pty Ltd Esri-Australia Defence Pty Ltd Esri Malaysia Sdn Bhd Esri South Asia Pte Ltd Esri Singapore Pte. Ltd. GBI Realty Pte Ltd Geographic Business Systems Pty Ltd Geologic Private Limited Prevalent Technologies Pte Ltd
Mr Thomas Chu Kok Hong	*Group Companies* Boustead Projects (Beijing) Co., Ltd RCLF Beijing 1 Pte. Ltd. *Other Companies* None	*Group Companies* Boustead Projects (Thailand) Co., Ltd *Other Companies* Floret & Teddies (S) Pte Ltd Perennial Somerset Investors Pte. Ltd.
Dr Tan Khee Giap	*Group Companies* None *Other Companies* Chung Hong Limited Delang Technology International Pte. Ltd. Hi-P International Limited	*Group Companies* None *Other Companies* Artivision Technologies Ltd. BreadTalk Group Limited Forterra Real Estate Pte. Ltd. TEE Land Limited
Mr James Lim Jit Teng	*Group Companies* None *Other Companies* YC Management Pte Ltd	*Group Companies* None *Other Companies* Lee Kim Tah Foundation

EXECUTIVE OFFICERS

Name	Past principal directorships	Present principal directorships
Mr Wong Yu Wei	*Please see above.*	*Please see above.*
Mr Thomas Chu Kok Hong	*Please see above.*	*Please see above.*
Mr Lee Keen Meng	*Group Companies*	*Group Companies*
	None	Boustead Funds Management Pte. Ltd. Boustead Property Services Pte. Ltd. Boustead Projects (Thailand) Co., Ltd.
	Other Companies	*Other Companies*
	None	None
Mr Koh Boon Teik	*Group Companies*	*Group Companies*
	None	None
	Other Companies	*Other Companies*
	None	None

APPENDIX I — GOVERNMENT REGULATIONS

We are subject to the relevant laws and regulations of the countries in which we operate in relation to property development.

To the best of our Directors' belief and knowledge, our Board believes that as at the Latest Practicable Date, we have obtained all necessary licences, permits and approvals for our business and operations and are in compliance with all relevant laws and regulations that would materially affect our business operations.

SUMMARY OF APPLICABLE LAWS AND REGULATIONS IN SINGAPORE

The following is a summary of the relevant laws and regulations of Singapore that our businesses are subject to.

BCA General Builder Licence and Specialist Builder Licence

The Building Control Act, Chapter 29 of Singapore, the Building Control (Amendment) Act 2007 and the Building Control (Licensing of Builders) Regulations 2008 set out the requirements for licensing of builders. All builders carrying out building works where plans are required to be approved by the Commissioner of Building Control and builders who work in specialist areas which have a high impact on public safety will require a builder's licence from 16 June 2009. There are two (2) types of builder's licences — the general builder licence (the "**General Builder Licence**") and the specialist builder licence (the "**Specialist Builder Licence**").

As at the Latest Practicable Date, we have obtained the following licences from the BCA:

Name of Licence	Expiry Date
CW01-A1 (General Building)	1 October 2017
General Builder (GB1)	1 October 2017
Specialist Builder (Pre-cast Concrete Work)	13 January 2016

General Builder Licence

Any builder undertaking general building works, excluding works that have been designated as specialist works to be carried out by specialist builders, is required to obtain a General Builder Licence. There are two (2) classes of General Builder Licences: a class one licence (GB1) which permits the builder to undertake projects of any value and a class two licence (GB2) which permits the builder to undertake projects of up to S$6 million.

As at the Latest Practicable Date, we have obtained the General Builder Class One Licence (GB1).

Specialist Builder Licence

A builder is required to obtain a Specialist Builder Licence if he undertakes any of the following specialist building works: piling works, ground support and stabilisation works, site investigation work, structural steelwork, pre-cast concrete work or in-situ post-tensioning work.

As at the Latest Practicable Date, we have obtained the Specialist Builder (Pre-cast Concrete Work) Licence.

To maintain our General Builder Class One Licence (GB1) and Specialist Builder (Pre-cast Concrete Work) Licence, there are certain requirements to be complied with, including but not limited to the following:

(i) maintaining a minimum paid-up capital of S$300,000 for the General Builder Class One Licence (GB1), and maintaining a minimum paid-up capital of S$25,000 for the Specialist Builder (Pre-cast Concrete Work) Licence; and

(ii) maintaining the continued employment of an approved person (the "**Approved Person**") and a technical controller (the "**Technical Controller**"), both of whom must have the relevant educational background and practical experience as specified in the Building Control Act.

The Approved Person is the appointed key personnel under whose charge and direction of the management of the business of the builder, insofar as it relates to general building works or specialist building works in Singapore, is to be at all times. For the purposes of the General Builder Class One Licence (GB1), the Approved Person must either (i) have completed a course leading to a bachelor's degree or post-graduate degree in any field and have at least three (3) years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification; (ii) have completed a course leading to a diploma in a construction-related field and have at least five (5) years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification; or (iii) have completed a course conducted by the BCA known as "Essential Knowledge in Construction Regulations and Management for Licensed Builders" and possess at least 10 years (in aggregate) of practical experience in the execution of construction projects in Singapore. For the purposes of the Specialist Builder (Pre-cast Concrete Work) Licence, the Approved Person must either (i) have completed a course leading to a bachelor's degree or post-graduate degree in any field and have at least three (3) years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification; or (ii) have completed a course conducted by the BCA known as "Essential Knowledge in Construction Regulations and Management for Licensed Builders" and possess at least eight (8) years (in aggregate) of practical experience in the execution of construction projects in Singapore.

The Technical Controller is the appointed key personnel who has to personally supervise the execution and performance of any general building works or specialist building works in Singapore which the builder undertakes to carry out. For the purposes of the General Builder Class One Licence (GB1), the Technical Controller must have completed a course leading to a bachelor's degree or post-graduate degree in a construction related field and possess at least five (5) years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification. For the purposes of the Specialist Builder (Pre-cast Concrete Work) Licence, the Technical Controller must have completed a course leading to a bachelor's degree or post-graduate degree in the field of civil or structural engineering from a recognised institution and possess at least five (5) years (in aggregate) of practical experience in the execution of specialist building (pre-cast concrete) works (whether in Singapore or elsewhere) after attaining the corresponding qualification.

BCA Contractors Registration System (the "Contractors Registry")

The construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore's building and construction industry. Registration with the Contractors Registry maintained by the BCA is a pre-requisite to tender for projects in the public sector. Presently, there are seven (7) major categories of registration, some of which are further sub-classified into six (6) to seven (7) grades, depending on the category of registration. Registration of a contractor with the BCA is dependent on the contractor fulfilling certain requirements relating to, among others, the value of previously completed projects and personnel resources. The grade assigned to each contractor is dependent on its minimum net worth and paid-up capital.

We are currently registered with the BCA with a BCA grading of A1 under the category CW01 for general building, allowing us to tender for public sector projects in Singapore of an unlimited contract value. The key requirements are as follows:

- to secure, over a five-year period (in respect of a renewal of the grading), projects with an aggregate contract value of at least S$150.0 million of which S$75.0 million have to be projects executed in Singapore, S$112.5 million have to be main contracts and a S$37.5 million minimum size single project;

- to have a minimum paid-up share capital and a minimum net worth of S$15.0 million;

- to employ at least 24 professional and technical personnel, with at least eight (8) of them having a minimum of 24 months experience in Singapore and at least eight (8) of them possessing approved qualifications. Such approved qualifications refer to, for professional personnel, professional qualifications with a recognised degree in architecture, building, civil/structural engineering or equivalent and for technical personnel qualifications in any of the following: (a) a recognised polytechnic diploma in architecture, building, civil/structural, mechanical, electrical engineering; (b) a national certificate in construction supervision ("**NCCS**"); (c) an advance national building qualification ("**NBQ**") specialist diploma in mechanical and electronic coordination; or (d) other equivalent qualifications approved by the BCA. In addition, at least one (1) of the professional and technical personnel must be certified as having completed the Certificate Course in Construction Productivity Management, and all personnel are required to maintain their CET records and submit annual declarations to the Contractors Registry in a prescribed declaration form; and

- to possess certain management certificates including (i) ISO9001:2008 (accredited by the Singapore Accreditation Council); (ii) ISO14000; (iii) OHSAS18000/SS506 Part 1; and (iv) Green and Gracious Builders Scheme (by 2015).

Employment of Foreign Workers

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act, Chapter 91A of Singapore, and regulated by the MOM.

Under Section 5(1) of the Employment of Foreign Manpower Act, Chapter 91A of Singapore, no person shall employ a foreign worker unless he has obtained in respect of the foreign worker a valid work permit from the MOM, which allows the foreign worker to work for him. Any person who fails to comply with or contravenes the section shall be guilty of an offence and shall (a) be liable on conviction to a fine not less than S$5,000 and not more than S$30,000 or to imprisonment for a term not exceeding 12 months or to both, and (b) on a second or subsequent conviction, in the case of an individual, be punished with a fine of not less than S$10,000 and not more than S$30,000 and with imprisonment for a term of not less than one (1) month and not more than 12 months, or in any case, be punished with a fine of not less than S$20,000 and not more than S$60,000.

From 1 July 2012, basic skilled construction work permit workers would be allowed to work up to a maximum of 10 years, while higher skilled workers would be allowed to work up to 18 years. As a transitional measure, MOM will grant an extension to the period of employment of all affected workers. Employers will have at least two (2) years to upgrade their workers from basic skilled to higher skilled.

The availability of foreign workers to the construction industry is regulated by the MOM through the following policy instruments:

(a) approved source countries;

(b) dependency ceilings based on the ratio of local to foreign workers;

(c) the imposition of security bonds and levies; and

(d) quotas based on the man year entitlements ("**MYE**") in respect of workers from Non-Traditional Sources ("**NTS**") and workers from PRC.

Approved source countries

The approved source countries for construction workers are Malaysia, PRC, NTS and North Asian Sources ("**NAS**"). NTS include countries such as India, Thailand, Bangladesh, the Republic of the Union of Myanmar, the Philippines and Sri Lanka. NAS countries include Hong Kong, Macau, South Korea and Taiwan.

Dependency ratio ceiling

The dependency ratio ceiling for the construction industry is currently set at a ratio of one (1) full-time local worker to seven (7) foreign workers. This means that for every full-time Singapore Citizen or Singapore Permanent Resident employed by a company in the construction sector with regular full month CPF contributions made by the employer, our Company can employ seven (7) foreign workers.

Security bonds and foreign worker levies

The employment of foreign workers is also subject to the payment of levies. Pursuant to the Singapore Government's Budget 2013, levies for basic skilled work permit holders would increase by S$150 between July 2013 and July 2015. In addition, steeper levy increases of S$300 will be imposed on workers hired outside a company's MYE. It was also announced in the Singapore Government's Budget 2014 that levies for workers hired outside a company's MYE will be increased by S$300. As at July 2014, a levy of S$300 will apply to work permit holders under the higher skilled and on MYE category. For basic skilled foreign work permit holders who are exempt from MYE requirements, a levy of S$950 will apply.

In the Singapore Government's Budget 2015, it was announced that there would be an increase in the levy for work permit holders under the basic skilled and on MYE category in the construction sector (including work permit holders who possess the Skills Evaluation Certificate ("**SEC**") or the Skills Evaluation Certificate (Knowledge) ("**SEC(K)**")) from S$550 to S$650 in July 2016, and from S$650 to S$700 in July 2017. In addition, the levy for higher skilled foreign work permit holders who are exempt from MYE requirements will be reduced from S$700 to S$600 in July 2015.

Effective since 1 July 2013, the qualifying salaries for S Pass holders is S$2,200 while the foreign worker levy for S Pass holders is S$300 for Tier 1 Dependency Ratio Ceiling ("**DRC**") and S$450 for Tier 2 DRC. The levy is expected to increase to S$330 for Tier 1 DRC and S$650 for Tier 2 DRC by 1 July 2015. A Tier 1 DRC represents companies with a ratio of one (1) full-time local worker for every 10 foreign workers (10.0%) or lower while the Tier 2 DRC represents companies with a ratio between 10.0 and 15.0%.

Prior approval

Construction companies must have prior approval ("**PA**") from the MOM in order to employ foreign workers from NTS countries and PRC. The PA indicates the number of foreign workers a company is allowed to bring in from NTS countries and PRC. It also determines the number of workers whose work permits can be renewed, or whose employment can be transferred from another company in Singapore. PAs are granted based on, *inter alia*, the duration of the work permits applied for, the number of full-time local workers employed by the company over the past three (3) months as reflected in the company's CPF contribution statements and the number of MYEs allocated from the company's main contractor.

