

CIRCULAR DATED 31 DECEMBER 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN DOUBT AS TO THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. YOU ARE RESPONSIBLE FOR YOUR OWN INVESTMENT CHOICES.

If you have sold or transferred all your shares in the capital of TSH Corporation Limited (the "Company"), please forward this Circular with the notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the Catalist Rules. The Sponsor has not independently verified the contents of this Circular. The contact person for the Sponsor is Mr Bernard Lim, Director (Telephone: +65 6232 3200) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

A copy of this Circular has been lodged with the Singapore Exchange Securities Trading Limited ("SGX-ST"), acting as agent on behalf of the Monetary Authority of Singapore ("Authority"). The lodgment of this Circular with the SGX-ST does not imply that the Securities and Futures Act (Chapter 289) of Singapore ("SFA"), or any other legal or regulatory requirements, or requirements under the Catalist Rules, have been complied with. Neither the Authority nor the SGX-ST has examined or approved the contents of this Circular. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that the listing applicant is suitable to be listed and complies with the rules.

An application has been made to the SGX-ST for permission for the listing and quotation of the Consolidated Shares and the Consideration Shares on Catalist. The listing and quotation notice for the Consolidated Shares and the Consideration Shares, if issued by the SGX-ST, is not to be taken as an indication of the merits of any of the Proposed Transactions, the Company, the Target Group, the Enlarged Group, the Shares, the Consolidated Shares or the Consideration Shares.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the SGX-ST Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Terms appearing on the cover of this Circular bear the same meanings as defined in this Circular.

YOUR ATTENTION IS DRAWN TO THE SECTION ENTITLED "RISK FACTORS" OF THIS CIRCULAR WHICH YOU SHOULD REVIEW CAREFULLY.



TSH CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200003865N)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SLOSHED! PTE. LTD. FOR A PURCHASE CONSIDERATION OF S\$19,400,000, BEING A REVERSE TAKEOVER AND AN INTERESTED PERSON TRANSACTION;
- (2) PROPOSED SHARE CONSOLIDATION OF EVERY TWENTY (20) EXISTING SHARES INTO ONE (1) CONSOLIDATED SHARE;
- (3) PROPOSED ALLOTMENT AND ISSUE OF 32,333,333 CONSIDERATION SHARES IN SATISFACTION OF THE PURCHASE CONSIDERATION FOR THE PROPOSED ACQUISITION;
- (4) PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM TEO KOK WOON AND CHUA KHOON HUI FOR ALL THE SHARES IN ISSUE NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY TEO KOK WOON, CHUA KHOON HUI AND THEIR CONCERT PARTIES;
- (5) PROPOSED APPOINTMENT OF THE PROPOSED DIRECTOR UPON THE COMPLETION OF THE PROPOSED ACQUISITION; AND
- (6) PROPOSED ADOPTION OF THE NEW CONSTITUTION.

Financial Adviser and Sponsor to the Company in respect of the Proposed Acquisition



SAC CAPITAL PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200401542N)

Independent Financial Adviser to the Unaffected Directors in respect of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution



RHT CAPITAL PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201109968H)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	23 January 2019 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	25 January 2019 at 3.00 p.m.
Place of Extraordinary General Meeting	:	1 Irving Place #08-10, The Commerze @ Irving Singapore 369546

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CORPORATE INFORMATION

Current Board of Directors	:	Dr Yu Lai Boon (Non-Executive Chairman and Independent Director) Tan Dah Ching (Non-Executive Independent Director) Teo Kok Woon (Non-Executive Non-Independent Director)
Proposed Board of Directors	:	Dr Yu Lai Boon (Non-Executive Chairman and Independent Director) Chua Khoon Hui (Chief Executive Officer and Executive Director) Tan Dah Ching (Non-Executive Independent Director) Teo Kok Woon (Non-Executive Non-Independent Director)
Company Secretary	:	Chan Lai Yin, ACIS
Registered Office	:	51 Changi Business Park Central 2 #04-05 The Signature Singapore 486066 Telephone number: (65) 6701 8698 Email address: contact@tshcorp.com.sg
New Principal Place of Business of the Enlarged Group after Completion	:	315 Outram Road #14-02 Tan Boon Liat Building Singapore 169074 Telephone number: (65) 6732 3452 Email address: contact@whiskystore.com.sg
Share Registrar and Share Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Financial Adviser and Sponsor to the Company	:	SAC Capital Private Limited 1 Robinson Road #21-00 AIA Tower Singapore 048542
Reporting Accountants to the Enlarged Group and Independent Auditor to the Company and the Target Group	:	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583 Partner-in-charge: Terry Wee Hiang Bing, Chartered Accountant, a member of the Institute of Singapore Chartered Accountants
Legal Adviser to the Company in relation to the Proposed Acquisition	:	Vincent Lim & Associates LLC 18 Cross Street #07-11 China Square Central Singapore 048423
Business Valuer of the Target Group	:	AVA Associates Limited c/o 138 Cecil Street #08-03 Cecil Court Singapore 069538 806 Empress Plaza 17-19 Chatham South, Tsim Sha Tsui, Hong Kong

CORPORATE INFORMATION

Independent Financial Adviser in relation to the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution : **RHT Capital Pte. Ltd.**
9 Raffles Place
#29-01 Republic Plaza Tower 1
Singapore 048619

Principal Bankers of the Company : **DBS Bank Ltd.**
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

Principal Bankers of the Target Group : **Hong Leong Finance Limited**
16 Raffles Quay #01-05
Hong Leong Building
Singapore 048581

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

DEFINITIONS

The following definitions apply throughout this Circular, unless the context requires otherwise:

Enlarged Group Companies

“Enlarged Group”	:	The enlarged group of companies comprising the Company and the Target Group after Completion
“Planet Spirits”	:	Planet Spirits Pte. Ltd.
“Quaich”	:	Quaich Pte. Ltd.
“Sloshed!”	:	Sloshed! Pte. Ltd.
“Target Group”	:	Sloshed! and its subsidiaries and associated company as at the Completion Date
“Timber Malt”	:	Timber Malt Pte. Ltd.
“The Other Roof”	:	The Other Roof Pte. Ltd.
“The Other Room”	:	The Other Room Pte. Ltd.
“TSH” or “Company”	:	TSH Corporation Limited
“TWS”	:	TWS Pte. Ltd.

Other Companies, Corporations and Organisations

“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“Authority”	:	The Monetary Authority of Singapore
“Business Valuer”	:	AVA Associates Limited
“Cask 81”	:	Cask 81 by Quaich Bar, a whisky bar in Myanmar which is not owned by the Target Group
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“CDP”	:	The Central Depository (Pte) Limited
“COMPASS”	:	Composers and Authors Society of Singapore Limited
“CPF”	:	Central Provident Fund
“Financial Adviser”, “SAC Capital” or “Sponsor”	:	SAC Capital Private Limited, the financial adviser and sponsor to the Company in respect of the Proposed Acquisition
“IFA” or “RHT Capital”	:	RHT Capital Pte. Ltd., the independent financial adviser to the Unaffected Directors in respect of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution
“IRAS”	:	Inland Revenue Authority of Singapore
“MOM”	:	Ministry of Manpower

DEFINITIONS

“NEA”	:	National Environment Agency
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SIC”	:	Securities Industry Council of Singapore
General		
“AGM”	:	The annual general meeting of the Company
“Amendment Act 2005”	:	The Companies (Amendment) Act 2005, which took effect on 30 January 2006
“Amendment Act 2014”	:	The Companies (Amendment) Act 2014, which took effect in phases on 1 July 2015 and 3 January 2016
“Amendment Act 2017”	:	The Companies (Amendment) Act 2017, which took effect in phases on 31 March 2017, 23 May 2017, 11 October 2017 and 31 August 2018
“Articles of Association”	:	The articles of association of the Company, as amended from time to time
“Associate”	:	Has the meaning ascribed to it in the Catalist Rules
“Audit Committee”	:	The audit committee of the Company as at the date of this Circular, unless otherwise stated
“Board” or “Board of Directors”	:	The board of Directors of the Company as at the date of this Circular, unless otherwise stated
“Books Closure Date”	:	The date and time, to be determined by the Directors, at and on which the Register of Members and Share Transfer Books of the Company will be closed to determine the entitlements of Consolidated Shares of Shareholders under the Proposed Share Consolidation
“Business Day”	:	A day on which commercial banks are open for business in Singapore, other than Saturdays, Sundays and days which have been gazetted as public holidays in Singapore
“Business Valuation Report”	:	The independent business valuation summary report prepared by AVA Associates Limited relating to the business valuation of the Target Group as set out in Appendix E of this Circular
“Catalist Rules”	:	Any or all of the rules in Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as may be amended, varied or supplemented from time to time
“Circular”	:	This circular to Shareholders dated 31 December 2018
“Code”	:	The Singapore Code on Take-overs and Mergers, as may be amended, varied or supplemented from time to time
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as may be amended, varied or supplemented from time to time

DEFINITIONS

“Completion”	:	The completion of the sale and purchase of the Sale Shares under the terms and conditions of the SPA
“Completion Date”	:	The date on which Completion occurs
“Consideration Shares”	:	The 32,333,333 new Consolidated Shares to be allotted and issued to the Vendors at the Issue Price per new Consolidated Share in satisfaction of the Purchase Consideration, which when issued, will rank <i>pari passu</i> in all respects with the then existing Consolidated Shares, save for any rights, benefits, dividends and entitlements, the record date for which falls before the date of issue of the Consideration Shares
“Consolidated Shares”	:	Consolidated ordinary shares in the share capital of the Company following the Proposed Share Consolidation
“Controlling Shareholder”	:	As defined in the Catalist Rules, a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over a company
“Controlling Shareholder Concert Group”	:	Cockpit International Pte. Ltd., Yeo Gek Lang Susie and Goodearth Realty Private Limited
“Directors”	:	The directors of the Company as at the date of this Circular, unless otherwise stated
“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out in the section entitled “Notice of Extraordinary General Meeting” of this Circular
“Enlarged Share Capital”	:	The enlarged share capital of the Company after completion of the Proposed Transactions
“Employment Act”	:	The Employment Act (Chapter 91) of Singapore, as may be amended, varied or supplemented from time to time
“EPS”	:	Earnings per Share
“Existing Constitution”	:	The memorandum and articles of association of the Company in force as at the Latest Practicable Date
“FY”	:	Financial year ended or ending 31 December, as the case may be
“HY”	:	Half year ended 30 June
“IFA Letter”	:	The letter from the IFA setting out the IFA’s opinion and advice to the Unaffected Directors in relation to the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution
“Independent Directors”	:	The independent Directors of the Company as at the date of this Circular, unless otherwise stated

DEFINITIONS

“Independent Shareholders”	:	Shareholders who are considered independent for the purpose of the Proposed Whitewash Resolution
“Interested Person”	:	Has the meaning ascribed to it in the Catalist Rules
“Interested Person Transaction”	:	Has the meaning ascribed to it in the Catalist Rules
“Issue Price”	:	S\$0.60, being the issue price for each Consideration Share (as adjusted based on the pre-share consolidation issue price of S\$0.03)
“Latest Practicable Date”	:	17 December 2018, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The Listing Manual of the SGX-ST (including the Catalist Rules), as may be amended, supplemented or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for securities trading
“New Constitution”	:	The new constitution proposed to be adopted by the Company
“Nominating Committee”	:	The nominating committee of the Company as at the date of this Circular, unless otherwise stated
“Non-Executive Directors”	:	The non-executive Directors of the Company as at the date of this Circular, unless otherwise stated
“Notice of EGM”	:	The notice of EGM as set out in the section entitled “Notice of Extraordinary General Meeting” of this Circular
“NTA”	:	Net tangible assets
“Ordinary Resolution”	:	An ordinary resolution passed by a majority of the Shareholders present and voting in a general meeting of the Company
“PBT”	:	Profit before tax
“Periods Under Review”	:	The financial periods comprising FY2015, FY2016, FY2017 and HY2018
“Proposed Acquisition”	:	The proposed acquisition of the entire issued share capital of Slosed! by the Company from the Vendors, on and subject to the terms and conditions of the SPA
“Proposed Adoption of the New Constitution”	:	The proposed adoption of the New Constitution of the Company
“Proposed Board”	:	The proposed board of directors of the Company after the completion of the Proposed Acquisition, comprising the Directors whose details are set out in the section entitled “Directors” of this Circular