Certification

All new NTS and PRC workers who have been approved under the PA scheme must also possess either the SEC or the SEC(K) before they are allowed to work in Singapore. These schemes are initiatives by the BCA to raise the skill levels and productivity of the workers, as well as to enhance safety in the construction sector. All NAS workers must possess the SEC or the SEC(K) as well. All Malaysian workers must possess either Secondary 4 education qualification or its equivalent, the SEC or SEC(K), before they are allowed to work in Singapore. These workers will be classified as basic skilled workers.

In-Principle Approval

In addition, in-principal approval ("**IPAs**") for each individual's NTA workers' and PRC workers' work permit have to be sought. The foreign construction worker is required to undergo a medical examination by a registered Singapore doctor and must pass such medical examination before a work permit can be issued to him.

*Construction Safety Orientation Course ("**CSOC**")*

All foreign workers employed in the construction industry must attend a full-day CSOC, a full-day course conducted by various training centres accredited by the MOM's Occupational Safety and Health Division ("**OSHD**") and obtain a valid CSOC Pass. The CSOC is to (i) ensure that construction workers are familiar with common safety requirements and health hazards in the industry, (ii) educate them on the required measures to safeguard themselves against accidents and diseases, and (iii) ensure that they are aware of their rights and responsibilities under employment law. At the end of the course, the workers will receive a safety orientation pass if they are able to pass the requirements and assessment of the course. Foreign workers who fail the assessment will need to retake the course. Employers must ensure that foreign workers attend the course within two (2) weeks of arrival in Singapore. Employers who fail to ensure that their workers take and pass the CSOC will be barred from applying for new work permits for three (3) months, while the affected workers will have their work permits revoked.

MYEs

The MYE allocation system is a work permit allocation system pertaining to the employment of construction workers from NTS and PRC. MYEs represent the total number of foreign workers that each main contractor is entitled to employ based on the value of the projects or contracts awarded by the developers or owners. NTS or PRC construction workers who have worked with any employer for a cumulative period of two (2) or more years in the construction industry may be hired by main contractors without the need for MYE. At the time of the MYE application, the balance duration of the project must be at least one (1) month and the total remaining contract value of the project must be at least S$500,000. To employ NTS and PRC construction workers, the employer must make an application for MYE, PA and IPAs for each individual work permit. The allocation of MYE is in the form of the number of "man-years" required to complete a project and only main contractors may apply for MYEs. One (1) man-year is equivalent to one (1) year's employment under a work permit. All levels of sub-contractors are required to obtain their MYE allocation from their main contractors. A main contractor's MYE will expire on the completion date of the relevant project. In the Singapore Government's Budget 2012, the MOM announced a further 5.0% cut in the MYE quota for new projects in July 2012. This is in addition to the 15.0% cut in the MYE quota for new projects in July 2013 as announced in the Singapore Government's Budget 2011 and the reduction in the MYE by 25.0% over three (3) years for the construction sector as announced in the Singapore Government's Budget 2010, bringing total cumulative MYE cuts to 45.0%.

Under the work permit conditions, employers are required to provide acceptable accommodation for the foreign workers under their employ. Such accommodation must meet the statutory requirements set by various government agencies, including the NEA, PUB, Singapore Civil Defence Force and BCA. A list of approved off-site housing is provided by the relevant approving agencies, namely the Urban Redevelopment Authority, Singapore Land Authority, JTC and Housing and Development Board.

Other conditions of the work permits which employers of foreign construction workers are also required to comply with include the following:

- that the foreign worker performs only those construction activities specified in the conditions;
- ensuring that the foreign worker is not sent to work for any other person, except as provided for in the conditions;
- providing safe working conditions for their foreign workers; and
- purchasing and maintaining medical insurance with coverage of at least S$15,000 per 12-month period of the foreign worker's employment (or for such shorter period where the worker's period of employment is less than 12 months) for the foreign worker's inpatient care and day surgery except as the Controller of Work Passes may otherwise provide by notification in writing.

An employer of foreign workers is also subject to, among others, the provisions set out in the Employment Act, Chapter 91 of Singapore, the Immigration Act, Chapter 133 of Singapore, and the Immigration Regulations.

Workplace Safety and Health Measures

Under the Workplace Safety and Health Act, Chapter 354A of Singapore, ("**WSHA**"), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work. More specific duties imposed by the MOM on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations ("**WSHR**"). Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any bio-hazardous material which may constitute a risk to their health.

Pursuant to the WSHR, certain equipment, among others, such as hoists or lifts, lifting gears, and/or lifting appliances and lifting machines, are required to be tested and examined by an examiner (the "**Authorised Examiner**"), who is authorised by the Commissioner of Workplace Safety and Health ("**CWSH**"), before they can be used in a factory and thereafter, at specified intervals. The application to register the premise as a factory must be made at least one (1) month before the factory starts operation. A certificate of registration that is issued in respect of such a factory shall remain in force from the date of its issue until such time as it is revoked. Construction sites registering as new factories are required to: (i) declare that they have implemented risk management at the point of registration, and (ii) conduct a safety and health management system ("**SHMS**") audit within two (2) months from the commencement of work. An SHMS audit/internal review must be conducted and submitted to the MOM within two (2) months of the issuance of the certificate of registration, failing which the certificate of registration may be revoked.

Upon examination, the Authorised Examiner will issue and sign a certificate of test and examination, specifying the safe working load of the equipment. Such certificate of test and examination shall be kept available for inspection. Under the WSHR, it is the duty of the owner of the equipment or occupier of the equipment to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines. In addition to the above, under the WSHA, inspectors appointed by the CWSH may, among others, enter the workplace at any time to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

Under the WSHA, the CWSH may serve a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken to the satisfaction of the CWSH to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The MOM has also introduced a demerit points system for the construction sector. The purpose of the demerit points system is to improve safety in the construction industry. Under this system, contractors who are found to have violated safety requirements at worksites will be given demerit points. The number of demerit points awarded depends on the severity of the infringement. A contractor which accumulates more than 18 demerit points within a 12-month period will be issued a warning. Further accumulation of more than 18 demerit points within a 12-month period following the warning, may result in the contractor being debarred from applying for new work passes or renewing work passes for all foreign workers.

We are also subject to the Workplace Safety and Health (Construction) Regulations 2007 ("**WSHCR**"). Under the WSHCR, every occupier of a worksite shall implement and maintain at all times a safety and health management system for the purpose of ensuring the safety and protecting the health of every person within the worksite, whether or not the person is at work or is an employee of the occupier. A workplace safety and health co-ordinator shall be appointed by the occupier in respect of every worksite where the contract sum of the building operation or works of engineering construction carried out therein is less than S$10.0 million. Any occupier of a worksite who contravenes this shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$10,000, and in the case of a continuing offence, to a further fine not exceeding S$1,000 fine for every day or part thereof during which the offence continues after conviction. The workplace safety and health co-ordinator's duty, in respect of a worksite, is to:

(a) assist the occupier of the worksite to identify any unsafe condition in the worksite or unsafe work practice which is carried out at the worksite;

(b) recommend to the occupier of the worksite to implement such reasonably practicable measures to remedy the unsafe condition or unsafe work practice; and

(c) assist the occupier of the worksite to implement such reasonably practicable measures referred to in sub-paragraph (b) above.

Any workplace safety and health co-ordinator who, without reasonable excuse, contravenes his duties as stated above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$1,000, and in the case of a second and subsequent offence, to a further fine not exceeding S$5,000.

Under the Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009, where the contract sum of the building operation or works of engineering construction to be carried out in a worksite is S$30.0 million or more, it shall be the duty of the occupier of the worksite to appoint a workplace safety and health auditor to audit the safety and health management system of the worksite at least once every six (6) months. Where the contract sum of the building operation or works of engineering construction to be carried out at a worksite is less than S$30.0 million, it shall be the duty of the occupier of the worksite to (a) conduct a review of the safety and health management system of the worksite at least once every six (6) months; and (b) if directed by the CWSH, appoint a workplace safety and health auditor to audit the safety and health management system of the worksite.

Business Under Surveillance Programme

The MOM has implemented the Business Under Surveillance ("**BUS**") programme to regulate poor performing companies to focus on developing and implementing a robust safety and health management system to improve their workplace safety and health performance. This programme is divided into two (2) phases – the assessment phase and the surveillance phase.

In the assessment phase, companies who have had fatal accidents, demonstrated poor workplace safety and health management (such as poor site conditions that result in stop-work orders) or have accumulated a number of demerit points would typically be considered for entry into the BUS programme. A thorough review of the implementation of the risk assessment and the strength of the management system would be conducted. If the company fails the assessment, they will be subjected to close surveillance.

In the surveillance phase, the OSHD requires the company's management to develop and commit to a comprehensive and sustainable action plan. The company is held accountable to their proposed action plan and reports the implementation progress on a regular basis to the OSHD. In addition, inspections are carried out frequently by the OSHD's surveillance branch to verify the progress made. The company will exit from the programme upon demonstrating significant improvement in its workplace safety and health performance and management.

Environmental laws and regulations

The Environmental Public Health Act, Chapter 95 of Singapore ("**EPHA**") requires, among others, a person, during the erection, alteration, construction or demolition of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance. The EPHA also regulates, among others, the disposal and treatment of industrial waste and public nuisances.

Under the EPHA, the Ministry of Environment has empowered the Director-General of Public Health to serve a nuisance order on the owner or occupier of the premises on which the nuisance arises. Some of the nuisances which are liable to be dealt with by the Ministry of Environment and/or its statutory board, the NEA, summarily under the EPHA include any factory or workplace which is not kept in a clean state and any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety. The EPHA also requires the occupier of any construction site to employ a competent person to act as an Environmental Control Officer at the construction site for the purpose of exercising general supervision within the construction site of the observance of the provisions of, among others, the EPHA.

The Environmental Protection and Management Act, Chapter 94A of Singapore, seeks to control the levels of pollution in Singapore by regulating the activities of various industries and regulates, among others, air pollution, water pollution, land pollution and noise control. Under the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations, the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site shall not exceed the maximum permissible noise levels prescribed in such regulations.

The Control of Vectors & Pesticides Act, Chapter 59 of Singapore ("**CVPA**") consolidates and amends the law relating to the destruction of vectors and the control of vector-borne diseases. The CVPA provides for the control of the sale and use of pesticides and vector repellents, and also provides for the registration, licensing and certification of persons engaged in vector control work and related matters.

Public Sector Standard Conditions of Contract for Construction Works

The Public Sector Standard Conditions of Contract for Construction Works 2008 ("**PSSCOC**") was developed by the BCA to enable a common contract form to be used in all public sector construction projects. The PSSCOC contains terms relating to, among others, the general obligations of the contractor, programme for the works, quality in construction, commencement of works, suspension of works, time for completion, liquidated damages, defects, variations to the works, valuation of variations, procedures for claims, indemnity provisions, insurance, progress payments and final account and settlement of disputes.

Work Injury Compensation Act

The Work Injury Compensation Act, Chapter 354 of Singapore ("**WICA**"), which is regulated by the MOM, applies to workmen in all industries in respect of injury suffered by them in the course of their employment and sets out, among others, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The WICA provides that if during any employment, personal injury by accident arising out of and in the course of the employment is caused to a workman, the employer shall be liable to pay compensation in accordance with the provisions of the WICA.

The WICA also provides, among others, that, where any person (referred to as the principal) in the course of its business or for the purpose of his trade or business contracts with any other person (referred to as the contractor) for the execution by the contractor of the whole or any part of any work undertaken by the principal, the principal shall be liable to pay to any employee employed in the execution of the work any compensation which he would have been liable to pay if that employee had been immediately employed by the principal.

Building and Construction Industry Security of Payment Act

Prior to the introduction of the Building and Construction Industry Security of Payment Act, Chapter 30B of Singapore (the "**BCISP Act**"), a construction contract between a main contractor and a sub-contractor would typically contain a "pay when paid" provision. Such provision would provide that the liability of the main contractor to pay money owing to the sub-contractor is contingent or conditional on payment to the main contractor by a third-party of the whole or part of that money, or make the due date for payment of money owing by the main contractor to the sub-contractor contingent or conditional on the date on which payment of the whole or any part of that money is made to the main contractor by the third-party. With the introduction of the BCISP Act by the Ministry of National Development, such "pay when paid" provisions in construction or supply contracts are now rendered unenforceable and have no effect in relation to any payment for construction work carried out or undertaken to be carried out, or for goods or services supplied or undertaken to be supplied, under the contract.