DEFINITIONS

“Proposed Director”	:	The new director proposed to be appointed to the Proposed Board following Completion namely, Chua Khoon Hui, whose details are set out in the section entitled “Directors” of this Circular
“Proposed Executive Officer”	:	The new executive officer proposed to be appointed by the Company following Completion namely, Ng Kim Chew, whose details are set out in the section entitled “Executive Officer” of this Circular
“Proposed Share Consolidation”	:	The proposed consolidation of every twenty (20) existing Shares held by Shareholders as at the Books Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded
“Proposed Transactions”	:	The Proposed Acquisition, the Proposed Share Consolidation, the proposed allotment and issue of the Consideration Shares, the Proposed Whitewash Resolution, the proposed appointment of the Proposed Director and the Proposed Adoption of the New Constitution
“Proposed Whitewash Resolution”	:	The proposed ordinary resolution for the Independent Shareholders to waive their rights to receive a mandatory general offer from Teo Kok Woon and Chua Khoon Hui for all the Shares in issue and not already owned, controlled or agreed to be acquired by Teo Kok Woon, Chua Khoon Hui and their concert parties following the allotment and issue of the Consideration Shares
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular
“Public”	:	Persons other than: (a) directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiary companies; and (b) associates of the persons in paragraph (a)
“Purchase Consideration”	:	The purchase consideration payable by the Company for the Proposed Acquisition, to be satisfied by the allotment and issue of the Consideration Shares. For more information, please refer to the section entitled “Proposed Acquisition” of this Circular
“Record Date”	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or with CDP in order to participate in such dividends, rights, allotments or other distributions
“Register of Members”	:	The register of members of the Company
“Regulations”	:	The regulations in the New Constitution

DEFINITIONS

“Remuneration Committee”	:	The remuneration committee of the Company as at the date of this Circular, unless otherwise stated
“Restructuring Exercise”	:	The restructuring exercise undertaken by the Target Group in connection with the Proposed Acquisition. For more information, please refer to the section entitled “Restructuring Exercise” of this Circular
“Sale Shares”	:	The entire issued share capital of Slosed! on the Completion Date
“Securities Account”	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“Service Agreement”	:	The service agreement dated 21 December 2018 entered into between the Company and Chua Khoon Hui, as described in the section entitled “Service Agreement” of this Circular, and which takes effect upon Completion
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, supplemented or modified from time to time
“SFR”	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018, as may be amended, supplemented or modified from time to time
“Shareholders”	:	Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts maintained with CDP are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company
“SPA”	:	The sale and purchase agreement dated 31 August 2018 entered into between the Company and the Vendors in relation to the Proposed Acquisition, as supplemented by a supplemental agreement dated 22 November 2018
“Special Resolution”	:	A special resolution passed by at least 75% of the Shareholders present and voting in a general meeting of the Company
“Substantial Shareholder”	:	A person who has an interest in one or more voting shares in a company and the total votes attached to such share(s) are not less than 5% of the total votes attached to all the voting shares in the company
“Target Group Directors”	:	Chua Khoon Hui and Teo Kok Woon
“Unaffected Directors”	:	The Directors who are independent for the purpose of making the recommendation in respect of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution, being Dr Yu Lai Boon and Tan Dah Ching

DEFINITIONS

“Undertaking Shareholder”	:	Lye Chee Fei Anthony
“Vendors”	:	Teo Kok Woon, Chua Khoon Hui and Lim Kian Boon Charles collectively, and “Vendor” means each or any one of them

Currencies, Units of Measurements and Others

“GBP”	:	British pound sterling
“SGD” or “S\$” and “cents”	:	Singapore dollars and cents, respectively
“sq ft”	:	Square feet
“%” or “per cent.”	:	Per centum or percentage

The terms “treasury shares” and “subsidiary” shall have the meanings ascribed to them respectively in Section 4 and Section 5 of the Companies Act. The term “associated company” shall have the meaning ascribed to it in the Fourth Schedule of the SFR. The term “entity at risk” shall have the meaning ascribed to it in paragraph 1 of the Fourth Schedule of the SFR or in Chapter 9 of the Catalist Rules. The terms “acting in concert” and “concert parties” shall have the meanings ascribed to them respectively in the Code.

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

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 and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to “Rule” or “Chapter” is a reference to the relevant rule or chapter in the Catalist Rules, unless otherwise stated.

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

Any reference in this Circular to Shares and/or new Shares being allotted to a person includes allotment to CDP for the account of that person.

Any reference to a time of day in this Circular shall be a reference to Singapore time, unless otherwise stated.

Any discrepancies in tables included herein between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Circular, statements made in the press releases and oral statements that may be made by the Company, employees acting on behalf of the Company, the Target Group, the Vendors, the directors of the Target Group, and the executive officers or employees acting on behalf of the Target Group that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by words that have a bias towards, or are, forward-looking such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategies, plans and prospects of the Company, the Target Group and/or the Enlarged Group are forward-looking statements. These forward-looking statements, including but not limited to, statements as to:

- revenue and profitability;
- any expected growth;
- expected industry trends;
- future expansion plans; and
- other matters of the Company, the Target Group and/or the Enlarged Group discussed in this Circular regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual future results, performance or achievements of the Company, the Target Group and/or the Enlarged Group to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risk factors and uncertainties are discussed in more detail in this Circular, in particular, but not limited to, discussions in the sections entitled “Risk Factors” and “Managements’ Discussion and Analysis of Results of Operations and Financial Condition of the Target Group” of this Circular.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Company, the Target Group and/or the Enlarged Group to be materially different from that expected, expressed or implied by the forward-looking statements in this Circular, undue reliance must not be placed on these statements.

The Company, the Target Group, and their respective directors and executive officers are not representing or warranting to you that the actual future results, performance or achievements of the Company, the Target Group and/or the Enlarged Group will be as those discussed in those statements. The actual future results of the Company, the Target Group and/or the Enlarged Group may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by the Company, the Target Group and/or the Enlarged Group. Further, the Company, the Target Group and/or the Enlarged Group disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect their future developments, events or circumstances.

Upon completion of the Proposed Acquisition, the Enlarged Group will be subject to the provisions of the SFA and the Catalist Rules, as the case may be, regarding corporate disclosure.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Market and Industry Information

The Company, the Target Group, the Vendors and their respective directors, officers and employees have derived certain facts and statistics in this Circular relating to the alcoholic beverages industry from various publicly-available industry, government and research publications. This Circular also includes industry data and forecasts that the Company, the Target Group, the Vendors and their respective directors, officers and employees have obtained from industry publications and surveys and reports of governmental agencies. The Company, the Target Group, the Vendors and the Financial Adviser and Sponsor, and their respective directors, officers and employees have taken reasonable action to ensure that the facts and statistical data used in this Circular have been extracted from their respective sources in their proper form and context. However, the Company, the Target Group, the Vendors and the Financial Adviser and Sponsor, and their respective directors, officers and employees have not verified the accuracy of the information extracted and do not make any representation as to its accuracy. None of the Company, the Target Group, the Vendors and their respective directors, officers and employees has obtained the specific consent of these sources for the inclusion of such information in this Circular unless otherwise specified. The Company, the Target Group, the Vendors and the Financial Adviser and Sponsor, and their respective directors, officers and employees are also not aware of any disclaimers made by these sources in relation to reliance on such information.

INDICATIVE TIMETABLE

The following indicative timetable assumes that approval for all the resolutions proposed at the EGM is obtained.

Last date and time for lodgement of Proxy Form	:	23 January 2019, 3.00 p.m.
Date and time of EGM	:	25 January 2019, 3.00 p.m.
Expected Books Closure Date for Proposed Share Consolidation	:	4 February 2019
Expected effective date of Proposed Share Consolidation	:	7 February 2019
Expected Completion Date	:	7 February 2019

Save for the date of the EGM, the dates in the above timetable are only indicative and will be subject to change, if necessary. The Company will make further announcements on the SGXNet on the exact dates and times of the above events.

LETTER TO SHAREHOLDERS

TSH CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200003865N)

Directors:

Dr Yu Lai Boon (Non-Executive Chairman and Independent Director)
Tan Dah Ching (Non-Executive Independent Director)
Teo Kok Woon (Non-Executive Non-Independent Director)

Registered Office:

51 Changi Business Park
Central 2
#04-05 The Signature
Singapore 486066

31 December 2018

To: The Shareholders of TSH Corporation Limited

Dear Sir/Madam:

- (1) **PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SLOSHED! PTE. LTD. FOR A PURCHASE CONSIDERATION OF S\$19,400,000, BEING A REVERSE TAKEOVER AND AN INTERESTED PERSON TRANSACTION;**
- (2) **PROPOSED SHARE CONSOLIDATION OF EVERY TWENTY (20) EXISTING SHARES INTO ONE (1) CONSOLIDATED SHARE;**
- (3) **PROPOSED ALLOTMENT AND ISSUE OF 32,333,333 CONSIDERATION SHARES IN SATISFACTION OF THE PURCHASE CONSIDERATION FOR THE PROPOSED ACQUISITION;**
- (4) **PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM TEO KOK WOON AND CHUA KHOON HUI FOR ALL THE SHARES IN ISSUE NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY TEO KOK WOON, CHUA KHOON HUI AND THEIR CONCERT PARTIES;**
- (5) **PROPOSED APPOINTMENT OF THE PROPOSED DIRECTOR UPON THE COMPLETION OF THE PROPOSED ACQUISITION; AND**
- (6) **PROPOSED ADOPTION OF THE NEW CONSTITUTION.**

1. INTRODUCTION

1.1 Background

The Company was incorporated on 5 May 2000 under the Companies Act with the name of TPA Strategic Holdings Pte Ltd. On 1 December 2000, the Company was converted into a public company and its name was changed to TPA Strategic Holdings Ltd. On 11 August 2006, the Shareholders approved the change of the name of the Company to TSH Corporation Limited.

On 31 August 2016, the Company announced that pursuant to the completion of the disposal of Wow Technologies (Singapore) Pte. Ltd. and its subsidiaries, and Explomo Technical Services Pte Ltd, the Company has ceased to have any operating business and its assets comprise substantially cash. Accordingly, with effect from 31 August 2016, the Company is deemed a cash company under Rule 1017 of the Catalist Rules.

On 31 August 2018, the Company announced that it had entered into the SPA to undertake, *inter alia*, the Proposed Acquisition which constitutes a reverse takeover and an Interested Person Transaction.

LETTER TO SHAREHOLDERS

On 23 November 2018, the Company announced that it had entered into a supplemental agreement to the SPA to include the waiver of certain shareholders' loans as an additional condition precedent for the Completion and that based on the independent valuation carried out by the Business Valuer, the final Purchase Consideration shall be S\$19,400,000.