The BCISP Act, regulated by the BCA, confers a statutory entitlement to progress payments on any person who has carried out any construction work or supplied any goods or services under a contract. The BCISP Act also contains provisions relating to, among others, the amount of the progress payment to which a person who has carried out any construction work is entitled under a contract, the valuation of the construction work carried out and the date on which a progress payment becomes due and payable (even where a construction contract does not provide for such date). In addition, the BCISP Act, among others, endorses the following rights:

(a) the right of a claimant (being the person who is or claims to be entitled to a progress payment) who, in relation to a construction contract, fails to receive payment by the due date of an amount that is proposed to be paid by the respondent (being the person who is or may be liable to make a progress payment under a contract to a claimant) and accepted by the claimant, to make an adjudication application in relation to the payment claim. The BCISP Act has established an adjudication process by which a person may claim payments due under a contract and enforce payment of the adjudicated amount;

(b) the right of a claimant to suspend the carrying out of construction work or supply of goods or services, and to exercise a lien over goods supplied by the claimant to the respondent that are unfixed and which have not been paid for, or to enforce the adjudication as if it were a judgment debt, if such claimant is not paid after he obtains judgment against the respondent pursuant to an adjudication; and

(c) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the whole or part of the construction work that is the subject of the contract between the respondent and the claimant) to make direct payment of the outstanding amount of the adjudicated amount to the claimant, together with the right for such principal to recover such payment from the respondent.

Approval and execution of plans of building works

Under the Building Control Act, an application for approval of plans of any building works shall be made to the Commissioner of Building Control ("**CBC**") by the developer of those building works. An application for approval of the plans of any building works shall be accompanied by, among others, the name and particulars of the appropriate qualified person ("**Qualified Person**") whom the developer or builder of the building works has appointed to prepare the plans of those building works. A Qualified Person is defined as a registered architect or a professional engineer. The plans of the building works have to be prepared in accordance with the Building Control Regulations 2003.

An application for a permit to carry out structural works must also be made by the developer, the builder or the Qualified Person to the CBC in order to carry out structural works.

Building works must be supervised. All building works shall be carried out under the supervision of a Qualified Person. The structural elements of all building works are to be carried out under the full-time supervision of a site supervisor, or a team of site supervisors, working under an appropriate Qualified Person's control and direction. In addition, concreting, piling, pre-stressing, tightening of high-friction grip bolts or other critical structural works of prescribed classes of building works would also require the immediate supervision of a Qualified Person or a site supervisor appointed, controlled and directed by him.

Under the Building Control Act, every developer of building works shall appoint, *inter alia*:

(i) an appropriate Qualified Person to prepare the plans of the building works if no such person is appointed by the builder;

(ii) an appropriate Qualified Person to supervise the carrying out of those building works if no such person is appointed by the builder; and

(iii) a builder to carry out the building works.

Every developer of building works shall also notify the CBC of any contravention of the provisions of the Building Control Act, or the Building Control Regulations 2003 in connection with those building works.

Under the Building Control Act, a builder undertaking any building works shall, *inter alia*:

(a) ensure that the building works are carried out in accordance with the Building Control Act, the Building Control Regulations 2003, the plans of the building works approved by the CBC and supplied to him by the Qualified Person and any terms or conditions imposed by the CBC in accordance with the Building Control Act and the Building Control Regulations 2003;

(b) notify the CBC of any contravention of the provisions of the Building Control Act or the Building Control Regulations 2003 relating to building works of which the builder knows or ought reasonably to know; and

(c) within seven (7) days from the completion of the building works, certify that the new building has been erected or the building works have been carried out in accordance with the Building Control Act and the Building Control Regulations 2003 and deliver such certificate to the CBC.

The Building Control Regulations 2003 sets out certain requirements of the BCA relating to, among others, design and construction and the installation of exterior features. For example, (i) no person shall, without the permission of the CBC, install any lift in any building, (ii) when installing an air-conditioning unit on the building's exterior, a trained air-conditioning unit installer would have to be engaged to carry out the installation works, and (iii) among others, detailed structural plans and design calculations, including where applicable soil investigation reports, should accompany an application for approval of the plans of building works to the CBC. In addition, geotechnical underground building work plans should include the determination of the depth of the water table.

Under the Building Control Act, if the CBC is of the opinion that any building works, other than structural works, have been or are carried out in such a manner as (i) will cause, or will be likely to cause, a risk of injury to any person or damage to any property, (ii) will cause, or will be likely to cause, or may have caused a total or partial collapse of any adjoining or other building or street or land; or (iii) will render, or will be likely to render, or may have rendered any adjoining or other building or street or land so dangerous that it will collapse or be likely to collapse either totally or partially, he may, by order, direct the person for whom those building works have been or are being carried out to immediately stop the building works and to take such remedial or other measures as he may specify to prevent the abovementioned situations from happening.

Under the Fire Safety Act, Chapter 109A of Singapore (the "**Fire Safety Act**"), the person for whom any proposed fire safety works are to be commenced or carried out in any building shall apply to the Commissioner of Civil Defence ("**CCD**") for approval of the plans of the fire safety works in accordance with the Fire Safety (Building Fire Safety) Regulations and such person shall appoint an appropriate Qualified Person to prepare those plans. No person shall commence or carry out or permit or authorise the commencement or carrying out of any fire safety works in any building unless the CCD has approved all the plans of the fire safety works. Upon completion of any fire safety works, the person for whom the fire safety works had been carried out shall apply for a fire safety certificate from the CCD in respect of the completed fire safety works.

Where, in the opinion of the CCD, any fire safety works are being carried out or have been carried out in contravention of the Fire Code 2007, the Fire Safety Act or any rules or regulations made thereunder, he may by order in writing require (i) the cessation of the unauthorised fire safety works until such order is withdrawn, (ii) such work or alteration to be carried out to the unauthorised fire safety works or the building or part thereof to which the unauthorised fire safety works relate as may be necessary to comply with the Fire Code 2007, Fire Safety Act or any rules or regulations made thereunder, or (iii) the demolition of the building or part thereof to which the unauthorised fire safety works relate.

Under the Fire Safety Act, no person shall store or keep, or cause to be stored or kept, any petroleum or flammable material except, among others, under the authority of and in accordance with the provisions of a licence from the CCD and every condition specified therein, and such licence shall be applied for in accordance with the Fire Safety (Petroleum and Flammable Materials) Regulations 2008.

SUMMARY OF APPLICABLE LAWS AND REGULATIONS IN MALAYSIA

Companies Act 1965 (the "Malaysian CA")

BP Engineering Solutions Sdn Bhd, BP Lands Sdn Bhd, THAB Development Sdn Bhd and THAB PTP Sdn Bhd were incorporated under the Malaysian CA. Our Malaysian subsidiaries, their directors and officers are subject to the provisions under the Malaysian CA. The Malaysian CA is intended to ensure proper conduct of the affairs of the companies and to protect the interests of the members and creditors of the company.

The Malaysian CA specifies requirements which our Malaysian subsidiaries have to comply with, which include, among others:

(a) operational requirements such as the requirements to hold annual general meetings, to keep accounts and to have at least two (2) directors who have a principal or only place of residence within Malaysia;

(b) operational requirements such as the calling of meetings by notice in writing and the removal of auditors or directors; and

(c) reporting obligations such as filing certain documents with the Companies Commission of Malaysia.

A person is guilty of an offence against the Malaysian CA if (a) he does that which he is forbidden to do under the Malaysian CA; (b) he does not do that which he is required or directed to do; or (c) if he otherwise contravenes or fails to comply with any provision of the Malaysian CA. Upon conviction, he shall be liable to a penalty or punishment not exceeding the expressed penalty or punishment for the offence, or if a penalty or punishment is not so mentioned, to a penalty not exceeding RM5,000.

Housing Development (Control and Licensing) Act 1966

Housing Development (Control and Licensing) Act 1966 only applies to Peninsular Malaysia and it provides that no housing development shall be engaged in, carried on, undertaken or caused to be undertaken except by a housing developer in possession of a licence issued under this Act. The application for such licence is governed under the Housing Development (Control and Licensing) Regulations 1989.

An advertisement and sale permit must be obtained from the relevant authority before any licensed housing developer can advertise or sell properties.

Town and Country Planning Act 1976

Under the Town and Country Planning Act 1976, no person, other than a local authority, shall commence, undertake, or carry out any building, engineering, mining, industrial, or other similar operation in, on, over or under land, the making of any material change in the use of any land or building or any part thereof, or the sub-division or amalgamation of land unless planning permission has been granted.

National Land Code 1965

The conversion and sub-division of land is subject to approval of the state authority under the National Land Code. Further, there is a restriction on any disposal of or acquisition by, a non-Malaysian entity of land (other than industrial land which does not need prior approval of the relevant state authority) in West Malaysia unless the prior approval of the relevant state authority in which the land is situated has been obtained.

In general, the following persons are regarded as non-Malaysian entities under the National Land Code:

(a) a natural person who is not a citizen of Malaysia ("**Non-Malaysian**");

(b) a company, society, association or other body corporate incorporated outside Malaysia or an unincorporated society, association or other body which under the law of its place of origin may be sued or be sued, or hold property in the name of the secretary or other officer of the body or association duly appointed for that purpose, and which does not have its head office or principal place of business in Malaysia (each a "**Foreign Company**");

(c) a Malaysian-incorporated company with 50.0% or more of its voting shares being held by a Non-Malaysian or by a Foreign Company, or both (known as "**Foreign Controlled Local Company**");

(d) a Malaysian-incorporated company with 50.0% or more of its voting shares being held by a Foreign Controlled Local Company, or by a Foreign Controlled Local Company together with a Non-Malaysian or a Foreign Company.

Under the Guideline on the Acquisition of Properties issued by the Economic Planning Unit of the Prime Minister's Department, foreign interest means any interest, associated group of interests or parties acting in concert which comprises:

(i) an individual who is not a Malaysian citizen; and/or

(ii) an individual who is a permanent resident; and/or

(iii) a foreign company or institution; and/or

(iv) a local company or local institution whereby the parties as stated in item (i) and/or (ii) and/or (iii) hold more than 50.0% of the voting rights in that local company or local institution.

Property acquisition (except for residential units) which falls under the following thresholds requires the approval of the Economic Planning Unit of the Prime Minister's Department:

(1) a direct acquisition of property valued at RM20.0 million and above, resulting in the dilution in the ownership of property held by Bumiputera interest and/or government agency; and

(2) an indirect acquisition of property by other than Bumiputera interest through acquisition of shares, resulting in a change of control of the company owned by Bumiputera interest and/or government agency, having property more than 50.0% of its total assets, and the said property is valued at more than RM20.0 million.

Conditions for the acquisition of property as described in (1) and (2) above are subject to equity and paid-up conditions as follows:

(a) Equity condition

Applicant companies are to have at least 30.0% Bumiputera interest shareholdings; and

(b) Paid-up capital

(i) A local company owned by local interest is to have at least RM100,000 paid-up capital; and

(ii) A local company owned by foreign interest is to have at least RM250,000 paid-up capital.

Foreign interest is not allowed to acquire:

(a) Properties valued less than RM1.0 million per unit;

(b) Residential units under the category of low and low-medium cost as determined by the State Authority;

(c) Properties built on Malay reserved land; and

(d) Properties allocated to Bumiputera interest in any property development project as determined by the State Authority.

Environmental Quality Act 1974

A licence from the Director General of Environmental Quality is required for any activity which involves the discharge of environmentally hazardous substances, pollutants or wastes which is hazardous or potentially hazardous to public health, or to animals, birds, wildlife, fish or aquatic life, or to plants. Real estate developments may have to undergo an environmental impact assessment prior to approval and implementation of the development.

Activities subject to the environmental impact assessment are agriculture, airport, drainage and irrigation, land reclamation, fisheries, forestry, housing, industry, infrastructure, ports, mining, petroleum, power generation and transmission, quarries, railways, transportation, resort and recreational development, waste treatment and disposal and water supply.

SUMMARY OF APPLICABLE LAWS AND REGULATIONS IN PRC

Foreign Exchange Control

On 29 January 1996, the State Council promulgated the Foreign Exchange Control Regulations of China (中华人民共和国外汇管理条例) which came into effect on 1 April 1996 and was amended on 14 January 1997 and 5 August 2008. This regulation classifies all international payments and transfers into current account items and capital account items. Current account items are no longer subject to approval from State Administration for Foreign Exchange ("**SAFE**"), but the conversion of Renminbi into other currencies and remittance of the converted foreign currency outside China for purpose of capital account items, such as direct equity investments, loans and repatriation of investment, require prior approval from the SAFE or its local counterparts. Several provisions have been revised following its latest amendment, such as allowing domestic institutions and individuals to invest abroad directly or indirectly, subject to the foreign exchange registration and approval or filing as provided by other laws and regulations, and adopting the market-determined and managed floating RMB exchange rate system.

On 20 June 1996, People's Bank of China ("**PBOC**") promulgated the Regulations on Sale and Purchase of and Payment in Foreign Exchange (结汇、售汇及付汇管理规定) which came into effect on 1 July 1996. It superseded the relevant provisional regulations and repealed the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items.

On 25 October 1998, the PBOC and the SAFE promulgated the Joint Announcement on Abolishment of Foreign Exchange Swap Business (关于停办外汇调剂业务的通知) which came into effect on the same day. It stated that from 1 December 1998, foreign exchange transactions for foreign investment enterprises may only be conducted at designated banks.

On 29 August 2008, the General Department of the SAFE promulgated the Notice on Relevant Business Operation Issues on the Improvement of the Administration of Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (关于完善外商投资企业外汇资本金支付结汇管理有关业务操作问题的通知), which came into effect on the same day. It aims at enhancing the administrative procedures of payment and settlement of foreign exchange capital of foreign-invested enterprises. The notice requires that:

(a) the RMB proceeds converted from the foreign-invested enterprise's foreign currency capital shall be used within the approved business scope and unless otherwise regulated, such proceeds shall not be used for equity investment. Other than foreign invested real estate enterprises (the "**FIREE**"), foreign-invested enterprise shall not use the RMB proceeds converted from its foreign exchange capital to purchase domestic properties for non-self use; and

(b) the RMB proceeds converted from foreign-invested enterprises' foreign currency capital shall not be used to repay the unused RMB loans.

On 19 November 2012, the SAFE promulgated the Notice on Further Improving and Adjusting the Foreign Exchange Administration Policies on Direct Investments (关于进一步改进和调整直接投资外汇管理政策的通知) which came into effect on 17 December 2012. It cancels or adjusts some administrative licensing items with regard to foreign exchange administration over foreign direct investment. For example, the opening of foreign exchange accounts of upfront expenses, accounts of foreign exchange capital, accounts of assets realisation or accounts of security deposits is no longer subject to approval by the SAFE. Banks shall handle the procedures for opening such accounts for account applicants according to the registered information in relevant business systems of the SAFE. Also, SAFE relaxed the control over provision of loans abroad, and foreign invested enterprises are permitted to provide loans to their overseas parent companies, provided that the loans may not exceed the sum of the profits that have been distributed to such foreign investors but have not yet been remitted abroad and the undistributed profits receivable by such foreign investors in proportion to their capital contributions.

On 10 May 2013, the SAFE promulgated the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China (外国投资者境内直接投资外汇管理规定) which came into effect on 13 May 2013. It provides the relevant procedures and requirements on foreign exchange in respect of the foreign investor's direct investment in China, including the establishment of the foreign-invested enterprise or project in China through new establishment, merger and acquisition and other means.

On 28 April 2013, the SAFE promulgated Administrative Measures for Foreign Debt Registration (外债登记管理办法) which came into effect on 13 May 2013. It provides the procedures and requirements in respect of the administration, supervision and inspection of foreign debts' registration, use, repayment and foreign exchange settlement.

Foreign Investment in the Real Estate Market in China

On 11 July 2006, the Ministry of Commerce ("**MOC**"), National Development and Reform Commission ("**NDRC**"), PBOC, State Administration for Industry and Commerce ("**SAIC**") and SAFE jointly promulgated the Regulation on the Access to and Administration of Foreign Investment in the Real Estate Market (关于规范房地产市场外资准入和管理的意见) (the "**171 Opinion**") which came into effect on the same day. Under the 171 Opinion, a foreign investor investing in real estate which is not for its owe use in China must establish a FIREE and if its total investment amount is over US$10.0 million, the registered capital of the FIREE has to be at least 50.0% of the total investment amount. A FIREE is not allowed to obtain loans (domestic or overseas) unless its registered capital has been fully paid off, the land use rights certificate has been obtained or its project development capital does not reach 35.0% of the amount of its total project investment. The 171 Opinion also contains restrictions on the purchase of properties located in China by foreign individuals and entities. It provides that branches and representative offices (except for those that are approved to conduct real estate business) of foreign institutions in China and foreign individuals who work or study in China for more than one (1) year may purchase real estate to satisfy their personal or institutional needs but not for any other purpose. Foreign institutions with no branches or representative offices in China or foreign individuals who work or study in China for less than one (1) year are prohibited from buying any real estate in China. Residents of Hong Kong, Macau and Taiwan and overseas Chinese are not subject to the one-year residency requirement and may purchase real estate within a limited GFA in China for their own residential use.

On 14 August 2006, the General Office in the MOC promulgated the Notice on Thorough Implementation of the Opinions (商务部办公厅于贯彻《关于规范房地产市场外资准入和管理的意见》有关问题的通知) which came into effect on the same day. It not only reiterates relevant provisions on foreign investment in the real estate industry as prescribed in the relevant laws, but also sets forth the definition of FIREE as "foreign-invested enterprise engaging in construction and operation of a variety of residences such as ordinary residences, apartments and villas, hotels (restaurants), resorts, office buildings, convention centres, commercial facilities and theme parks, or land/large-scale development aimed at the abovementioned projects".

On 23 May 2007, the MOC and the SAFE jointly promulgated the Notice on Further Reinforcing and Regulating the Approval and Supervision on Foreign Direct Investment in the Real Estate Industry (关于进一步加强，规范外商直接投资房地产业审批和监管的通知) which came into effect on the same day. The notice provides stricter controlling measures as follows:

(a) foreign investment in the real estate market in China relating to high-end properties is to be strictly controlled;

(b) prior to obtaining approval for the establishment of a FIREE, either (i) both the land use rights certificates and property ownership certificates must have been obtained, or (ii) contracts for obtaining land use rights or property ownership must have been entered into. If the above requirements have not been satisfied, the approval authority will not approve the application;

(c) a foreign-invested enterprise needs to obtain approval before expanding its business scope into the real estate sector and a FIREE which has been established for real estate development purposes needs to obtain approvals to engage in a new real estate development project;

(d) acquisition or investment in domestic real estate enterprises by means of round trip investment (including by the same actual controlling person) is to be strictly regulated. Overseas investors shall not circumvent the necessity of securing approvals for foreign investment in real estate by way of changing the actual controlling person of a domestic real estate enterprise. If the foreign exchange authority finds that the FIREE has been established by providing false representation or deliberate evasion of regulations, action will be taken against the enterprise for its evasion of foreign exchange;

(e) investors of a FIREE are prohibited from engaging in a fixed return agreement or any agreements of a similar nature; and

(f) the SAFE or its local counterparts and designated foreign exchange banks may not perform the foreign exchange purchase and settlement process for any FIREE which fails to satisfy the filing requirement of the MOC or fails to pass its annual inspections.

On 18 June 2008, the MOC promulgated the Notice on Better Implementation of the Filing of Foreign Investment in the Real Estate Industry (关于做好外商投资房地产业备案工作的通知) which came into effect on 1 July 2008. It stated that the MOC authorises the provincial departments in charge of commerce to verify record-filing materials of FIREEs. After approving matters relating to foreign investments in the real estate sector in accordance with the relevant PRC laws and regulations (including establishment of an enterprise, increase of capital, issuance of new shares, equity transfer, merger and acquisition, and other relevant matters), local departments in charge of commerce, whether at municipal, district or county level, shall submit those materials, which were originally required to be submitted to the MOC for record-filing, to the relevant provincial departments in charge of commerce for verification. After the verification, the provincial departments will file the record filing form of the FIREE with the MOC.

On 22 November 2010, the General Office of the MOC promulgated the Notice on Reinforcing the Approval and Filing Management of the FIREEs (关于加强外商投资房地产业审批备案管理的通知) which came into effect on the same day. The notice provides, among other things, that:

(i) FIREEs are prohibited from making profit gains by purchasing completed and non-completed real estate properties in China and subsequently selling these properties;

(ii) the MOC or its local counterparts shall approve the establishment of foreign-invested investment enterprises (外商投资性公司) in China strictly in accordance with the relevant PRC laws and regulations, and shall not approve the establishment of foreign-invested investment enterprises (外商投资性公司) engaging in real estate business; and

(iii) the MOC or its local counterparts shall inspect real estate enterprises in China that are involved in round-trip investments and strictly control the establishment of these enterprises.

On 2 June 1995, the State Planning Commission, the State Economic and Trade Commission and the Ministry of Foreign Trade and Economic Cooperation jointly promulgated the Foreign Investment Industrial Guidance Catalogue (外商投资产业指导目录) (the "**Original Catalogue**") which came into effect on the same day and was amended on 31 December 1997 (the "**First Amended Catalogue**"), 3 November 2002 (the "**Second Amended Catalogue**"), 30 November 2004 (the "**Third Amended Catalogue**"), 31 October 2007 (the "**Fourth Amended Catalogue**"), 24 December 2011 (the "**New Catalogue**") and 10 March 2015 (the "**Latest Catalogue**").

Under the Original Catalogue, the real estate industry, including high-end premium office buildings, hotels and villas, fell within the category of industries where foreign investment was subject to restrictions while operation of the aforesaid industry by wholly foreign-owned enterprises was not permitted.

The First Amended Catalogue, which came into effect on 1 January 1998, replaced the Original Catalogue. Under the First Amended Catalogue, the development of a whole land lot or international conference centres was added into the Original Catalogue and fell within the category of industries where foreign investment was subject to restrictions.

The Second Amended Catalogue, which came into effect on 3 November 2002, replaced the First Amended Catalogue. Under the Second Amended Catalogue:

(1) the development and construction of ordinary residential units was added into the First Amended Catalogue and fell within the category of industries where foreign investment was encouraged;

(2) for foreign investment, only joint ventures and cooperative joint ventures were permitted to develop a whole land lot; and

(3) the construction and operation of high-end hotels, villas, premium office buildings or international conference centres fell within the category of industries where foreign investment was subject to restrictions, while other real estate developments fell within the category of industries where foreign investment was permitted.

The Third Amended Catalogue, which came into effect on 30 November 2004, replaced the Second Amended Catalogue. Under the Third Amended Catalogue, the development and construction of major theme parks was added into the Second Amended Catalogue and fell within the category of industries where foreign investment was subject to restrictions.

The Fourth Amended Catalogue, which came into effect on 1 December 2007, replaced the Third Amended Catalogue. Under the Fourth Amended Catalogue:

(aa) transactions in the real estate secondary market and real estate intermediary or broker companies were added into the Fourth Amended Catalogue and fell within the category of industries where foreign investment was subject to restrictions;

(bb) development and construction of ordinary residential units was deleted from the industries in the Third Amended Catalogue where foreign investment was encouraged and was categorised within the industries in the Fourth Amended Catalogue where foreign investment was permitted; and

(cc) the development and construction of major theme parks was deleted from the Third Amended Catalogue and fell within the category of industries where foreign investment was permitted.

The New Catalogue, which came into effect on 30 January 2012, replaced the Fourth Amended Catalogue. Under the New Catalogue, the construction and operation of villas was deleted from the Fourth Amended Catalogue where foreign investment was restricted and was categorised within the industries in the New Catalogue where foreign investment was prohibited.

The Latest Catalogue will come into effect on 10 April 2015, replacing the New Catalogue. Under the Latest Catalogue:

(A) items falling within the industries of the New Catalogue where foreign investment was subject to restrictions have been deleted and will be categorised within the industries where foreign investment is permitted; and

(B) the operation of villas has been deleted from the industries of the New Catalogue where foreign investment was prohibited and will be categorised within the industries where foreign investment is permitted.

Foreign investors seeking to invest in, develop or sell real estate in China may establish a wholly foreign-owned enterprise, a joint venture or cooperative venture in accordance with the Wholly Foreign-Owned Enterprise Law of the People's Republic of China (中华人民共和国外资企业法), Sino-Foreign Equity Joint Venture Enterprise Law of the People's Republic of China (中华人民共和国资经营企业法) or Sino-Foreign Cooperative Joint Venture Enterprise Law of the People's Republic of China (中外合营企业法) respectively.

The Land System of China

All land in China is either state-owned (urban) or collectively owned (rural), unless otherwise specified by law. The State reserves the right to revoke land in accordance with law if required for the benefit of the public. Private individuals or businesses are permitted to hold, lease, develop or otherwise use land provided they obtain the proper land use rights.

On 25 June 1986, the Standing Committee of the National People's Congress ("**Standing Committee**") promulgated the Law of Land Administration (中华人民共和国土地管理法) ("**Land Law**") which came into effect on 1 January 1987 and was amended on 29 December 1988, 29 August 1998 and 28 August 2004. In conjunction with the Regulations for the Implementation of the Law of the People's Republic of China on Land Administration (中华人民共和国土地管理法实施条例) promulgated by the State Council on 27 December 1998 and revised on 8 January 2011, they stated that the State regulates and controls the usage of land, the land register and record system, and the land certificate issuing system.