The Company has appointed SAC Capital as its Financial Adviser and Sponsor in respect of the Proposed Acquisition and RHT Capital as the IFA to the Unaffected Directors in respect of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution.

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information relating to and to seek Shareholders' approval for the transactions mentioned on the cover of this Circular at the forthcoming EGM. Specifically, approval by way of Ordinary Resolution will be sought for the Proposed Acquisition, the Proposed Share Consolidation, the proposed allotment and issue of the Consideration Shares, the Proposed Whitewash Resolution and the proposed appointment of the Proposed Director, and approval by way of Special Resolution will be sought for the Proposed Adoption of the New Constitution.

The Notice of EGM is set out in the section entitled "Notice of Extraordinary General Meeting" of this Circular. Shareholders should note that some of the resolutions to be presented at the EGM are conditional upon on the passing of certain other resolutions. Shareholders are advised to refer to the section entitled "Inter-conditionality" of this Circular for further details on the inter-conditionality of these resolutions.

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched by the Company) or for any other purpose.

The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements made, reports contained or opinion expressed in this Circular.

2. PROPOSED ACQUISITION

2.1 Proposed Acquisition

On 31 August 2018, the Board announced that the Company had entered into the SPA with the Vendors to acquire the entire issued share capital of Sloshed! for an aggregate purchase consideration of S\$18,800,000, provided that the final Purchase Consideration payable by the Company at Completion shall be the market value of the Target Group as determined by an independent business valuer appointed by the Company, which shall be satisfied in full by the allotment and issue of new Shares in the capital of the Company to the Vendors at the pre-share consolidation issue price of S\$0.03 for each new Share.

On 23 November 2018, following the independent business valuation conducted by the Business Valuer, the Board announced that the Purchase Consideration shall be S\$19,400,000. It was also announced that the Company had entered into a supplemental agreement to the SPA to include the waiver of certain shareholders' loans as an additional condition precedent for the Completion.

The Proposed Acquisition would result in a reverse takeover of the Company under Rule 1015 of the Catalist Rules.

LETTER TO SHAREHOLDERS

Pursuant to Rule 1015 of the Catalist Rules, the approval of Shareholders and the SGX-ST must be obtained for a “reverse takeover” as defined in Chapter 10 of the Catalist Rules. Rule 1006 of the Catalist Rules sets out the bases for computation of relative figures and where any of the relative figures is 100% or more, or if the transaction is one which will result in the change in control of a listed company, such a transaction will be classified as a “very substantial acquisition” or “reverse takeover”, respectively.

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules, based on the latest announced unaudited financial statements of the Company for HY2018 and the final Purchase Consideration of S\$19,400,000 are as follows:

Rule 1006(a)

Net asset value of the assets to be disposed of, compared with the Company's net asset value	Not applicable ⁽¹⁾
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Rule 1006(b)

Net profits attributable to the Sale Shares, compared with the Company's net profits	Not meaningful ⁽²⁾
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Rule 1006(c)

Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares

Aggregate value of the Consideration	S\$19,400,000 ⁽³⁾
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The Company's market capitalisation as at 30 August 2018, based on the total number of issued shares excluding treasury shares	S\$4,592,472 ⁽⁴⁾
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Size of relative figure	422.4% ⁽³⁾
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Rule 1006(d)

Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue including treasury shares

Number of equity securities to be issued by the Company as consideration for the Proposed Acquisition, before the Proposed Share Consolidation	646,666,666
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Total number of issued shares excluding treasury shares of the Company as at 31 August 2018	240,443,565
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Size of relative figure	268.9%
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Rule 1006(e)

Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not applicable ⁽⁵⁾
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Notes:

(1) Not applicable to an acquisition of assets.

(2) “Net profit” means profit or loss before income tax, minority interests and extraordinary items as defined under Rule 1002(3). The relative figures under Rule 1006(b) are not meaningful as the Company is loss-making while the assets to be acquired pursuant to the Proposed Acquisition is profitable. The Company's unaudited net loss for HY2018 is S\$191,000. The Target Group's unaudited net profit for HY2018 is S\$761,000.

LETTER TO SHAREHOLDERS

- (3) Calculated based on the Purchase Consideration of S\$19,400,000 as agreed between the Company and the Vendors. Rule 1003(3) of the Catalist Rules requires that, where the consideration is in the form of shares, the value of the consideration is the higher of market value or net asset value represented by such shares. Pursuant to Rule 1003(3) of the Catalist Rules, the aggregate value of the Purchase Consideration would be S\$14,649,564 based on the number of Shares issued in satisfaction of the Purchase Consideration and the net asset value of the Company of \$5,447,000 as at 30 June 2018, and the size of relative figure under Rule 1006(c) would be 319.0%.
- (4) Calculated based on the existing number of Shares of 240,443,565 and the volume weighted average price of the Shares of S\$0.0191 traded on the SGX-ST on 23 August 2018, being the last market day immediately preceding the date of the SPA on which Shares were traded on the Catalist.
- (5) This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not applicable to an acquisition of assets.

The relative figures under Rules 1006(c) and 1006(d) above exceed 100% and in view that the Consideration Shares to be allotted and issued to the Vendors will represent approximately 72.9% of the Enlarged Share Capital of the Company upon Completion, the Proposed Acquisition will also result in a change of control of the Company. Pursuant to Rule 1015(1) of the Catalist Rules, the Proposed Acquisition constitutes a reverse takeover. Accordingly, the Proposed Acquisition is subject to, *inter alia*, the approval of the Shareholders at the EGM and the issue of a listing and quotation notice by the SGX-ST.

2.2 The Purchase Consideration

According to the terms of the SPA, the purchase consideration for the Proposed Acquisition shall be S\$18,800,000, provided that the final Purchase Consideration payable by the Company at Completion shall be the market value of the Target Group as determined by an independent business valuer appointed by the Company. Based on the agreement between the Company and the Vendors at arm's length and on a "willing buyer, willing seller" basis, the Purchase Consideration was arrived at taking into account the earnings and business prospects of the Target Group.

Following the independent business valuation conducted by the Business Valuer, the final Purchase Consideration shall be S\$19,400,000, which will be satisfied entirely by the allotment and issue to the Vendors of 32,333,333 Consideration Shares at the Issue Price for each Consideration Share.

The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the then existing Shares. The Issue Price per Consideration Share (prior to adjustments made pursuant to the Proposed Share Consolidation), represents a premium of approximately 57.1% to the volume weighted average market price of S\$0.0191 for each Share based on trades done on the SGX-ST on 23 August 2018, being the last market day on which the Shares were traded preceding the date of the SPA.

2.3 Rationale for and Benefit of the Proposed Acquisition

As announced by the Company on 31 August 2016, pursuant to the completion of the disposal of Wow Technologies (Singapore) Pte. Ltd. and its subsidiaries, and Explomo Technical Services Pte Ltd, the Company had ceased to have any operating business and its assets comprised substantially cash. Accordingly, with effect from 31 August 2016, the Company is deemed a cash company under Rule 1017 of the Catalist Rules.

Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Catalist if it is unable to meet the requirements for a new listing within 12 months from the date on which it becomes a "cash company". The issuer may apply to the SGX-ST through its sponsor for a maximum six-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the six-month extension period.

LETTER TO SHAREHOLDERS

The SGX-ST had previously on 31 August 2017 and 30 November 2017 granted to the Company extensions of time up to 28 February 2018 to enter into definitive agreement(s) to acquire businesses that meet the SGX-ST's listing requirements for a new listing.

Further to the execution of the memorandum of understanding on 28 February 2018, the Company had applied to the SGX-ST to seek a further extension of time, and the SGX-ST had advised on 14 March 2018 that it had no objection in granting the Company a six-month extension to enter into a definitive agreement for the Proposed Acquisition by 31 August 2018, to meet the requirements for a new listing under Rule 1017(2) of the Catalist Rules.

Further to the execution of the SPA on 31 August 2018, the Company had applied to the SGX-ST to seek a further extension of time to complete the Proposed Acquisition by 28 February 2019 to meet the requirements for a new listing. On 20 September 2018, the SGX-ST advised that it had no objections in granting the Company an extension of six months to complete the Proposed Acquisition and exit from its cash company status by 28 February 2019.

The Board believes that the Proposed Acquisition will provide the Company with operational and income generating businesses with growth prospects that would in turn enhance shareholder value, and meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules.

2.4 Valuation of the Target Group

The Company has commissioned the Business Valuer to conduct an independent business valuation to determine the Market Value (as defined below) of (a) 100% interest in the business of the Target Group and (b) a portfolio of whisky held for sale as collector's items by Planet Spirits (the "**Whisky Investment**") as at 30 June 2018.

"**Market Value**" is defined in the Business Valuation Report as "The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms' length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

In estimating the value of the Target Group, the Business Valuer adopted the following valuation approaches:

(a) Operating companies

The Business Valuer used the income approach to estimate the value of 100% interest in each of the operating companies, being Planet Spirits, TWS, Quaich and The Other Room. The Market Value in each of these operating companies has been estimated as the sum of the future free operating cash flows expected to be generated by each of these operating companies and discounted to their present value as at 30 June 2018, using the weighted average cost of capital, on a stand-alone going concern basis.

(b) Non-operating companies

The Business Valuer used the cost approach to estimate the value of the non-operating companies, being Sloshed! and The Other Roof. Sloshed! is an investment holding company and its Market Value is referenced to its book value of cash equivalents and accrued expenses. The Other Roof is a newly set-up company and had no operations as at 30 June 2018.

(c) Whisky Investment

The Business Valuer used the market and cost approaches to estimate the Market Value of the Whisky Investment using quoted prices in the secondary market, where available, and index-adjusted costs.

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The Market Value of each company in the Target Group and the Market Value of the Whisky Investment are then summed up to form the value of 100% interest in the Target Group. The Business Valuer also considered the market approach as a cross-check, in which valuation ratios of the Target Group based on the aggregate Market Value determined were compared to selected listed companies. Further details on the bases for the independent valuation of the Target Group are set out in the Business Valuation Report as set out in Appendix E of this Circular, and involve certain assumptions, limitations and disclaimers. **Shareholders are advised to read the Business Valuation Report carefully in its entirety before deciding to approve the Proposed Acquisition.**

Based on the Business Valuation Report dated 22 November 2018, the aggregate Market Value of the Target Group is S\$19,400,000. The Business Valuation Report is available for inspection at the registered office of the Company during business hours for a period of six months from the date of this Circular. Please refer to the section entitled "Documents Available for Inspection" of this Circular for further details. None of the Vendors, the Proposed Board, the Controlling Shareholders or their respective Associates has any interest, direct or indirect, in the Business Valuer.