National legislation

On 4 December 1982, the National People's Congress promulgated the China Constitution (中华人民共和国宪法) which came into effect on the same day and was amended on 12 April 1988, 29 March 1993, 15 March 1999 and 14 March 2004 separately. It allows for the transfer of land use rights for value.

Following the amendment of the Land Law in December 1988, the Land Law was amended to permit the transfer of land use rights for value.

On 19 May 1990, the State Council promulgated the Interim Regulations of the People's Republic of China on Grant and Transfer of the Right to Use State-owned Urban Land (中华人民共和国城镇国有土地使用权出让和转让暂行条例) ("**Interim Regulations on Grant and Transfer**") which came into effect on the same day. It stipulates that the local governments at or above county level have the power to grant land use rights for specific purposes and for a definite period to a land user pursuant to a contract for the grant of land use rights in consideration for a land premium.

Grant

PRC law draws a distinction between the ownership of land and the right to use land. Land use rights can be granted by the State to the user to entitle the user to the exclusive use of a piece of land for a specified purpose within a specified term and on such other terms and conditions as may be prescribed. Under the Interim Regulations on Grant and Transfer, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise.

On 5 July 1994, the Standing Committee promulgated the Law of the People's Republic of China on the Administration of the Urban Real Estate（中华人民共和国城市房地产管理法）(the "**Urban Real Estate Law**"), which came into effect on 1 January 1995 and was amended on 30 August 2007. The Urban Real Estate Law provides that, except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council, land for property development shall be obtained by grant.

The maximum term for which land use rights can be granted are specified in the relevant regulations and vary from 40 to 70 years depending on the purpose for which the land is used:

Use of land	Maximum period in years
Commercial, tourism and entertainment	40
Residential	70
Industrial	50
Education, science, cultural, health and sports	50
Mixed and others	50

Under the Interim Regulations on Grant and Transfer, there are three (3) methods of transferring land use rights: agreement, tender or auction.

The Urban Real Estate Law expressly provides, "grant of land use rights may be by public auction or competitive bidding or by a mutual agreement between both parties. Land for commercial use, tourism, entertainment and construction of luxury flats shall be sold by public auction or tender wherever it is feasible, and may be sold by mutual agreement if sale by public auction or competitive bidding is not feasible".

On 30 April 2001, the State Council promulgated the Notice on Strengthening the Administration of State-owned Land (国务院关于加强国有土地产管理的通知), which came into effect on the same day. It stipulates that State-owned land use rights shall as far as possible be sold by public auction or tender. It further stipulates the supply of State-owned land shall be made known to the public unless State security or confidentiality requirements are involved.

On 11 June 2003, the Ministry of Land and Resources promulgated the Regulation on Transfer of State-owned Land Use Rights by Agreement (协议出让国有土地使用权规定) which came into effect on 11 August 2003. According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding land use rights used for business purposes including commercial, tourism, entertainment and commodity residential properties) may be granted by way of agreement. The local land bureau, together with other relevant government departments including the city planning authority, will formulate a plan concerning issues including the specific location, boundary, purpose of use, area, term of grant, conditions of use, conditions for planning and design as well as the proposed land premium, which shall not be lower than the minimum price regulated by the State, and submit such plan to the relevant government for approval. Afterwards, the local land bureau and the interested party may negotiate and enter into a land grant contract based on the above-mentioned plan.

On 9 May 2002, the Ministry of Land and Resources promulgated the Regulation on Grant of State-owned Land Use Rights by Tender, Auction or Listing-for-sale (招标拍卖挂牌出让国有土地使用权规定) (the "**Grant Regulations**") which came into effect on 1 July 2002 and was amended on 28 September 2007. The Grant Regulations stipulate that where two or more entities are interested in the land use rights to be granted, such land use rights shall be granted by means of tender, auction or listing-for-sale.

The Grant Regulations stipulate the legal basis, principles, scope, procedures and legal liability arising from and in connection with grant of State-owned land use rights by competitive bidding and public auction. Pursuant to the Grant Regulations, land for commercial use, tourism, entertainment and commodity housing development shall be assigned by competitive bidding, public auction or listing-for-sale, and in the event that a land parcel for uses other than commerce, tourism, entertainment and commodity residential development has two or more prospective purchasers after the promulgation of the relevant land supply schedule, the grant of the land parcel shall be performed by competitive bidding, public auction or listing-for-sale. Under the aforesaid regulations, the grantor shall prepare the documents for public auction, competitive bidding or listing-for-sale and shall make an announcement 20 days prior to the day of public auction, competitive bidding or listing-for-sale to announce the basic particulars of the land parcel and the time and venue. The grantor shall conduct a qualification verification of the applicants for public auction, competitive bidding or listing-for-sale, accept an open public bidding to determine the winning tender or hold an auction to ascertain a winning bidder.

Where land use rights are granted by way of tender, auction or listing-for-sale, a public notice will be issued by the local land bureau to specify the location, area and purpose of use of land and the initial bidding price, period for receiving bids and terms and conditions upon which the land use rights are proposed to be granted. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land premium within a prescribed period. Upon signing the land grant contract, the grantee is required to pay the land premium pursuant to the terms of the contract and the contract is then submitted to the relevant local bureau for the issue of the land use rights certificate. Upon expiration of the term of grant, the grantee may apply for its renewal. Upon approval by the relevant local land bureau, a new contract is entered into to renew the grant. The grantee shall pay the fee for the renewal and undertake registration of the same. However, if the grant is not renewed, the land use rights and ownership of any buildings erected on the land will revert to the State without compensation. In order to control and facilitate the procedure for obtaining land use rights, several local governments have stipulated standard provisions in land grant contracts. Such provisions generally include terms such as use of land, land premium and manner of payment, building restrictions including site coverage, total GFA and height limitations, construction of public facilities, submission of building plans and approvals, deadlines for completion of construction, town planning requirements, restrictions against alienation before payment of premiums and completion of prescribed development and liabilities for breach of contract. Any change requested by the land user in the specified use of land after the execution of a land grant contract will be subject to approvals from the relevant local land bureau and the relevant urban planning department, and a new land use contract may have to be signed and the land premium may have to be adjusted to reflect the appreciation of the new use. Registration procedures must then be carried out immediately.

Transfers and leases

After land use rights relating to a particular area of land have been granted by the State, unless any restriction is imposed, the party to whom such land use rights have been granted may transfer, lease or mortgage such land use rights for a term not exceeding the term which has been granted by the State. The difference between a transfer and a lease is that a transfer involves the vesting of the land use rights by the transferor in the transferee during the term for which such land use rights are vested in the transferor. A lease, on the other hand, does not involve a transfer of such rights by the lessor to the lessee. Furthermore, a lease, unlike a transfer, does not usually involve the payment of a premium. Instead, a rent is payable during the term of the lease. Land use rights cannot be transferred, leased or mortgaged if the provisions of the land grant contract, with respect to the prescribed period and conditions of investment, development and use of the land, have not been complied with. In addition, different areas of China have different conditions which must be fulfilled before the respective land use rights can be transferred, leased or mortgaged.

All transfers and mortgages of land use rights must be evidenced by a written contract registered with the relevant local land bureau at municipality or county level. Upon a transfer of land use rights, all rights and obligations contained in the contract pursuant to which the land use rights were originally granted by the State are deemed to be incorporated as part of the terms and conditions of such transfer, depending on the nature of the transaction.

On 5 July 1994, the Standing Committee promulgated the Law of the People's Republic of China on Administration of Urban Real Estate (中华人民共和国城市房地产管理法) (the "**Urban Real Estate Law**") which came into effect on 1 January 1995 and was amended on 30 August 2007. Under Article 38, real property that has not been registered and a title certificate for which has not been obtained in accordance with the law cannot be transferred. Under Article 39, if land use rights are acquired by means of grant, the following conditions must have been met before the land use rights may be transferred:

(a) the land premium has been paid in full in accordance with the land grant contract and a land use rights certificate has been obtained;

(b) investment or development has been made or carried out in accordance with terms of the land grant contract;

(c) where the investment or development involves building construction projects, more than 25.0% of the total amount of investment or development must have been made or completed; and

(d) where the investment or development involves a large tract of land, conditions for use of the land for industrial or other construction purposes have been confirmed.

Termination

A land use right terminates upon the expiry of the term of grant specified in the land grant contract and the resumption by the State of that right.

The State generally will not revoke a land use right before the expiration of its term of grant and if it does so for special reasons, such as public interest, it must offer proper compensation to the land user, having regard to the surrounding circumstances and the period for which the land use right has been enjoyed by the land user.

Upon expiry, the land use rights and ownership of the related buildings erected on the land and other attachments may be acquired by the State without compensation. The land user will take requisite steps to surrender the land use rights certificate and cancel the registration of the certificate in accordance with relevant regulations, unless its application for renewal has been approved.

Document of Title

In China, there are two registers for real estate. Land registration is achieved by the issuance of a land use rights certificate by the competent land administration departments of the people's governments at or above the county level where the land is situated to the land user. This is the evidence that the land user has obtained land use rights which can be transferred, mortgaged or leased. The building registration is achieved by the issuance of a real estate certificate to the owner. This is the evidence that the owner has obtained building ownership rights in respect of the buildings erected on that piece of land.

On 15 February 2008 the Ministry of Construction promulgated the Housing Registration Measures (房屋登记办法) which came into effect on 1 July 2008. In conjunction with the Land Law, it stipulates that all duly registered land use rights and building ownership rights are protected by the law.

In connection with these registration systems, real estate and land registries have been established in China. In most cities in China, the above systems are maintained separately. However, in some cities, the two systems have been consolidated into a single composite real estate and land use rights certificate which serves both purposes.

Real Estate Development

Real estate developer

On 29 March 2000, the Ministry of Construction promulgated the Provisions on the Administration of Qualification for Real Estate Development Enterprises (房地产开发企业资质管理规定) (the "**Provisions on Administration of Qualifications**") which came into effect on the same day. It stipulates that a real estate developer must apply for a qualification classification certificate. An enterprise shall not engage in property development without a qualification classification certificate for real estate development. The Ministry of Construction is in charge of monitoring the qualifications of all real estate developers within China, and local real estate development authorities at or above the county level are in charge of monitoring the qualifications of local real estate developers. Under the Provisions on Administration of Qualifications, real estate developers are divided into four (4) classes:

(a) Class 1 qualification is subject to preliminary examination by the construction authorities at the provincial level and the final approval of the Ministry of Construction. A Class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country; and

(b) Class 2, 3 or 4 qualifications and provisional qualifications are regulated by the construction authorities at the provincial level. A Class 2 real estate developer or lower may undertake a project with a GFA of less than 250,000 sq m. Detailed business scope of the developer of the Class 2 qualification or lower is determined by the construction authorities at the provincial level.

Under the Provisions on Administration of Qualifications, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by mainly considering their registered capital and financial condition, the length of time they have conducted their real estate development business, the professional personnel they employ, their performance and operating results from their past real estate operations and their quality control systems. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another higher classification. The real estate development authorities perform annual inspections of qualified developers. Developers who fail to meet the qualification requirements or which operate in breach of the requirements may have their qualification classification certificates downgraded or revoked.

For a newly established real estate developer, which passes the qualification examination, the real estate development authority will issue a provisional qualification certificate within 30 days of receipt by the authority of the relevant application for filing. The provisional qualification certificate will be effective for one (1) year from its date of issuance, which is renewable for up to two (2) years upon its expiry with the approval of the real estate development authority.

Acquisition of land

Prior to the acquisition of land use rights, a real estate developer may carry out a feasibility study for a proposed construction project on the land to be acquired.

On 2 March 1999, the Ministry of Land and Resources promulgated the Measures for Administration of Examination and Approval for Construction Sites (建设用地审查报批管理办法) which came into effect on the same day and was amended on 30 November 2010. In conjunction with the Measures for Administration of Preliminary Examination of Construction Project Sites (建设项目用地预审管理办法) promulgated by the Ministry of Land and Resources on 25 July 2001 and was amended on 1 November 2004 and 29 November 2008, it stipulates that when carrying out the feasibility study for a proposed construction project, a construction entity shall make a preliminary application for construction on the relevant site to the land administration authority of the same level as the project approval authority. After receiving the preliminary application, the land administration authority shall review various matters relating to the proposed construction project in compliance with the overall zoning plans and land supply policy of the State, and shall then issue a preliminary report in respect of the project site. The preliminary report is the requisite document for approval of the proposed construction project. The land administration authority under the people's government of the relevant city or county may then enter into a land use right grant contract with the land user and issue an Approval for Construction Site (建设用地批准书) to the construction entity.