2.5 Conditions precedent

Completion of the Proposed Acquisition shall be conditional upon, *inter alia*, the following conditions having been fulfilled or waived in writing:

- (a) the approval of the Board being obtained for the Proposed Acquisition and the transactions contemplated in the SPA;
- (b) the completion of a due diligence exercise over the status, business, affairs, operations, condition and records of the Target Group and the results of the due diligence exercise being satisfactory to the Company in its sole and absolute discretion;
- (c) the Vendors supplying, or procuring the Target Group or their employees, officers, agents or representatives to supply to the Company, all of the information (in such detail as may be satisfactory to the Company) requested by the Company from time to time in connection with the due diligence exercise referred to in paragraph (b) above before the Completion Date;
- (d) the approval for the Proposed Acquisition as a very substantial acquisition or reverse takeover being granted by the SGX-ST and any other relevant authorities, and where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Vendors;
- (e) the listing and quotation notice being obtained from the SGX-ST for the listing and quotation of the Consideration Shares on Catalist and not having been revoked or amended, and where such notice is subject to conditions which are required to be fulfilled on or before the Completion Date, they are so fulfilled;
- (f) the SIC having granted the Vendors and their concert parties (if applicable) a waiver of their obligations to make a mandatory general offer (in accordance with the Code) for all the ordinary shares in the capital of the Company in issue not already owned, controlled or agreed to be acquired by the Vendors and their concert parties (if any) as a result of the allotment and issue of the Consideration Shares to the Vendors pursuant to Completion, subject to the approval by way of a poll by a majority of the Independent Shareholders of the Company present and voting at a general meeting of the Company to waive their rights to receive such mandatory general offer from the Vendors and their concert parties (the "**Whitewash Waiver**"), and where such waiver is subject to other conditions, such conditions being reasonably acceptable to the Company and the Vendors and their concert parties;

LETTER TO SHAREHOLDERS

- (g) the IFA being of the opinion that (i) the purchase of the Sale Shares by the Company from Teo Kok Woon as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders, and (ii) the Whitewash Waiver is not prejudicial to the interests of the Shareholders other than the Vendors and their concert parties;
- (h) the approval of the Shareholders being obtained at the EGM for the Proposed Acquisition, the Proposed Whitewash Resolution, the Proposed Share Consolidation and the transactions contemplated in the SPA or otherwise required in connection with the Proposed Acquisition as a very substantial acquisition or reverse takeover;
- (i) the completion of the Restructuring Exercise;
- (j) there being no delisting of the existing shares of the Company from Catalist prior to the Completion Date;
- (k) all other consents and approvals required under any and all applicable laws for the Proposed Acquisition and to give effect to the transactions contemplated under the SPA (including, without limitation, such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which any of the Vendors is a party or by which any of the Vendors or their respective assets are bound) being obtained and where any consent or approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion; and
- (l) the shareholders' loan of S\$1,186,614 granted to Sloshed! and the shareholder's loan of S\$265,492 granted to The Other Room having been waived by the relevant Vendors.

If any of the conditions precedent is not fulfilled or waived by mutual consent of the parties on or before Completion Date or such other date as the Company and the Vendors shall mutually agree in writing, the SPA shall, *ipso facto*, cease and determine and neither party shall have any claim against the other party for costs, damages, compensation or otherwise, save for any claim arising from an antecedent breach of the terms of the SPA. The Company will make an immediate announcement upon the fulfilment of the above conditions and if any condition is waived, as well as in the event that the SPA is terminated.

Completion is to take place on the date falling seven Business Days after all the conditions precedent set out above have been fulfilled (or if not fulfilled, are waived by the Company or the Vendors in accordance with the SPA) but in any event, no later than 28 February 2019 or such other date as the Company and the Vendors may agree in writing.

The SIC had on 5 December 2018 informed that it regards Teo Kok Woon and Chua Khoon Hui as concert parties with respect to the Company and granted to Teo Kok Woon and Chua Khoon Hui a waiver of the obligation under Rule 14 of the Code to make a general offer for the Company as a result of the issue of the Consideration Shares to Teo Kok Woon and Chua Khoon Hui under the Proposed Acquisition, subject to certain conditions. Please see the section entitled "Conditional Waiver of the Mandatory General Offer Requirement by the SIC" of this Circular for more information on the conditions set out by the SIC in relation to such waiver.

2.6 Salient terms of the SPA

Under the terms of the SPA, the Vendors have, *inter alia*, jointly and severally undertaken to keep the Company, for itself and as agent and trustee for the Target Group, fully and effectively indemnified, during the period of three years from the Completion Date, against all losses, costs, penalties, actions and liabilities that the Company or the Target Group may incur or suffer in connection with or arising from any breach or inaccuracies of any of the warranties in the SPA and/or any default by any of the Vendors of his obligations under the SPA and for the conduct of the business of the Target Group prior to Completion.

LETTER TO SHAREHOLDERS

The Company has agreed with and undertaken to the Vendors, *inter alia*, that:

- (a) It will take all necessary steps to convene an extraordinary general meeting as soon as practicable to approve the Proposed Transactions, and in this regard, the Company shall use its best endeavours to procure irrevocable undertakings from Lye Chee Fei Anthony, and his associates to vote in favour of the transactions contemplated under the SPA at the EGM;
- (b) It shall not issue, allot or transfer or grant to any person the right (whether conditional or otherwise) to call for the issue, allotment or transfer of any Shares or debentures in the Company including any options or rights of pre-emption or conversion and that the Company will not enter into any agreement or arrangement for the foregoing, save as contemplated under the SPA; and
- (c) It will not do anything to cause the delisting or suspension of the trading of the Shares on the SGX-ST.

2.7 Undertaking by the Undertaking Shareholder

The Undertaking Shareholder, who holds direct and deemed interests in an aggregate of 39,928,800 Shares (the “**Relevant Shares**”) in the capital of the Company, has undertaken to the Company and SAC Capital, *inter alia*, that he shall, and shall procure and ensure that the registered holder(s) of the Relevant Shares shall, vote in respect of the Relevant Shares in favour of all resolutions which are proposed at the EGM or any adjournment thereof.

3. PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

In view that Teo Kok Woon, the Non-Executive Non-Independent Director and an existing Controlling Shareholder of the Company, is one of the Vendors, the Proposed Acquisition of the Sale Shares from him is an “interested person transaction” under Chapter 9 of the Catalist Rules and is subject to the approval of Shareholders.

In accordance with Chapter 9 of the Catalist Rules, Shareholders’ approval must be obtained for any interested person transaction of a value which is equal to or greater than 5% of the Company’s latest audited NTA or when aggregated with other interested person transactions during the same financial period, the value is equal to or more than 5% of the Company’s latest audited NTA. In obtaining such approval, the relevant Interested Person and his Associates are required to abstain from voting on the resolution approving the transaction.

The value of the Purchase Consideration to be paid to Teo Kok Woon is approximately S\$14,997,000. The Company’s latest audited NTA as at 31 December 2017 is approximately S\$5,638,000. The value of the Purchase Consideration to be paid to Teo Kok Woon against the Company’s NTA is approximately 266.0%.

As the Purchase Consideration to be paid to Teo Kok Woon for his Sale Shares exceeds 5% of the Company’s latest audited NTA, the Proposed Acquisition of the Sale Shares from Teo Kok Woon is subject to the approval of Shareholders.

Please refer to the section entitled “Rationale for and Benefit of the Proposed Acquisition” for the rationale of the Proposed Acquisition and the benefit to the Company.

RHT Capital has been appointed as the independent financial adviser to advise the Unaffected Directors as to whether, among other things, the Proposed Acquisition of the Sale Shares from Teo Kok Woon is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. Please refer to Appendix A of this Circular for the IFA’s letter to the Unaffected Directors. Shareholders are advised to carefully read the IFA Letter in its entirety and consider it in the context of this Circular before deciding on whether to approve the Proposed Acquisition.

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During the current financial year ending 31 December 2018 up to the Latest Practicable Date, there have been no transactions between the Company and Teo Kok Woon, save for the Proposed Acquisition.

4. PROPOSED SHARE CONSOLIDATION

4.1 Proposed Share Consolidation

The Company proposes to undertake the Proposed Share Consolidation pursuant to which the Company will consolidate every twenty (20) existing Shares into one (1) Consolidated Share.

Shareholders should note that the number of Consolidated Shares which Shareholders are entitled to pursuant to the Proposed Share Consolidation, based on their shareholdings as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions thereof arising from the Proposed Share Consolidation will be disregarded. All fractional Shares arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (a) disregarding the fractional entitlements; or (b) if practical and permissible, aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractional Shares which are disregarded.

As the proceeds of the sale of fractions of Consolidated Shares arising from the Proposed Share Consolidation are likely to be less than the administrative costs and expenses involved in despatching such proceeds to the Shareholders, fractions of Consolidated Shares arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company. Each Consolidated Share will rank *pari passu* with each other and will be traded in board lots of 100 Consolidated Shares.

As at the Latest Practicable Date, the Company had a total issued share capital of S\$258,805 divided into 240,443,565 existing Shares. Following the completion of the Proposed Share Consolidation, the Company will have a total issued share capital of S\$258,805 divided into approximately 12,022,178 Consolidated Shares.

The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Company. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. Subject to the approval of Shareholders being obtained for the Proposed Share Consolidation at the EGM, the number of Consolidated Shares held by the Shareholders arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date.

Shareholders who hold less than twenty (20) existing Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional existing Shares so as to increase the number of existing Shares held to a multiple of twenty (20) existing Shares prior to the Books Closure Date.

Shareholders should note that the Proposed Share Consolidation may not result in the desired outcome in terms of the price of the Shares post-consolidation, that is, the price of the Shares may not increase in proportion to the share consolidation ratio following the completion of the Proposed Share Consolidation.

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4.2 Rationale for the Proposed Share Consolidation

The Proposed Share Consolidation will enable the Company to comply with Rule 1015(3)(c) of the Catalist Rules which states that where the consideration for the acquisition of assets by the issuer is to be satisfied by the issue of shares, the price per share after adjusting for any share consolidation must not be lower than S\$0.20.

4.3 Conditions Precedent for the Proposed Share Consolidation

The implementation of the Proposed Share Consolidation is subject to Shareholders' approval by way of an Ordinary Resolution at the EGM, which is in turn conditional upon, *inter alia*, the approval of Shareholders for the Proposed Acquisition and the Proposed Whitewash Resolution at the EGM. The Proposed Share Consolidation is also subject to the receipt of a listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Catalist of the SGX-ST.

It should be noted that any listing and quotation notice to be issued by the SGX-ST for the listing and quotation of the Consolidated Shares is not to be taken as an indication of the merits of the Company, the Target Group, the Enlarged Group, the Proposed Share Consolidation, the Shares or the Consolidated Shares.

Assuming that the requisite approvals have been obtained for the Proposed Share Consolidation, an announcement will be made by the Company to notify Shareholders of the Books Closure Date and the date on which the Consolidated Shares will be traded on the SGX-ST in board lots of 100 Consolidated Shares (the "**Effective Trading Date**").

Shareholders should note that under the SPA, Shareholders' approval for the Proposed Share Consolidation is a condition precedent to Completion. If Shareholders' approval for the Proposed Share Consolidation is not obtained, the Proposed Acquisition will not proceed to complete. Shareholders should note the section entitled "Inter-conditionality" of this Circular on the inter-conditionality of certain resolutions proposed at the EGM.

4.4 Updating of Register of Members and Depository Register for the Shares

If the Ordinary Resolution relating to the Proposed Share Consolidation is passed at the EGM, the Register of Members and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders and Depositors based on their shareholdings in the Company as at the Books Closure Date.

4.5 Deposit of Share Certificates with CDP

Shareholders who hold old physical share certificates for the existing Shares in their own names ("**Old Share Certificates**") and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates, together with duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Books Closure Date.

After the Books Closure Date, CDP will only accept for deposit new share certificates for Consolidated Shares ("**New Share Certificates**"). Shareholders who wish to deposit their New Share Certificates with CDP after the Books Closure Date must first deliver their Old Share Certificates to the Share Registrar for cancellation and issue of New Share Certificates in replacement thereof as described below.

4.6 Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Books Closure Date need not take any action. The Company will arrange with CDP to facilitate the exchange of New Share Certificates pursuant to the Proposed Share Consolidation.

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Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 as soon as possible after they have been notified of the Books Closure Date, and preferably, not later than five (5) Market Days after the Books Closure Date for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar for the receipt of the Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of the Shareholders at their own risk within 10 Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have been tendered to the Share Registrar for cancellation.

Shareholders should notify the Share Registrar if they have lost any of their existing Old Share Certificates or if there is any change in their address from that reflected in the Register of Members of the Company.

Shareholders are to deliver their respective Old Share Certificates to the Share Registrar or CDP in accordance with the provisions set out above only after the announcement of the Books Closure Date by the Company.

4.7 Share Certificates Not Valid for Settlement of Trades on Catalist

Shareholders who hold physical share certificates are reminded that their Old Share Certificates will not be valid for settlement of trading in the Consolidated Shares on Catalist (as the Company is under a book-entry settlement system) but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Share Registrar. The New Share Certificates will not be valid for delivery for trades done on Catalist although they will continue to be *prima facie* evidence of legal title.

4.8 Trading Arrangements for the Consolidated Shares

Subject to, *inter alia*, the approval for the Proposed Share Consolidation, the Proposed Acquisition and the Proposed Whitewash Resolution by the Shareholders at the EGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Consolidated Shares will be in board lots of 100 Consolidated Shares. Trading in the existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

4.9 Trading Arrangements for Odd Lots

All fractional entitlements arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

The existing Shares are currently traded in board lots of 100 Shares in the ready market. Following the Proposed Share Consolidation, the securities accounts maintained with CDP of Shareholders (being Depositors) may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares). Shareholders who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade in odd lots on the SGX-ST should note that the unit share market has been set up to allow trading in odd lots with a minimum size of one (1) Consolidated Share on the SGX-ST. The unit share market will enable trading in odd lots in any quantity less than one (1) board lot of Consolidated Shares. It should be noted that the market for trading of such odd lots of Consolidated Shares may be illiquid.

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5. PROPOSED ALLOTMENT AND ISSUE OF THE CONSIDERATION SHARES

5.1 Consideration Shares

Pursuant to the SPA, the Company shall issue and allot 32,333,333 Consideration Shares to the Vendors at the Issue Price of S\$0.60 per Consideration Share (on a post-share consolidation basis) in proportion to their holdings of the Sale Shares in satisfaction of the Purchase Consideration for the Proposed Acquisition.

Pursuant to the Restructuring Exercise, the respective shareholdings of the Vendors in Sloshed! are as follows:

Vendor	Number of Sale Shares	%
Teo Kok Woon	1,192	77.3
Chua Khoon Hui	310	20.1
Lim Kian Boon Charles	40	2.6
Total	1,542	100.0

5.2 Submission to the SGX-ST and Listing and Quotation Notice

On 26 November 2018, the Financial Adviser and Sponsor had submitted the pre-admission notification to the SGX-ST. A copy of this Circular has been lodged by the Financial Adviser and Sponsor with the SGX-ST, acting as agent on behalf of the Authority, on 31 December 2018 for posting on the SGX-ST website.

Pursuant to Part II of Appendix 4F of the Catalist Rules, the SGX-ST is expected to issue a listing and quotation notice in respect of the Consolidated Shares and the Consideration Shares upon lodgement of this Circular with the SGX-ST, acting as agent on behalf of the Authority.

It should be noted that the listing and quotation notice to be issued by the SGX-ST is not an indication of the merits of any of the Proposed Transactions, the Company, the Target Group, the Enlarged Group, the Shares, the Consolidated Shares or the Consideration Shares.

6. PROPOSED WHITEWASH RESOLUTION

6.1 Mandatory General Offer requirement under the Code

Pursuant to Rule 14 of the Code, unless such obligation is waived by the SIC, where (a) any person who acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights in a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

As at the Latest Practicable Date, Teo Kok Woon and the Controlling Shareholder Concert Group hold in aggregate 68,250,728 Shares, representing 28.4% of the voting rights of the Company, while Chua Khoon Hui and persons acting in concert with him do not hold any Shares.

Pursuant to the Proposed Transactions, Teo Kok Woon and Chua Khoon Hui will be issued 24,994,380 Consolidated Shares and 6,500,216 Consolidated Shares, respectively.

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The aggregate shareholding of Teo Kok Woon, Chua Khoon Hui and the Controlling Shareholder Concert Group in the Company will increase from 28.4% of the existing issued share capital of the Company to 78.7% of the Enlarged Share Capital immediately after Completion upon the allotment and issue of the Consideration Shares by the Company to Teo Kok Woon and Chua Khoon Hui. Please refer to the section entitled “Changes in Shareholding Structure” of this Circular for more details on the changes in shareholdings arising from the Proposed Transactions.

Pursuant to Rule 14 of the Code, Teo Kok Woon and Chua Khoon Hui will be required to make a mandatory general offer for all the Shares in issue not already owned, controlled or agreed to be acquired by Teo Kok Woon, Chua Khoon Hui and their concert parties. It is a condition precedent to the Proposed Acquisition that the SIC grants to them, and does not revoke or repeal such grant, a waiver of their obligation to make such mandatory general offer under Rule 14 of the Code and that Independent Shareholders approve at a general meeting of the Company the Proposed Whitewash Resolution for the waiver of the rights of the Independent Shareholders to receive such mandatory general offer.

6.2 Conditional Waiver of the Mandatory General Offer Requirement by the SIC

The SIC had on 5 December 2018 granted to Teo Kok Woon and Chua Khoon Hui a waiver of the obligation under Rule 14 of the Code to make a general offer for the Company as a result of the issue of the Consideration Shares to Teo Kok Woon and Chua Khoon Hui under the Proposed Acquisition, subject to the following conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Consideration Shares, a resolution by way of a poll to waive their rights to receive a general offer from Teo Kok Woon and Chua Khoon Hui;
- (b) the Proposed Whitewash Resolution is separate from other resolutions;
- (c) Teo Kok Woon and Chua Khoon Hui, parties acting in concert with them, as well as parties not independent of them or the Proposed Acquisition abstain from voting on the Proposed Whitewash Resolution;
- (d) Teo Kok Woon, Chua Khoon Hui and their concert parties did not acquire or are not to acquire any shares or instruments convertible into and options in respect of shares of the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new shares in the Company which have been disclosed in this Circular):
 - (i) during the period between the 31 August 2018 announcement of the Proposed Acquisition and the date shareholders’ approval is obtained for the Proposed Whitewash Resolution; and
 - (ii) in the six months prior to the 31 August 2018 announcement of the Proposed Acquisition, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Proposed Acquisition;
- (e) the Company appoints an independent financial adviser to advise its independent shareholders on the Proposed Whitewash Resolution;
- (f) the Company sets out clearly in this Circular:
 - (i) details of the Proposed Acquisition, including the proposed issue of the Consideration Shares;
 - (ii) the dilution effect to existing holders of voting rights of the Company upon the issue of the Consideration Shares;

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- (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of shares in the Company held by Teo Kok Woon, Chua Khoon Hui and their concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be issued to Teo Kok Woon and Chua Khoon Hui as a result of the Proposed Acquisition;
 - (v) specific and prominent reference to the fact that the issue of the Consideration Shares will result in Teo Kok Woon and Chua Khoon Hui holding shares carrying over 49% of the voting rights of the Company and the fact that Teo Kok Woon, Chua Khoon Hui and their concert parties will be free to acquire further shares without incurring any obligation under Rule 14 of the Code to make a general offer; and
 - (vi) specific and prominent reference to the fact that shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from Teo Kok Woon and Chua Khoon Hui at the highest price paid by Teo Kok Woon, Chua Khoon Hui and their concert parties for the Company's shares in the past six months preceding the commencement of the offer;
- (g) this Circular states that the waiver granted by the SIC to Teo Kok Woon and Chua Khoon Hui from the requirement to make a general offer under Rule 14 is subject to the conditions stated in sub-paragraphs (a) to (f) above;
 - (h) the Company obtains the SIC's approval in advance for those parts of this Circular that refer to the Proposed Whitewash Resolution; and
 - (i) to rely on the Proposed Whitewash Resolution, the approval of the Proposed Whitewash Resolution must be obtained within three months of the letter from the SIC and the acquisition of the Consideration Shares by Teo Kok Woon and Chua Khoon Hui must be completed within three months of the approval of the Proposed Whitewash Resolution.

The SIC had also confirmed that Teo Kok Woon should abstain from making a recommendation to the shareholders of the Company on the Proposed Whitewash Resolution.

As at the Latest Practicable Date, all the above conditions imposed by the SIC, save and except for the condition under sub-paragraph (a), have been satisfied.

6.3 Proposed Whitewash Resolution

By voting, by way of a poll, in favour of the Proposed Whitewash Resolution under Resolution 4 in the Notice of EGM, Independent Shareholders shall be waiving their rights to receive a general offer from Teo Kok Woon and Chua Khoon Hui for all the Shares in issue not already owned, controlled or agreed to be acquired by Teo Kok Woon, Chua Khoon Hui and their concert parties under Rule 14 of the Code arising from the allotment and issue of the Consideration Shares to Teo Kok Woon and Chua Khoon Hui pursuant to the Proposed Acquisition.

Shareholders should note that approval of the Proposed Whitewash Resolution is a condition precedent to Completion. If Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Acquisition will not be completed. Shareholders are advised to refer to the section entitled "Inter-conditionality" of this Circular for further details on the inter-conditionality of these resolutions.

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Independent Shareholders should also note that:

- (a) the issue of the Consideration Shares will result in Teo Kok Woon and Chua Khoon Hui holding Shares carrying over 49% of the voting rights of the Company and Teo Kok Woon, Chua Khoon Hui and their concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and
- (b) by voting in favour of the Proposed Whitewash Resolution, the Independent Shareholders will be waiving their rights to a general offer from Teo Kok Woon and Chua Khoon Hui at the highest price paid by Teo Kok Woon, Chua Khoon Hui and their concert parties for the Shares in the past six months preceding the commencement of the offer.

RHT Capital has been appointed as the IFA to the Unaffected Directors in respect of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution. A summary of the advice of the IFA is set out in the section entitled “Opinion and Advice of the IFA” of this Circular. A copy of the IFA Letter is reproduced in Appendix A of this Circular. Shareholders are advised to carefully read the IFA Letter in its entirety and consider it in the context of this Circular before deciding on whether to approve the Proposed Whitewash Resolution.

7. PROPOSED APPOINTMENT OF THE PROPOSED DIRECTOR

The Board has proposed the appointment of Chua Khoon Hui as a Director upon Completion.

Upon Completion, the Proposed Board shall comprise:

- (a) Dr Yu Lai Boon (Non-Executive Chairman and Independent Director);
- (b) Chua Khoon Hui (Chief Executive Officer and Executive Director);
- (c) Tan Dah Ching (Non-Executive Independent Director)
- (d) Teo Kok Woon (Non-Executive Non-Independent Director); and

Dr Yu Lai Boon, Teo Kok Woon and Tan Dah Ching are currently Directors of the Company and will remain on the Board after Completion. Chua Khoon Hui will be appointed as the Chief Executive Officer and Executive Director upon Completion.

Further information on the Proposed Board is set out in the section entitled “Proposed Management of the Enlarged Group” of this Circular.

8. PROPOSED ADOPTION OF THE NEW CONSTITUTION

8.1 Background

The Existing Constitution was adopted by the Company on 1 December 2000 in connection with its conversion to a public company and listing on the SGX-ST. Since the adoption of the Existing Constitution, the Companies Act has seen various amendments, most recently substantially through the Amendment Act 2014 and the Amendment Act 2017. Amendments have also been introduced to the Listing Manual.