When there are approved construction projects which involve the use of State-owned land, the construction entity shall first apply to land administration authorities at county level or higher for the construction land use approval and submit the relevant documents that are prescribed by law and regulations. After examination by the land administration authority, the application must be reported to and approved by the government of same level. Whereas occupation of land for construction purposes involves the conversion of agricultural land into land for construction purposes, the examination and approval procedures in this regard shall be required.

On 8 September 2007, the Ministry of Land and Resources promulgated the Notice on Reinforcing Disposition of Idle Land (国土资源部关于加大闲置土地处置力度的通知) which came into effect on the same day. It reiterated that a land use rights certificate may not be issued prior to the full payment of land premium. The issuance of land use rights certificates in separate phases according to the percentage of paid-in land premium is also prohibited.

On 18 November 2009, the Ministry of Finance, Ministry of Land and Resources, PBOC, Ministry of Supervision and National Audit Office jointly promulgated the Notice on Further Strengthening Management on Income and Expenditure in Land Grant (关于进一步加强土地出让收支管理的通知) which came into effect on the same day. It stipulates that land premium is to be fully paid within one (1) year of the land grant contract with the initial payment to be no less than 50.0% of the land premium. This deadline may be extended to two (2) years with approval from the relevant authorities.

On 8 March 2010, the Ministry of Land and Resources promulgated the Notice on Further Strengthening Supply and Supervision of Lands for Real Estate (国土资源部关于加强房地产用地供应和监管有关问题的通知) which came into effect on the same day. It stipulates that a land grant contract shall be signed within 10 working days after the land grant is agreed and the initial payment shall be paid within one (1) month after the land grant contract is signed. Terms in the land grant contract shall clearly stipulate, among others, land area, usage, volume ratio, construction intensity, dwelling area and proportion, deposit, delivery time and method, payment time and method, commencement and completion time for construction and detailed confirmation standards and breach liability handling. Failure to sign the land grant contract within the aforementioned time or failure to pay the fee may result in the land being withdrawn without any compensation.

Idle Land

In China, under the Land Law, Measures for the Disposal of Idle Land (闲置土地处置办法) (2012 Revised) and other applicable laws and regulations in China, the land authorities have oversight over land in China and are entitled to (i) collect the charges for idle land at the rate of 20.0% of the land premium if the land has remained idle for more than one (1) year from the construction commencement date; and (ii) repossess/compulsorily acquire land without compensation if the land has been idle for more than two (2) years from the construction commencement date. The construction commencement date for each project will be prescribed in the corresponding contract granting land use rights.

Under the Opinions on Adjusting the Housing Supply Structure and Stabilising the Housing Prices (关于调整住房供应结构稳定住房价格的意见) issued by nine (9) PRC Ministries on 24 May 2006, commercial banks are not allowed to take commodity properties which have been vacant for more than three (3) years as security for mortgage loans and commercial banks are required to strictly control the provision of loan extension and the granting of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties. In addition, on 29 July 2008, the PBOC and China Banking Regulatory Commission (the "**CBRC**") promulgated the Circular on Financial Incentives to Encourage the Economic Use of Land (中国人民银行中，国银行业监督管理委员会关于金融促进节约集约用地的通知). It stipulates that commercial banks are prohibited from granting or extending loans to property developers that hold land which has remained idle for more than two (2) years from the construction commencement date and are not allowed to accept such idle land as mortgage for loans.

Use of land

The Land Law stipulates that all units and individuals shall use land in strict compliance with the purposes of use defined in the overall plans for land utilisation. Any revision of an approved overall plan for land utilisation shall be subject to approval by the organ that originally approved the plan. Without such approval, no change may be made in the purposes of land use as defined in the overall plan for land utilisation. If the parties that have the right to the use of State-owned land fail to use the land in keeping with the purposes approved, the land administration departments of the people's governments at or above the county level shall order them to return the land and impose a fine on them.

On 28 December 1995, the Ministry of Land Administration promulgated the Rule of Land Registration (土地登记规则) which came into effect on 1 February 1996. It stipulates that those who wish to change the purposes of land use shall apply to the Ministry of Land Administration or its local counterparts for registration. For State-owned land, the land user shall, within 30 days upon the approval to change, apply to the Ministry of Land Administration or its local counterparts for registration with the relevant approval documents and the original land use rights certificates. Where the land use rights were obtained through transfers, the land user shall also submit the agreement to the amendment of the transfer contract or re-enter a new contract.

Project Planning and Pre-construction

The Development Regulations provide that a real estate development project may be carried out having regard to the overall land use plan, annual construction land schedule, applicable municipal zoning plan and the annual property development scheme. Those projects which shall be approved by the planning control authorities in accordance with the relevant rules shall also be reported and approved by the planning control authorities and be brought into the annual planning of the investment in fixed assets.

On 26 May 1995, the State Council promulgated the Notice on Stringent Control Over High Class Real Estate Development Projects (国务院关于严格控制高档房地产开发项目的通知) which came into effect on the same day. It stipulates that a high class real estate project with a GFA in excess of 100,000 sq m or total investment in excess of RMB200.0 million (or US$30.0 million) must obtain the approval of the State Development Planning Commission (now known as "**NDRC**"). For a high class real estate project with a GFA in excess of 20,000 sq m but less than 100,000 sq m or total investment in excess of RMB30.0 million but less than RMB200.0 million, it must obtain the approval of the Development Planning Commission of the relevant province, autonomous region or municipality directly under the central government or specially designated city in the State plan and then report to the NDRC. A high class real estate project with foreign investment in excess of US$100.0 million is subject to the approval of the State Council based on the recommendation of the NDRC.

On 4 December 1992, the MOC promulgated the Measures for Control and Administration of Grant and Transfer of Right to Use Urban State-owned Land (城市国有土地使用权出让转让规划管理办法) which came into effect on 1 January 1993 and was amended on 26 January 2011. It stipulates that the grantee to a land grant contract, i.e. a real estate developer, shall legally apply for a Permit for Construction Land Use Planning (建设用地规划许可证) from the municipal planning authority with the land use right grant contract.

After obtaining the Permit for Construction Land Use Planning, a real estate developer shall organise the necessary survey, planning and design work having regard to planning and design requirements.

On 28 October 2007, the Standing Committee promulgated the Law of the People's Republic of China on Urban and Rural Planning (中华人民共和国城乡规划法) which came into effect on 1 January 2008. It stipulates that the relevant reports and procedures of the planning and design proposal in respect of a real estate development project shall be produced in accordance to its requirements and the local statutes on municipal planning. The Permit for Construction Project Planning (建设工程规划许可证) must also be obtained from the municipal planning authority.

On 13 June 2001, the State Council promulgated the Regulations for the Administration of Demolition and Removal of Urban Housing (城市房屋拆迁管理条例), which came into effect on 1 November 2001. It stipulates that upon obtaining approvals for a construction project, the Permit for Construction Land Use Planning and approvals for State-owned land use rights, demolition and relocation plan and proof issued by a financial institution handling deposit business relating to the demolition and relocation compensation, a real estate developer may apply to the people's government at municipal or county level of the place where the real estate is located (i.e. the administration bureau of State-owned land resources and housing of the relevant city, district or county) for the Permit for Property Demolition and Removal (房屋拆迁许可证). Upon granting an approval and issuing a Property Demolition and Removal Permit, the real estate administration department shall issue a demolition and removal notice to the inhabitants of the area to be demolished. The demolition and removal party shall implement the demolition and removal within the area and period specified in the Permit for Property Demolition and Removal. If the demolition and removal party fails to complete the demolition and removal works within the permitted period, it shall, within 15 days prior to the expiry of the Permit for Property Demolition and Removal, apply to the original approval department in charge of demolition and removal for an extension.

During the demolition and removal period announced by the department in charge of demolition and removal, the demolition and removal party and the parties subject to demolition and removal shall enter into an agreement for compensation and resettlement in respect of the demolition and removal. If an agreement cannot be reached between the affected parties, any party concerned may apply to the original approval department in charge of demolition and removal for a ruling. Such ruling shall be rendered within 30 days of the application. If any party disagrees with the ruling, it may appeal to the People's Court within three months after the service of the ruling. Pursuant to law, if the demolition and removal party has provided housing to the party subject to demolition and removal or the party subject to demolition and removal has provided housing to a lessee, the demolition and removal shall not be stopped during the period of legal proceedings.

Pursuant to Regulations for the Administration of Demolition and Removal of Urban Housing, compensation for housing demolition and removal may be effected by way of monetary compensation or exchange of property rights. The amount of monetary compensation shall be determined according to the location, uses and the GFA of the housing to be demolished on the basis of the real property market price. The demolition and removal party shall entrust a qualified real estate assessment agency to conduct an assessment on the housing to be demolished. Property rights exchange involves valuing the demolished property against the exchanged property on the basis of the real property market price and the location, uses and the GFA of the housing to be demolished and settling any difference in between.

In addition to paying the demolition and removal compensation, the demolition and removal party shall pay removal allowance to the party subject to demolition and removal. During the interim period, when the party subject to demolition and removal arranges accommodation by himself, the demolition and removal party shall pay temporary allocation allowance. On the other hand, when the demolition and removal party provides accommodation to the party subject to demolition and removal during the interim period, the demolition and removal party need not pay the temporary allocation allowance.

On 21 January 2011, the State Council promulgated the Regulations for the Expropriation of and Compensation for Housing on State-owned Land (国有土地上房屋征收与补偿条例), which came into effect on the same day. It stipulates that the people's governments at municipal and county level shall be responsible for the demolition and removal, as the Regulations for the Administration of Demolition and Removal of Urban Housing (城市房屋拆迁管理条例) has been abolished and the Permit for Property Demolition and Removal (房屋拆迁许可证) will not be further issued. However, a project that has been granted the Permit for Property Demolition and Removal prior to the implementation of the Regulations for the Expropriation of and Compensation for Housing on State-owned Land shall continue to apply the Regulations for the Administration of Demolition and Removal of Urban Housing.

Construction

After a real estate developer has, among other things, obtained the Construction Project Land Use approvals and the Permit for Construction Project Planning, the site is ready for the commencement of construction works and the progress of expropriation, if required complies with the relevant construction requirements and funds for construction are available, the real estate developer shall apply for the Permit for Commencement of Construction (建筑工程施工许可证) from the construction authority under the local people's government above the county level in accordance with the Measures for Administration of Construction Permission for Construction Works (建筑工程施工许可管理办法) promulgated by the Ministry of Housing and Urban Rural Development of PRC on 25 June 2014, which came into effect on 25 October 2014.

On 1 June 2001, the former Ministry of Construction promulgated the Property Development and Municipal Infrastructure Facilities Construction Tender Management Regulations (房屋建筑和市政基础设施工程施工招标投标管理办法) (the "**Tender Regulations**") which came into effect on the same day. It states that a Tender Appraisal Committee shall be set up for the appraisal of the tender for construction works for the project. According to the Tender Regulations, the Tender Appraisal Committee to be organised by the developer shall include their representatives and relevant specialists selected by the developer from a list certified by the construction administration authorities and other relevant governmental authorities, or from a list of relevant specialists in the specialist library of project bidding agencies. The number of members of the Tender Appraisal Committee shall be an odd number and shall consist of at least five members. The relevant specialists shall make up no less than two-thirds of the membership. In accordance with the Tender Regulations, if the estimated price of a single construction contract amounts to RMB2.0 million or more or the total investment of the project is RMB30.0 million or more, the developer is required to undertake a bidding process for the award of the construction contracts. After the tender, the developer and the successful tenderer shall sign a written contract according to the terms of the tender documents and the documents of Invitation to Tender. The quality and timeliness of the construction are usually warranted in these contracts. Typically, these construction contracts provide for progress payments to be made by the developer to the construction companies at agreed phases of completion of the constructions works.

The Development Regulations (城市房地产开发经营管理条例) also provide that a real estate developer shall record in the Real Estate Development Project Manual (房地产开发项目手册) any major event which occurs during the course of construction and periodically submit the same to the real estate development authority for its records.