8.2 Rationale for the New Constitution

The Company is proposing to adopt the New Constitution, which consists of amendments to the Existing Constitution to take into account the changes to the Companies Act. The proposed New Constitution also contains updated provisions which are consistent with the Catalist Rules prevailing as at the Latest Practicable Date, in compliance with Rule 730 of the Catalist Rules, as well as to address other regulatory changes, namely, the personal data protection regime in Singapore and the enactment of the Mental Health (Care and Treatment) Act (Chapter 178A) of Singapore. The Company is also taking this opportunity to streamline and rationalise certain provisions.

The Proposed Adoption of the New Constitution is subject to Shareholders' approval and will be tabled as a Special Resolution at the EGM.

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8.3 Summary of Principal Provisions

A summary of the principal provisions of the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions, are set out below. It does not set out all the new or amended provisions in the New Constitution and should be read in conjunction with the proposed New Constitution which is set out in its entirety in Appendix H. For Shareholders' ease of reference, Appendix I sets out a comparison of the proposed New Constitution against the Existing Constitution, with all additions underlined and deletions marked with a strikethrough.

Unless otherwise defined, capitalised terms in this Section 8 of this Circular below shall bear the meanings ascribed to them in the New Constitution.

8.4 Changes due to amendments to the Companies Act

The following Regulations include provisions which are in line with the Companies Act as at the Latest Practicable Date. In line with Section 35 of the Companies Act, all references to "Article" or "Articles" in the Existing Constitution have been amended to "Regulation" or "Regulations" in the New Constitution.

(a) Memorandum of Association of Existing Constitution

The memorandum of association of the Existing Constitution will be deleted entirely and the relevant provisions thereof consolidated under the New Constitution as a single document. The signatures of the original subscribers to the memorandum of association will be inserted at the end of the New Constitution.

(b) Article 1 of Existing Constitution

Article 1 of the Existing Constitution, which refers to Table A in the Fourth Schedule of the Companies Act prior its amendment by the Amendment Act 2014, will be deleted as Table A has been repealed pursuant to the Amendment Act 2014.

(c) Regulation 1 of New Constitution (Article 2 of Existing Constitution)

Regulation 1 is the interpretation section of the New Constitution and includes the following additional or revised provisions:

- (i) a new definition of "Chief Executive Officer" as having the meaning ascribed to "chief executive officer" in the Companies Act, in line with the introduction of provisions relating to chief executive officers by the Amendment Act 2014;
- (ii) a new definition of "Constitution" to replace the definition of "Articles", in line with the terminology introduced by the Amendment Act 2014;
- (iii) the definition of "Cut-Off Time" amended to mean 72 hours before the time of the relevant General Meeting or adjourned General Meeting to determine the entitlement of Depositors to attend and vote at General Meetings, in line with Section 81SJ(4) of the SFA, and to determine the deadline for the submission of instruments of proxy, in line with Section 178(1)(c) of the Companies Act;
- (iv) the definitions of "Exchange" and "Market Day" amended to refer to the current name of the Exchange;
- (v) a new definition of "Regulations" as the regulations of the Company contained in the New Constitution, replacing the definition of "Articles" in the Existing Constitution;

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- (vi) a new definition of “writing” to include any representation or reproduction of words, symbols or other information in a visible form, whether physical or electronic. This would facilitate, for example, a proxy instrument being in either physical or electronic form;
- (vii) a revised definition of “Depositor”, “Depository”, “Depository Agent” and “Depository Register” to make reference to the SFA, following the migration of the provisions in the Companies Act which relate to the Central Depository System to the SFA;
- (viii) a new provision stating that the words “current address”, “electronic communication”, “relevant intermediary” and “treasury shares” shall have the meanings ascribed to them in the Companies Act; and
- (ix) amendments clarifying that references to “Members” or “holders” of shares or any class of shares in the New Constitution shall exclude the Company in relation to shares held by it as treasury shares.

(d) Regulations 2, 3 and 5 of New Constitution (New Regulations)

Regulations 2, 3 and 5 will be inserted in the New Constitution following the deletion of the memorandum of association in the Existing Constitution.

Following the deletion of the objects clause in the memorandum of association of the Existing Constitution, Regulation 3 provides, *inter alia*, that subject to the Companies Act and any other written law and the New Constitution, the Company has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction, in line with Section 23 of the Companies Act.

By deleting the existing objects clauses (which sets out an extensive list of the activities which the Company has capacity or power to engage in) and taking advantage of the flexibility afforded by Section 23 of the Companies Act, the Company will have all the powers of a natural person, with full capacity and ability to carry on or undertake any business or activity, and to enter into any transaction. This will facilitate the Company in adapting to the rapidly changing business environment, and to undertake various business activities and enter into business transactions for the benefit of the Company and its Shareholders. The proposed change will also remove any uncertainty as to whether the Company has the power to act in a particular way or to engage in a particular transaction arising from unduly restrictive provisions in the specific objects clauses.

(e) Regulation 6 of New Constitution (Article 5 of Existing Constitution)

Regulation 6 which refers to the issue of shares at a premium and provides that no shares may be issued at a discount except in accordance with the Statutes will be amended following the abolition of the concept of par value pursuant to the Amendment Act 2005.

(f) Regulation 7(3) of New Constitution (New Regulation)

Regulation 7(3) is a new provision which provides that new shares may be issued for no consideration. This is in line with Section 68 of the Companies Act, which clarifies that a company having a share capital may issue shares for which no consideration is payable to the issuing company.

(g) Regulation 8 of New Constitution (Article 7 of Existing Constitution)

Regulation 8, which provides, *inter alia*, that the total nominal value of issued preference shares issued by the Company shall not at any time exceed the total nominal value of the issued ordinary shares, will be amended following the abolition of the concept of par value pursuant to the Amendment Act 2005, by stating instead that the total number of issued preference shares shall not at any time exceed the total number of issued ordinary shares. This is also in line with paragraph 1(a) of Appendix 4C of the Catalist Rules.

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- (h) Regulation 12 of New Constitution (New Regulation)
Regulation 12 is a new provision which will be inserted following the introduction of treasury shares by the Amendment Act 2005.
- (i) Regulation 14(1) of New Constitution (Article 12 of Existing Constitution)
Regulation 14(1), which provides for the payment of commissions and brokerage in connection with a subscription of shares, will be amended following the repeal of Section 69 of the Companies Act, which previously set out the requirements for the payment of such commissions.
- (j) Regulation 14(2) of New Constitution (New Regulation)
Regulation 14(2) is a new provision which provides that the Company may use its share capital to pay any expenses incurred directly in the issue of new shares and such payment shall not be taken as reducing the share capital of the Company. This is in line with Section 67 of the Companies Act, which was inserted pursuant to the Amendment Act 2014.
- (k) Regulation 14(3) of New Constitution (New Regulation)
Regulation 14(3) is a new provision which relates to shares issued by the Company for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period. The Company may pay interest on such paid up share capital, except treasury shares, and may charge the same to capital as part of the cost of the construction or provision. This is in line with Section 78 of the Companies Act.
- (l) Regulation 18 of New Constitution (Article 16 of Existing Constitution)
Regulation 18, which provides that the Company may purchase or otherwise acquire its issued shares, will replace Article 16 of the Existing Constitution which prohibited the Company from acquiring its issued shares unless permitted by the Statutes. This is in line with Section 76B of the Companies Act.
- (m) Regulation 20 of New Constitution (Article 18 of Existing Constitution)
Regulation 20 will be amended to include that every share certificate shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid on the shares. This follows the amendment to Section 123(2) of the Companies Act pursuant to the Amendment Act 2014. Regulation 20 will also be amended to clarify that the share certificate shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or some other person appointed by the Directors, and the facsimile signatures may be reproduced by mechanical, electronic or other method approved by the Directors.
- (n) Regulations 28 and 31 of New Constitution (Articles 26 and 29 of Existing Constitution)
Regulations 28 and 31, which deal with calls on Shareholders in respect of any money unpaid on their shares, will be amended to remove all references to nominal value and share premium following the abolition of these concepts pursuant to the Amendment Act 2005.
- (o) Regulation 54 of New Constitution (Article 52 of Existing Constitution)
Regulation 54, which provides for the purchase by the Company of its issued shares, will be amended to allow the Company to hold repurchased shares as treasury shares, following the introduction of treasury shares by the Amendment Act 2005.

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- (p) Regulations 55, 56 and 57 of New Constitution (Articles 53, 54 and 55 of Existing Constitution)
Regulations 55, 56 and 57 relate to stock in the capital of the Company. Amendments will be made to delete references to “of any denomination” in Regulation 55, to replace “amount of stock” with “number of stock units” in and delete the proviso to Regulation 56, and replace references to amount of stock with number of stock units in Regulation 57, following the abolition of the concept of par value pursuant to the Amendment Act 2005.
- (q) Article 57 of Existing Constitution
Article 57, which provides for the increase of the Company’s authorised share capital, will be deleted following the abolition of the concept of authorised share capital pursuant to the Amendment Act 2005.
- (r) Regulation 59(1) of New Constitution (Article 58(1) of Existing Constitution)
Regulation 59(1), which provides for the right of Shareholders to be issued shares in proportion to their shareholdings in the event of the issue of new shares, will be amended to replace the word “amount” with “number” following the abolition of the concept of par value pursuant to the Amendment Act 2005.
- (s) Regulation 60 of New Constitution (New Regulation)
Regulation 60 will be inserted to provide for the Company to obtain a general mandate from its Shareholders to authorise the Directors to issue new shares pursuant to Section 161 of the Companies Act and subject to the requirements and limits of Rule 806 of the Catalyst Rules.
- (t) Regulation 62(1) of New Constitution (Article 60(1) of Existing Constitution)
Regulation 62(1), which relates to the Company’s power to alter its share capital, will be amended as follows:
- (i) sub-paragraph (a) will be amended to be in line with the wording of Section 71(1)(b) of the Companies Act;
 - (ii) sub-paragraph (b) will be amended to be in line with the wording of Section 71(1)(e) of the Companies Act;
 - (iii) sub-paragraph (c) will be amended to be in line with the wording of Section 71(1)(d) of the Companies Act; and
 - (iv) sub-paragraph (d) will be amended to empower the Company by ordinary resolution, subject to the provisions of the Statutes, to convert its share capital or any class of shares from one currency to another currency, in line with Section 73 of the Companies Act, which sets out the procedure for such re-denominations.
- (u) Regulation 62(2) of New Constitution (Article 60(2) of Existing Constitution)
Regulation 62(2), which relates to the power of the Company to reduce its share capital, will be amended to clarify that the Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject to any requirement under the law. This is in line with Section 78C of the Companies Act.
- (v) Regulation 62(3) of New Constitution (Article 60(1)(d) of Existing Constitution)
Regulation 62(3) will be inserted to empower the Company to convert one class of shares into another class of shares by special resolution, instead of by ordinary resolution. This is in line with Section 74A of the Companies Act.

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- (w) Regulation 68 of New Constitution (Articles 66 and 68 of Existing Constitution)
Regulation 68, which relates to the holding of annual general meetings, will be amended to state that an annual general meeting will be held within four months after the end of each financial year, in line with Section 175 of the Companies Act. For the same reason, Article 68 of the Existing Constitution, which provides for the holding of the first annual general meeting, will be deleted. This is also in line with paragraph 10(a) of Appendix 4C of the Catalyst Rules.
- (x) Regulation 71 of New Constitution (Article 70 of Existing Constitution)
Regulation 71, which provides for the convening of general meetings by the Directors on the requisition of Shareholders, will be amended for consistency with Section 176 of the Companies Act.
- (y) Regulation 76 of New Constitution (Article 75 of Existing Constitution)
Regulation 76 will be amended to substitute the reference to “accounts” with “financial statements”, and the reference to “report of the Directors” with “Directors’ statement”, for consistency with the updated terminology in the Companies Act, as well as to include any other documents required to be attached to the financial statements. A similar amendment has been made in Regulation 11.
- (z) Regulation 77 of New Constitution (Article 76 of Existing Constitution)
Regulation 77 sets out the quorum for general meetings and will be amended to clarify that, for the purpose of determining the quorum, a proxy representing more than one member shall only count as one member, and the proxies of a member shall count as only one member.
- (aa) Regulation 81(2) of New Constitution (Article 80 of Existing Constitution)
Regulation 81(2), which relates to the method of voting at a general meeting where mandatory polling is not required, will be revised to reduce the threshold for eligibility to demand a poll from 10% to 5% of the total voting rights of the members having the right to vote at the meeting, or of the total sum paid up on all the shares conferring that right. This is in line with Section 178 of the Companies Act, as amended pursuant to the Amendment Act 2014.
- (bb) Regulation 86(1) of New Constitution (Article 85(1) of Existing Constitution); Regulation 91(2) of New Constitution (New Regulation); Regulation 91(3) of New Constitution (Article 90(2) of Existing Constitution)
These Regulations, which relate to the voting rights of Shareholders and the appointment of proxies, have new provisions which cater to the multiple proxies regime introduced by the Amendment Act 2014. The multiple proxies regime allows “relevant intermediaries”, such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, to appoint more than two proxies to attend, speak and vote at general meetings. In particular:
- (i) in the case of a Shareholder who is a “relevant intermediary” and who is represented at a general meeting by two or more proxies, each proxy shall be entitled to vote on a show of hands. This is in line with the new Section 181(1D) of the Companies Act;
 - (ii) save as otherwise provided in the Companies Act, a Shareholder who is a “relevant intermediary” may appoint more than two proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder, and where such Shareholder’s proxy instrument appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed must be specified in the proxy instrument. This is in line with the new Section 181(1C) of the Companies Act; and

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- (iii) the Company will be entitled and bound to reject an instrument of proxy lodged by a Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 (previously 48) hours before the time of the relevant general meeting (the Cut-Off Time). Consequential changes have also been made to make it clear that the number of votes which a Depositor or his proxy can cast on a poll is the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant general meeting. This is in line with the new Section 81SJ(4) of the SFA.
- (cc) Regulation 92 of New Constitution (Article 91 of Existing Constitution)
Regulation 92, which relates to the appointment of representatives by corporate members to attend and vote at general meetings of the Company, will be amended to be in line with Section 179(4) of the Companies Act which stipulates that where a person present at a meeting is authorised to act as the representative of a corporation by virtue of an authority given under Section 179(3), and the person is not otherwise entitled to be present at the meeting, the corporation shall be deemed to be personally present at the meeting for the purposes of Section 179(1).
- (dd) Regulation 93 of New Constitution (Article 92 of Existing Constitution)
Regulation 93 will be amended to permit Shareholders to submit proxy instruments by electronic communication and for the Directors to prescribe the manner in which the instruments may be authorised and the procedures for authenticating instruments submitted by electronic communication.
- (ee) Regulation 94 of New Constitution (Article 93 of Existing Constitution)
Regulation 94 will be amended to extend the cut-off time for the deposit of the proxy instrument and the letter or power of attorney or other authority, where the instrument is signed on behalf of the appointer by an attorney, from 48 to 72 hours before the time appointed for holding the general meeting (the Cut-Off Time). This is in line with Section 178(1)(c) of the Companies Act.
- (ff) Article 97 of Existing Constitution
Article 97, which provides for the voting rights attaching to shares of different monetary denominations of the Company, will be deleted following the abolition of the concept of par value pursuant to the Amendment Act 2005.
- (gg) Regulation 105(1) of New Constitution (Article 105(1) of Existing Constitution)
Regulation 105(1), which relates to a Directors' declaration of interests, will be amended to extend the obligation of a Director to disclose interests in transactions or proposed transactions with the Company to also apply to a Chief Executive Officer. This is in line with Section 156 of the Companies Act.
- (hh) Regulation 115 of New Constitution (Article 115 of Existing Constitution)
Regulation 115, which relates to the general powers of the Directors to manage the Company's business, will be amended to clarify that the business and affairs of the Company shall be managed by, or under the direction or supervision of the Directors. This is in line with Section 157A of the Companies Act, as amended pursuant to the Amendment Act 2014.
- (ii) Regulation 117 of New Constitution (Article 117 of Existing Constitution)
Regulation 117, which relates to the appointment of additional Directors, will be amended to provide that the Company may appoint any person to be a Director by ordinary resolution. This is in line with Section 149B of the Companies Act.

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(jj) Regulation 131(3) of New Constitution (New Regulation)

Regulation 131(3) will be inserted to clarify that the Company's records may be kept either in hard copy or electronic form in accordance with the Companies Act. This is in line with Sections 395 and 396 of the Companies Act.

(kk) Regulation 132(4) of New Constitution (New Regulation)

Regulation 132(4) will be inserted to permit the Company to execute any document as a deed in accordance with the Companies Act and without affixing the common seal. This is in line with Section 41B of the Companies Act, introduced pursuant to Amendment Act 2017, which prescribes the manner in which a company may execute a document as a deed without affixing a common seal.

(ll) Regulations 148(1) and 148(2) of New Constitution (Articles 148(1) and 148(2) of Existing Constitution); Regulation 148(3) of New Constitution (New Regulation)

Regulation 148, which deals with the capitalisation of profits and reserves for the issue of bonus shares, will be amended to provide for the issue of bonus shares for which no consideration is payable and for the capitalisation of profits and reserves, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by the Company in general meeting, and on such terms as the Directors may think fit. Such amendment will facilitate and provide greater flexibility to the Company for the delivery of shares to participants in respect of vested awards granted pursuant to any share-based incentive plan that may be implemented by the Company.

(mm) Regulations 150 and 151 of New Constitution (Articles 150 and 151 of Existing Constitution)

Regulation 150, which relates to the keeping of accounting records, will be amended to provide for the Directors to keep such accounting and other records as are necessary to comply with the Companies Act. Consequential amendments will be made to Regulation 151.

(nn) Regulations 152, 153, 154 and 155 of New Constitution (Articles 152, 153, 154 and 155 of Existing Constitution)

Regulations 152 and 153, which relate to the laying of the financial statements at the annual general meeting, will be amended to provide for the annual general meeting to be held within four months after the end of the financial year for which the financial statements will be laid. This is in line with Sections 175 and 201 of the Companies Act, pursuant to the Amendment Act 2017.

References to the Company's "profit and loss account" and "balance sheet" will be updated in Regulations 152, 153, 154 and 155 to substitute them with references to the "financial statements" for consistency with the updated terminology in the Companies Act.

Regulation 154, which relates to the sending of the Company's financial statements and related documents to Shareholders, additionally provides that such documents may be sent less than 14 days before the date of the general meeting with the agreement of all persons entitled to receive notices of general meetings, subject to compliance with the applicable listing rule. This is in line with Section 203(2) of the Companies Act, which provides that the requisite financial statements and other related documents may be sent less than 14 days before the date of the general meeting at which they are to be laid if all the persons entitled to receive notice of general meetings of the company so agree. Notwithstanding this provision, the Company is currently required to comply with Rule 707(2) of the Catalist Rules, which provides that an issuer must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting.

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(oo) Regulation 159 of New Constitution (Article 159 of Existing Constitution)

Regulation 159, which relates to the service of notices to Shareholders, will have new provisions to facilitate the electronic transmission of notices and documents following the introduction of simplified procedures for the sending of notices and documents electronically pursuant to Section 387C of the Companies Act. Companies can, subject to certain statutory safeguards, make use of these simplified procedures where a Shareholder has given express, implied or deemed consent for the company to do so in accordance with the constitution of the company. The Company regards express consent as being given where a Shareholder gives notice in writing to the Company that he consents to having notices and documents transmitted to him via electronic communications.

Section 387C(2) of the Companies Act provides that a member has given implied consent ("**Implied Consent**") where the constitution of a company:

- (i) provides for the use of electronic communications;
- (ii) specifies the manner in which electronic communications is to be used; and
- (iii) provides that the member shall agree to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document.

Section 387C(3) of the Companies Act further provides that a member has given deemed consent ("**Deemed Consent**") where:

- (i) the constitution of the company provides for the use of electronic communications;
- (ii) the constitution of the company specifies the manner in which electronic communications is to be used;
- (iii) the constitution of the company specifies that the member will be given an opportunity to elect within a specified period of time (the "**specified time**"), whether to receive such notice or document by way of electronic communications or as a physical copy; and
- (iv) the member was given an opportunity to elect whether to receive such notice or document by way of such electronic communications or as a physical copy, and he failed to make an election within the specified time.

Regulation 159(3) provides that notices and documents may be sent to Shareholders using electronic communications to a Shareholder's current address (which may be an email address) or by making it available on a website prescribed by the Company from time to time or in such manner as such Shareholder expressly consents to by giving notice in writing to the Company. Regulation 159(4) provides that a Shareholder shall be implied to have agreed to receiving notices and documents by way of electronic communications as set out in Regulation 159(3) and shall not have a right to elect to receive a physical copy, unless otherwise provided under the Companies Act or the listing rules of the Exchange.

Regulation 159(5) further provides that, notwithstanding Regulation 159(4), the Directors may decide to give Shareholders an opportunity to elect to opt out of receiving such notice or document by way of electronic communications, and a Shareholder is deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity but failed to opt out within the specified time, unless otherwise provided under the Companies Act or the listing rules of the Exchange.

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Regulation 159(6) additionally provides for when service is effected in the case of notices or documents sent by electronic communications. Regulation 159(7) provides for Shareholders to be separately notified where a notice or document is served by making it available on a website.

The insertion of the new provisions in Regulation 159 will enable greater efficiency and cost savings in the transmission of documents from the Company to Shareholders.

Under the new Section 387C of the Companies Act, regulations may be made to exclude any notice or document or any class of notices or documents from the application of the Section, provide for safeguards for the use of electronic communications under the Section, and provide that a member who is deemed to have consented to receive notices or documents by way of electronic communications may make a fresh election to receive such notices or documents as a physical copy. Certain safeguards for the use of electronic communications are prescribed under Regulation 89C of the Companies Regulations. Under Regulation 89D of the Companies Regulations, notices and documents relating to any take-over offer of the company or to any rights issue by the company are excluded from the application of Section 387C of the Companies Act and therefore cannot be transmitted by way of electronic communications.

The SGX-ST has amended Chapter 12 of the Catalist Rules to permit the use of electronic communications to transmit documents, including circulars and annual reports, to shareholders, but shareholders may request for a physical copy of the documents from the issuer. However, Rule 1207 of the Catalist Rules requires an issuer to send the following documents to shareholders by way of physical copies:

- (i) forms or acceptance letters that shareholders may be required to complete;
- (ii) notice of meetings, excluding circulars or letters referred in that notice;
- (iii) notices and documents relating to takeover offers and rights issues;
- (iv) notices under Rule 1208 of the Catalist Rules to inform shareholders of how to request a physical copy of a document that has been sent to shareholders by electronic communications; and
- (v) if the issuer uses website publication as the form of electronic communications, notices under Rule 1209 of the Catalist Rules to inform shareholders of (i) the publication of the document on the website, (ii) if the document is not available on the website on the date of notification, the date on which it will be available, (iii) the address of the website; (iv) the place on the website where the document may be accessed, and (v) how to access the document.

The Company will comply with the requirements of the Companies Act and the Catalist Rules if and when it decides to transmit notices and documents electronically to its Shareholders.