Pre-sales and sales

On 4 April 2001, the former MOC promulgated the Measures for Administration of Sale of Commodity Buildings (商品房销售管理办法) which came into effect on 1 June 2001. It stipulates that commodity buildings are buildings for sale and include residential as well as commercial properties which may be sold pre-completion or post-completion. Commodity buildings may be put to post-completion sale only when the pre-conditions for such sale have been satisfied. Prior to the post-completion sale, the Real Estate Development Project Manual and other documents evidencing the satisfaction of pre-conditions for post-completion sale shall be submitted by the real estate developer to the real estate development authority for its record. Any pre-completion sale of commodity buildings shall be conducted in accordance with the Measures for Administration of Pre-completion Sale of Commodity Buildings (城市商品房预售管理办法) ("**Pre-completion Sale Measures**") promulgated by the former MOC in July 2004 and the Development Regulations (城市房地产开发经营管理条例). The Pre-completion Sale Measures provides that pre-completion sale of commodity buildings is subject to certain procedures. According to the Development Regulations (城市房地产开发经营管理条例) and the Pre-completion Sale Measures, a permit shall be obtained before a commodity building may be put to pre-completion sale. A developer intending to sell a commodity building before its completion shall make the necessary pre-completion sale registration with the real estate development authority of the relevant city or county to obtain the Permit for Pre-completion Sale of Commodity Buildings (商品房预售许可证) (the "**Pre-sale Permit**"). A commodity building may only be sold before completion provided that:

(a) the land premium has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained;

(b) the Permit for Construction Project Planning and the Permit for Commencement of Construction have been obtained;

(c) calculated based on the Pre-sale commodity buildings provided, the funds having been invested in the development of the commodity buildings put to pre-completion sale represent 25.0% or more of the total investment in the project and the progress of construction works and the completion and delivery dates have been ascertained; and

(d) registration regarding pre-sale has been filed, and Pre-sale Permit has been obtained.

Under the Pre-completion Sale Measures (城市商品房预售管理办法) and Urban Real Estate Law (城市房地产管理法) (2007 Revision), the pre-sale proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects.

Completion

On 1 November 1997, the Standing Committee of the National People's Congress promulgated China Construction Law of PRC (中华人民共和国建筑法) which came into effect on 1 March 1998 and the latest amendment came into effect on 1 July, 2011. It stipulates that construction projects shall be delivered for use only after passing the inspection and acceptance test.

On 19 October 2009, the Ministry of Housing and Urban-Rural Development promulgated the Measures on the Administration over the Record-filing of the Completion Acceptance of Housing Construction Projects and Municipal Infrastructure Projects (房屋建筑和市政基础设施工程竣工验收备案管理办法) which came into effect on the same day. It stipulates, in conjunction with the Provisions on Completion and Inspection of Buildings and Municipal Infrastructure Facilities Work (房屋建筑和市政基础设施工程竣工验收规定) promulgated by the Ministry of Housing and Urban-Rural Development of PRC on 2 December 2013, that after the completion of the real estate development project, the real estate developer shall organise project completion inspection and file the project completion inspection with county level or higher local real estate administration authorities. A real estate development project may only be delivered to the buyer after passing the necessary completion inspection, and may not be delivered before the necessary completion inspection is conducted or without passing such completion inspection. For residential housing or other complex building projects, a comprehensive completion inspection shall be conducted upon completion of the whole project and where such a project is developed in phases, a completion inspection may be carried out for each completed phase. The real estate developer shall register the project completion inspection and acceptance within 15 days from the passing of the completion inspection.

Pursuant to the Urban Real Estate Law, the ownership of the properties and the land use rights of the land occupied by such properties shall be transferred simultaneously. In the event that the purchasers acquire the property ownership certificates, the real estate development enterprises are no longer entitled to the relevant land use rights.

Warranty and Maintenance of Buildings

Construction Law of PRC (中华人民共和国建筑法) stipulates the scope and period of warranty and maintenance of constructions. The Measures for Administration of Sale of Commodity Buildings (2011 version) (商品房销售管理办法), Rules on the Implementation of the System on Residence Quality Guarantee and Residence Usage Specification (商品住宅实行住宅质量保证书和住宅使用说明书制度的规定) promulgated by the former MOC on 20 May 1998 which came into effect on 1 September 1998, and the Regulations on Quality Management of Construction Projects (建设工程质量管理条例) promulgated by the State Council on 30 January 2000 which came into effect on the same day, when a real property developer delivers newly built residential houses, it shall provide the Residence Quality Guarantee (住宅质量保证书) and Residence Usage Specification (住宅使用说明书). The Residence Quality Guarantee is the legal document stipulating the warranty and maintenance obligations a real estate developer shall bear for the already sold residential houses and it can be a supplementary agreement to the Commodity House Purchase Contract.

On 30 June 2000, the former MOC promulgated the Measures on the Warranty and Maintenance of Building Construction Projects (房屋建筑工程质量保修办法) which came into effect on the same day. It stipulates, in conjunction with other laws and regulations, that under natural usage, the warranty and maintenance period to different parts of the construction projects shall not be shorter than the following:

(a) the reasonable usage period as stipulated by the project design documents for the groundwork foundation and main body structure;

(b) five (5) years for the waterproofing of the surface, the toilets and rooms having waterproof requirements and leakage prevention of the outside metope;

(c) two (2) heating/cooling periods for the heating and cooling system;

(d) two (2) years for the electrical and gas pipeline, water supply pipe and drainpipe, equipment fixing; and

(e) two years (2) for the fitment.

The warranty and maintenance period of other parts may be determined by parties at their discretion.

Property development loans

On 30 August 2004, the CBRC promulgated the Guidance on Risk Management of Property Loans Granted by Commercial Banks (商业银行房地产贷款风险管理指引) (Guidance on Risk Management) which came into effect on the same day. It stipulates that commercial banks are not permitted to provide any loan in any form for a project without the Land Use Rights Certificate, the Permit for Construction Land Use Planning, the Permit for Construction Project Planning and the Permit for Commencement of Construction project. Pursuant to the Development Regulations and the Notice of the State Council on Adjusting the Capital Ratios of Fixed Asset Investment Projects in Some Industries (国务院关于调整部分行业固定资产投资项目资本金比例的通知) promulgated by the State Council on 26 April 2004, the capital ratio of the real estate development projects (not including projects of economically affordable housing) has been increased from 20.0% to 35.0%. Under Guidance on Risk Management, any real estate developer applying for property development loans shall have at least 35.0% of capital required for the development and commercial banks shall maintain a strict loan system for considering applications for property development loans.

In addition to the above, a foreign investor engaged in real estate development or operating real estate in China would have to establish a foreign investment real estate enterprise in China with a registered capital of not less than 50.0% of its total investment amount if the total investment amount is more than US$10.0 million, and shall not be permitted to process domestic and foreign loans if it has not received full payment of its registered capital or has not obtained the land use rights certificate or whose project development capital has not reached 35.0% of the total project investment, pursuant to the new regulation Opinions on Regulating Entry and Administration of Foreign Investment in Real Estate Market (关于规范房地产市场外资准入和管理的意见) promulgated on 11 July 2006.

Mortgages of real estate

On 9 May 1997, the former MOC promulgated the Urban Real Estate Law and the Measures for Administration of Mortgages of Urban Real Estate (城市房地产抵押管理办法) which came into effect on 1 June 1997 and was amended on 15 August 2001. It stipulates that mortgages on a legally obtained building automatically create a mortgage on the corresponding land use right of the land where the building is situated. The mortgagor and the mortgagee shall sign a mortgage contract in writing. A system has been adopted to register the mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage shall register the mortgage with the local real estate administration authority. A real estate mortgage contract shall become effective on the date of registration of the mortgage. If a mortgage is created on real estate in which a Building Ownership Certificate (房屋所有权证) has been obtained legally, the registration authority shall make an entry under the "third-party rights" item on the original Building Ownership Certificate and issue a Certificate of Third-Party

Rights to a Building (房屋他项权证) to the mortgagee. If a mortgage is created on a commodity building put to pre-completion sale or on work-in-progress, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the life of the mortgage, the parties involved shall re-register the mortgage of the real property after issuance of the certificates evidencing the rights and ownership to the real estate.

Restrictions on the grant of residential development loans and individual property purchase loans by banks

On 5 June 2003, the PBOC promulgated the Notice on Further Strengthening the Management of Loans for Property Business (中国人民银行关于进一步加强房地产信贷业务管理的通知) which came into effect on the same day, to specify the requirements for banks to provide loans for the purposes of residential development, individual home mortgages and individual commodity houses as follows:

(a) property development loans shall be granted to qualified property developers, with high credibility and no overdue payments for construction. Property developers with commodity houses with high vacancy rates or debt ratios will face stricter approval procedures and greater scrutiny during their applications;

(b) commercial banks shall not grant loans to property developers to pay land premium;

(c) commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the first instalment will remain at 20.0%. The rate for additional residential unit(s) will be increased; and

(d) when a borrower applies for a mortgage for an individual commodity house, the mortgage ratio may not exceed 60.0%. In addition, the term of the loan may not be more than 10 years and the commodity house shall be duly completed and inspected.

On 12 August 2003, the State Council promulgated the Notice on Facilitating the Continuously Healthy Development of Property Market (国务院关于促进房地产市场持续健康发展的通知) which came into effect on the same day. It includes a series of measures that have been implemented by the government to control the property market such as strengthening the construction and management of affordable housing, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses.

On 27 September 2007 and 5 December 2007, the PBOC and the CBRC jointly promulgated the Notice on Strengthening Credit Management of Commercial Real Estate (关于加强商业性房地产信贷管理的通知) and the Supplemental Notice on Strengthening Credit Management of Commercial Real Estate (关于加强商业性房地产信贷管理的补充通知) (collectively, the "**Notices**") respectively, which both came into effect on the days that they were promulgated. The Notices puts forward requirements on the titled subject matter, for the purposes of strengthening loan management in association with:

(i) real estate developments;

(ii) land reserves;

(iii) housing consumption; and

(iv) purchase of commerce buildings,

together with credit enquiry in real estate credit management, monitoring of real estate loans, risk management and so forth.

Pursuant to the Notices, commercial banks shall not grant loans, in any form, to:

(1) a project where its capital fund (owner's equity) constitutes a ratio of less than 35.0% or a project which has not received the land use rights certificate, the Permit for Construction Land Planning, the Permit for Construction Project Planning or the Permit for Project Commencement; and

(2) a real estate developer that has been hoarding land and housing resources, as detected and verified by land resources departments and construction authorities.

Also, commercial banks are not allowed to either accept commodity buildings with a vacancy exceeding three (3) years as collateral.

In respect of loans for individual housing consumption, commercial banks are only allowed to grant housing loans to individuals whose purchases are commodity buildings with topped-off main structures. If an individual is seeking to purchase his first residence for residential purposes, the down payment must be no less than 20.0% of the total price if the residence is smaller than 90 sq m and no less than 30.0% of the total price if it is larger than 90 sq m.

Where an individual and his family (which would include husband and wife and their children who are minors) have purchased a commodity apartment by means of such loan, and proceeds to purchase a second set (inclusive) or more, the initial ratio shall be no less than 40.0% and the interest rate shall not be less than 1.1 times of the benchmark interest rate as announced by the PBOC during the same period and in the same bracket. Further, the initial ratio and the interest rate shall both multiply substantially with the increase in the number of sets purchased and the increased percentage shall be determined by commercial banks, at their own discretion, according to principles of loan risk management. However, the monthly housing loan repayment amount shall not exceed 50.0% of the borrower's monthly income.

In respect of commercial building loans, commercial buildings purchased by loan shall be buildings that have satisfied procedural requirements of completion inspection and acceptance. For such purchase, the initial ratio shall be no less than 50.0%, the loan term shall not exceed 10 years and the interest rate shall not be less than 1.1 times of the benchmark interest rate as announced by the PBOC during the same period and in the same bracket. The initial ratio, the loan term and the interest rate shall be determined by commercial banks, at their own discretion, according to principles of loan risk management.

Where the loan application is made in the name of "commercial and residential building", the initial ratio shall be no less than 45.0% and the loan term and the interest rate shall be arranged according to relevant regulations on loan management for commercial buildings.

On 22 October 2008, the PBOC promulgated the Notice on Widening the Floating Downward Range of Interest Rate for Commercial Individual Housing Loan (关于扩大商业性个人住房贷款利率下浮幅度等有关问题的通知) which came into effect on 27 October 2008. It stipulates that the minimum interest rate for individual housing loans has been decreased to 70.0% of the corresponding benchmark lending rate and the minimum amount of down payment has been adjusted to 20.0% of the purchase price. Financial institutions may give favourable terms for interest rates and down payment proportions for loan applications made for first owner-occupied ordinary residential units or for the improvement of owner-occupied ordinary residential units. The financial institutions shall appropriately increase the requirements for loan applications made for non-owner-occupied, non-ordinary residential units. The requirement that the monthly housing loan repayment amount shall not exceed 50.0% of the borrower's monthly income remains unchanged.

On 20 December 2008, the State Council Office promulgated the Various Opinions on Promoting the Healthy Development of Real Estate Market (国务院办公厅关于促进房地产市场健康发展的若干意见) which came into effect on the same day. It stipulates that commercial banks shall, according to the principles and supervision requirements for credit:

(aa) increase credit support for the construction of small or medium-sized ordinary commodity properties at low or medium prices, especially projects under construction; and

(bb) provide financing support and relevant financial services for the projects relating to merger or reorganisation by competent and reputable real estate development enterprises.

In addition, on 7 January 2010, the State Council Office promulgated the Notice on Promoting the Steady and Healthy Development of Real Estate Market (国务院办公厅关于促进房地产市场平稳健康发展的通知) which came into effect on the same day. It stipulates that the government will continue to maintain tight lending requirements for consumers for the purchase of additional properties.

On 29 September 2010, the PBOC and the CBRC promulgated the Notice on Promoting Differentiated Housing Credit Policy (关于完善差别化住房信贷政策有关问题的通知) which came into effect on the same day. It, among other things:

(A) prohibits commercial banks from granting or extending loans to property developers that violate laws and regulations such as:

  (i) holding idle land;

  (ii) changing the land use and nature;

  (iii) delaying the commencement and completion of development; and

  (iv) intentionally holding back the sale of properties in the market for the purpose of selling these properties at a higher price in the future;

(B) prohibits commercial banks from granting housing loans to families that purchase three (3) or more houses or non-local residents who fail to provide certificates evidencing their payment for over one (1) year of local tax or social insurance; and

(C) for all first home purchases with mortgage loans, the minimum down payment is to be increased to at least 30.0%.

On 26 January 2011, the General Office of the State Council promulgated the Notice on Further Adjustment and Control of Real Estate Market (国务院办公厅关于进一步做好房地产市场调控工作有关问题的通知) which came into effect on the same day. It stipulates that there should be a down payment of no less than 60.0% of the purchase price for second residential properties and an applicable mortgage rate of at least 1.1 times of the corresponding benchmark interest rate for the purchase of a second residential property. The respective branches of the PBOC may raise the down payment ratio and interest rate on loans for second residential properties according to factors such as the price control target set by the local government for newly constructed residential properties and policy requirements, as well as national unified credit policies.

Real estate management

On 8 June 2003, the State Council promulgated the Regulations on Property Management (物业管理条例) which came into effect on 1 September 2003 and was amended on 26 August 2007. It stipulates, in conjunction with the Regulations on Administration of Property Management Enterprise Qualification (物业服务企业资质管理办法) which was promulgated by the MOC on 17 March 2004 and amended on 26 November 2007, that all real estate management enterprises shall pass a qualification assessment by the relevant approval authority. Successful assessment will be issued a qualification certificate evidencing the qualification classification by the authority.

The amended Regulations on Property Management expand the rights of owners within those developments in several ways:

(a) property owners are given ultimate discretion on renovation and reconstruction decisions (including parking areas, elevators, storage rooms and pipes);

(b) property owners are given more freedom to determine their distribution of voting rights;

(c) an owners' meeting requires a quorum of a majority of owners who collectively occupy the majority of the total construction area; and

(d) decisions require a majority vote or two-thirds of the owners occupying the majority of the area or two-thirds of the total construction area depending on the nature of the decision.

Owners are bound by the decisions passed at owners meetings and by owners' committees. However, where an owners' meeting decision infringes upon a legal owner's rights, the legal owner is given the option to apply for rescission to the courts.

Insurance

There is no mandatory provision in Chinese laws, regulations and rules which require a property developer to take out insurance policies for its real estate developments. However, PRC commercial banks may require the real estate developer to purchase insurance if the commercial bank intends to grant a development loan to the real estate developer.

Major Environmental Protection Requirements

On 26 December 1989, the Standing Committee promulgated the Environmental Protection Law of China (中华人民共和国环境保护法) which was amended on 24 April 2014 and came into effect on 1 January 2015. It stipulates that the Administration Supervisory Department of Environmental Protection of the State Council sets the national standard for the discharge of pollutants. The provincial and municipal governments of provinces, autonomous regions and municipalities may also set their own standard for the discharge of pollutants within their own provinces or districts in the event that the national standard is inadequate.

A company or enterprise which causes environmental pollution and discharges other pollutants which endanger the public shall implement environmental protection methods and procedures in its business operations. This may be achieved by setting up a system of accountability within the company's business structure for environmental protection; adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production, construction and other activities from polluting and endangering the environment. The environmental protection system and procedures shall be implemented simultaneously with the commencement of and during any production, construction or other activities undertaken by the company. Any company or enterprise which discharges environmental pollutants shall report and register such discharge with the Administration Supervisory Department of Environmental Protection and pay any fines imposed for the discharge. A fee may also be imposed on the company for the cost of any works required to restore the environment to its original state. Companies which have caused severe pollution to the environment are required to restore the environment or remedy the effects of the pollution within a prescribed time limit.

If a company discharges pollutants in excess of the pollutant emission standards or the control targets for total emission volume of major pollutants, the relevant authority may order it to restrict production, stop production for rectification or take any other measures, or if the circumstances are severe, may order it to stop operations or close down after having obtained approval from the relevant people's government. Companies or enterprises which have polluted and endangered the environment shall bear tort liability in accordance with the law of PRC.

On 29 November 1998, the State Council promulgated the Regulations on the Administration of Environmental Protection of Construction Project (建设项目环境保护管理条例) which came into effect on the same day. It stipulates that a construction unit shall, during the period when the feasibility study of a construction project is carried out, submit for approval the environmental impact report, environmental impact statement or environmental impact registration form of the construction project.

On 27 December 2001, the State Environmental Protection Administration of China promulgated the Provisions on the Inspection and Acceptance of Environmental Protection of Construction Projects (建设项目竣工环境保护验收管理办法) which came into effect on 1 February 2002 and was amended on 22 February 2010. It stipulates that each construction project completed is subject to the inspection of the competent environmental protection administrative authorities, and only after the construction project has passed the inspection and received approval can work on the project commence.

SUMMARY OF APPLICABLE LAWS AND REGULATIONS IN VIETNAM

According to the laws of Vietnam, foreign investors are allowed to have 100.0% ownership in a limited liability company to carry out real estate projects. However, if the joint venture company converts into a public joint stock company, the foreign ownership will be capped at 49.0%.

In Vietnam, the “real estate business” is considered as a conditional sector for foreign investment, which means that foreign investors (including companies with foreign shareholders) are only allowed to conduct two (2) real estate businesses, namely (a) developing houses and buildings for sale and lease; and (b) upgrading land and investing in infrastructure works on the leased land in order to lease out land with completed infrastructure.

In addition, they must satisfy certain conditions set by the Vietnamese government, including the conditions regarding forms of investment, conditions applicable to establishment of business entities and conditions on market access.

All foreign investors must obtain an Investment Certificate (“**IC**”) to be permitted to carry out their investment project in Vietnam. The IC serves as a certificate of incorporation and business registration.

In order to obtain the IC and be allowed to engage in “real estate business”, foreign investors must satisfy the following two (2) conditions:

(a) a minimum capital of VND6.0 billion (equal to approximately US$280,000 or S$390,000) for purposes of injection into the charter capital of the proposed company; and

(b) in the case of a joint venture for a residential zone project:

  (i) if the project is smaller than 20 hectares of land, to have minimum capital of not less than 15.0% of the total investment capital; or

  (ii) if the project is equal to or more than 20 hectares of land, to have minimum capital of not less than 20.0% of the total investment capital.

The Group’s Vietnam subsidiary, Boustead Projects (Vietnam) Co., Ltd, has a valid IC which serves as legal recognition by the Vietnamese authority that it has complied with the above-mentioned restrictions.

In addition, foreigners or companies with foreign shareholders are generally not allowed to acquire freehold titles over land in Vietnam. The Vietnamese government only allows such developers to lease/ own the land for the purposes of development of real estate projects for a period up to 50 years (or 70 years in some exceptional cases) subject to a condition that foreign investors implement the project in accordance with the registered schedule as defined in the IC. Failure to complete development within the relevant time frame might result in the Vietnamese government withdrawing the IC and recovering the land.

In the area of real estate property development, in addition to the IC, property developers are required to obtain other approvals, permits and consents related to land and construction in which investors develop their real estate projects from the relevant competent authorities, including:

(1) in-principle approval by the local government or other competent state authority (depending on the location and scale of project) on development of the real estate project;

(2) approval of detailed master plans for construction (1:500 scale);

(3) approval of architectural drawings and designs;

(4) construction permit;

(5) land use rights certificate (“**LURC**”)(1);

(6) approval on fire prevention and fighting system; and

(7) approval for environment impact assessment report/undertaking.

With regard to residential house development projects, the Housing Law provides that the projects must be consistent with construction zoning and housing development programmes of the relevant locality and the requirements on architectural plans applicable for each type of house. Housing development projects must be appraised in accordance with the construction law and undergo quality checks before being put into operation.

Note:

(1) Vietnam does not recognise private ownership over the land. Business entities and individuals are only allowed to have land use rights ("**LUR**"). There are three (3) ways foreign property developers can acquire a LUR to develop a project: (i) by way of land lease from the State; (ii) by way of contribution by its local partners as equity to joint venture or business co-operation; and (iii) by assignment of an investment project from a local company. In all these cases, the period of a LURC granted is limited to the term of investment reflected in the IC (50 years or 70 years approved on a case-by-case basis).

SUMMARY OF APPLICABLE LAWS AND REGULATIONS IN THAILAND

Real estate development and construction in Thailand are primarily governed by the Building Control Act (the "**Thai BCA**") and the Town and City Planning Act (the "**TCPA**"). The Thai BCA sets out the rules and regulations issued by the Thai government on the relevant application procedures, approvals, permits, licences and sanctions, whereas the TCPA deals with the permissible uses of land in different zones.

Under both the Thai BCA and the TCPA, there are several subsidiary ministerial regulations, relating to structural design, fire protection and waste treatment, among others. There are also other environmental regulations that affect construction, for example, the Nature Reserve Act and the Forest Act. Further, development of condominiums and housing estates requires compliance with the Condominium Act and the Land Allocation Act respectively, whereas the operation of hotels, villas and resorts requires compliance with the Hotel Act.

In addition, the applicable laws and regulations might vary according to the location of the development, as there may be different requirements, conditions and regulations stipulated by local provinces or their respective administrative authorities with respect to building requirements pertaining to, among others, set-back, slope and the height of the building.

Pursuant to Thailand laws and regulations, all companies which own and develop land for sale in Thailand must be Thai companies (i.e. 51.0% of their share capital must be held and owned by Thai shareholders, who must also be majority shareholders in the company). Also, a company incorporated in Thailand (with the majority of its share capital held by Thai nationalities) is not regarded as a foreign entity and hence, is not required to obtain a licence for the operation of the property development business.

Notwithstanding this, prior to the development of any project, the following licences and permits may be required to be obtained:

(a) Land Allocation Permit. For the development of housing estates whereby sub-division of the land is more than nine (9) plots, a land allocation permit is required. The land allocation permit has no expiry date and is transferable. The application for the permit is to be submitted to the land office, which has jurisdiction over the land.

(b) Building Permit. All construction of buildings require building permits issued by the local administrative authority in the relevant province, which has jurisdiction over the land. The building permit is generally valid for one (1) year and is renewable until completion of the construction.

(c) Use Permit. Upon the completion of certain types of construction (such as a condominium), the developer is required to apply for the "Use Permit". The relevant authority will then inspect the construction of the building, verify whether construction is in compliance with the plans and layout submitted, and determine if the building is ready for occupation. In the event that the construction is not in compliance, the relevant authority will instruct the developer to revise and alter the construction according to the plans and layout submitted. Upon satisfaction of compliance, the "Use Permit" will be granted and there is no expiry date for the "Use Permit". The "Use Permit" is an important document because it will be required prior to the application for a condominium registration and/or hotel licence.

In addition, pursuant to Section 46 and Section 51 of the Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (A.D. 1992), development projects are required to submit Environmental Impact Assessment ("**EIA**") reports. The EIA is essentially an assessment of the gravity of both potential positive and negative impacts of a development project. These potential environmental impacts are measured and precautionary steps are taken in accordance. The EIA is often referred to as an "analysis of the potential impacts, both positive and negative, of different types of projects or activities on the environment, conditions or circumstances that may affect those projects or activities, and in light thereof – measures for prevention, control and rectification before commencement of the projects or activities".

Projects requiring EIA

The recent Notification of Ministry of Natural Resources and Environment, 2012 lays out a list of projects or businesses that require EIA, and the time and/or event for submission of the EIA report. Aside from projects or businesses of public service, state or private enterprises requiring the Cabinet's resolution and such projects or businesses of public service and state enterprises that do not require the Cabinet's resolution, for projects or business requiring the public service's approval – the notification sets out a list of 35 categories of industries that require an EIA.

BOUSTEAD PROJECTS LIMITED
(Incorporated in the Republic of Singapore on 29 May 1996)
(Company Registration Number: 199603900E)