(pp) Regulation 171 of New Constitution (New Regulation)

Regulation 171, which relates to the indemnification of Directors and other officers of the Company, will be inserted to permit the Company, subject to the provisions of and so far as may be permitted by the Statutes, to indemnify a Director against losses to be incurred by him in the execution of his duties. This is in line with Sections 163A and 163B of the Companies Act, which permit a company to lend, on specified terms, funds to a director for meeting expenditure incurred or to be incurred by him in defending court proceedings or regulatory investigations.

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8.5 Amendments for consistency with the Listing Manual

Rule 730 of the Catalist Rules provides that if an issuer amends its constituent documents, they must be made consistent with all the listing rules prevailing at the time of amendment.

The following Regulations have been amended for consistency with the Catalist Rules prevailing as at the Latest Practicable Date.

(a) Regulation 8 of New Constitution (Article 7 of Existing Constitution)

Regulation 8, which relates to the issue of preference shares, will be updated to specify that the total number of issued preference shares shall not exceed the total number of issued ordinary shares, in line with paragraph (1)(a) of Appendix 4C of the Catalist Rules.

(b) Regulation 21 of New Constitution (Article 19 of Existing Constitution)

Regulation 21 provides for the rights of Shareholders to be issued share certificates and will be amended to provide a period of 10 (instead of 15) market days for the issue of share certificates by the Company upon the lodgement of a registrable transfer, in line with Rule 732(3) of the Catalist Rules.

(c) Regulation 22(4) of New Constitution (Article 20(4) of Existing Constitution)

Regulation 22(4), which relates to replacement share certificates, will be amended to provide that such certificates may be given on payment of such sum not exceeding S\$2 (previously S\$1) as the Directors may from time to time require. This is in line with paragraph (1)(f) of Appendix 4C of the Catalist Rules.

(d) Regulation 24 of New Constitution (Article 22 of Existing Constitution)

Regulation 24, which provides for the Company's first and paramount lien on every share which is not fully paid, will be amended to be in line with paragraph 3(a) of Appendix 4C of the Catalist Rules.

(e) Regulation 26 of New Constitution (Article 24 of Existing Constitution)

Regulation 26, which provides for the application of the proceeds of sale of shares which are subject to lien, will be amended to be in line with paragraph 3(b) of Appendix 4C of the Catalist Rules.

(f) Regulation 49 of New Constitution (Article 47 of Existing Constitution)

Regulation 49, which provides for the discretion of the Directors to refuse the registration of a transfer of shares, will be amended to be in line with Rule 733 of the Catalist Rules.

(g) Regulation 68 of New Constitution (Article 66 of Existing Constitution)

In line with Rule 730A(1) of the Catalist Rules, Regulation 68 will be amended to state that, where required by the listing rules of the Exchange, all general meetings shall be held in Singapore, unless such requirement is waived by the Exchange.

(h) Regulation 72 of New Constitution (Article 71 of Existing Constitution)

Regulation 72, which relates to the giving of notices of general meetings, will be amended to be in line with paragraph 7(a) of Appendix 4C of the Catalist Rules.

(i) Regulation 81(1) of New Constitution (New Regulation)

In line with Rule 730A(2) of the Catalist Rules, Regulation 81(1), which relates to the method of voting at general meetings, is newly inserted to make it clear that where required by the listing rules of the Exchange, all resolutions at general meetings shall be voted by poll, unless such requirement is waived by the Exchange. Consequential amendments are made to Regulations 81(2), 82(1), 82(2) and 85.

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(j) Regulation 90(2) of New Constitution (New Regulation)

Regulation 90(2) is a new provision which specifies that where a Shareholder is required by the listing rules or a court order to abstain from voting on a resolution at a general meeting, such Shareholder shall not be entitled to vote on the resolution and shall abstain from voting in respect of such resolution and the Company shall be entitled to disregard any votes cast in contravention of the Regulation, to the extent permitted by the Companies Act and any other applicable laws and regulations. This is consistent with Rule 1203(5) of the Catalist Rules.

(k) Regulation 104(1) of New Constitution (Article 104(1) of Existing Constitution)

Regulation 104(1), which relates to the vacation of office of a Director in certain events, additionally provides that the office of a Director shall be vacated if he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds. This is in line with paragraph 9(m) of Appendix 4C of the Catalist Rules.

(l) Regulation 110 of New Constitution (Article 110 of Existing Constitution)

Regulation 110, which relates to notices of intention to appoint Directors, will be amended to clarify that the periods of notice shall be exclusive of the date on which the notice is given and the date of the general meeting. This is in line with paragraph 9(g) of Appendix 4C of the Catalist Rules.

(m) Regulations 112, 113 and 114 of New Constitution (Articles 112, 113 and 114 of Existing Constitution)

Regulation 112, which relates to the appointment of a Managing Director, will be amended to include the appointment of a Director to the office of Chief Executive Officer or equivalent position, and the period shall not exceed five years, where the appointment is for a fixed term. This is in line with paragraph 9(h) of Appendix 4C of the Catalist Rules. Regulation 112 will also be amended to provide that the Chief Executive Officer or Managing Director or person holding an equivalent position shall be subject to the control of the Directors, in line with paragraph 9(i) of Appendix 4C of the Catalist Rules. Consequential amendments will be made to Regulations 113 and 114.

(n) Regulations 168, 169 and 170 of New Constitution (New Regulations)

Regulations 168, 169 and 170, which relate to the winding up of the Company and the distribution of its assets upon winding up, will be inserted for completeness and to comply with paragraph 11(a) of Appendix 4C of the Catalist Rules.

8.6 Updates in line with Personal Data Protection Act 2012

In general, under the Personal Data Protection Act 2012, an organisation can only collect, use or disclose the personal data of an individual with the individual's consent, and for a reasonable purpose which the organisation has made known to the individual. Regulation 173 specifies, *inter alia*, the purposes for which the Company and/or its agents and service providers would collect, use and disclose personal data of Shareholders and their appointed proxies or representatives.

8.7 General amendments

The following Regulations will be included in the New Constitution or will be updated, streamlined and rationalised generally.

(a) Regulation 1 of New Constitution (Article 2 of Existing Constitution)

Regulation 1 is the interpretation section of the New Constitution and includes the following additional or revised provisions:

- (i) new definitions of "month" and "year" as meaning calendar month and calendar year, respectively; and

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- (ii) an amended definition of “Secretary” to include Joint Secretaries and Assistant or Deputy Secretaries.
- (b) Regulation 7(1) of New Constitution (Article 6(1) of Existing Constitution)

Regulation 7(1) will be amended to clarify that the authority granted to the Directors to issue shares is subject to the limits referred to in Regulation 60.
- (c) Regulations 21 and 23 of New Constitution (Articles 19 and 21 of Existing Constitution)

The provision in Regulation 21 relating to the delivery of share certificates to joint holders will be deleted as the same is provided for in Regulation 23. Regulation 23 will be amended to clarify that the delivery of a certificate to the joint holder first named in the Company’s Register of Members shall be sufficient delivery to all.
- (d) Regulation 43 of New Constitution (Article 41 of Existing Constitution)

Regulation 43, which relates to the instrument of transfer of shares, will be amended to clarify that such instrument shall be signed by or on behalf of both the transferor and the transferee, and where the transferee is the Depository, it includes the Depository’s nominee.
- (e) Regulations 45, 89 and 104(1)(e) of New Constitution (Articles 43, 88 and 104(1)(d) of Existing Constitution)

These Regulations will be updated to substitute the references to a person of unsound mind with references to a person who is mentally disordered and incapable of managing himself or his affairs, following the enactment of the Mental Health (Care and Treatment) Act (Chapter 178A), which repealed and replaced the Mental Disorders and Treatment Act.
- (f) Regulation 47 of New Constitution (Article 45 of Existing Constitution)

Regulation 47, which relates to the fees relating to transfers of shares, will be amended to clarify that the Directors may decline to accept any instrument of transfer unless the amount of stamp duty (if any) payable on each instrument of transfer (and not just part of the stamp duty) is paid, and the stamp duty need not be paid to the Company.
- (g) Regulation 91(4) of New Constitution (Article 90(3) of Existing Constitution)

References to “form of proxy” will be amended to “instrument of proxy” to be consistent with the references in the other Regulations.
- (h) Regulation 96 of New Constitution (Article 95 of Existing Constitution)

Regulation 96, which relates to the validity of a vote given by a proxy, will be amended to include the validity of such vote notwithstanding the previous mental disorder of the principal where no notice in writing of the mental disorder has been received by the Company at least one hour before the time fixed for holding the meeting.
- (i) Regulation 98 of New Constitution (Article 98 of Existing Constitution)

Regulation 98 will be amended to remove the cap on the number of Directors to give greater flexibility to the Directors in determining the size of the Board of Directors.
- (j) Regulation 104(2) of New Constitution (Article 104(2) of Existing Constitution)

Regulation 104(2), which relates to the automatic termination of a Director’s appointment to certain positions if he ceases to be a Director, will be amended to delete the positions of Deputy or Assistant Director as such positions are not envisaged.

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- (k) Regulations 107 and 112 of New Constitution (Articles 107 and 112 of Existing Constitution)
Regulation 107, which requires the retirement of one-third of the Directors at each Annual General Meeting, will be amended to include the Managing Director. This is in line with the requirements of the Code of Corporate Governance. Consequential amendments will also be made to Regulation 112.
- (l) Regulation 109(2) of New Constitution (New Regulation)
Regulation 109(2) is a new provision which relates to the filling of the office vacated by a retiring Director in certain default events. It provides that a retiring Director is deemed to be re-elected, subject to certain exceptions such as the Director being disqualified.
- (m) Regulation 119 of New Constitution (Article 119 of Existing Constitution)
Regulation 119, which relates to the appointment of an attorney by the Directors, will be amended to provide for the Directors to authorise such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Amendments will also be made to permit the Directors to appoint an attorney by power of attorney or otherwise, which need not be under the common seal.
- (n) Regulation 120(2) of New Constitution (Article 120(2) of Existing Constitution)
Regulation 120(2), which relates to the meeting of the Directors by telephone, will be amended to include video conference or similar communications means whereby all persons participating can hear each other.
- (o) Regulation 120(3) of New Constitution (New Regulation)
Regulation 120(3) will be inserted to empower the Secretary to record the proceedings of meetings conducted by telephone conference or similar communications means and such record shall be deemed to be made at a meeting of Directors.
- (p) Regulation 122 of New Constitution (Article 122 of Existing Constitution)
Regulation 122 will be amended to clarify that notice of meeting need not be given to a Director who is for the time being absent from Singapore.
- (q) Regulation 130 of New Constitution (Article 130 of Existing Constitution)
Regulation 130, which relates to written resolutions of the Directors, will be amended to clarify that the required majority will not include Directors who are disqualified from voting pursuant to the Constitution, the Statutes or the listing rules of the Exchange. In addition, the expressions "in writing" and "signed" will include approval by letter, facsimile, electronic mail, text messaging or other electronic means of communication.
- (r) Regulation 131(4) of New Constitution (New Regulation)
Regulation 131(4) will be inserted to provide for the means by which the documents of the Company or copies thereof may be authenticated and certified.
- (s) Regulation 135 of New Constitution (Article 135 of Existing Constitution)
Article 135 provides for the apportionment of dividends on a *pro rata* basis. Article 135 will be amended to provide for, *inter alia*, the payment of dividends in proportion to the number of shares held by a Shareholder and the amounts paid or credited as paid on the shares.
- (t) Regulation 138 of New Constitution (Article 139 of Existing Constitution)
Regulation 138, which relates to interim dividends, will be amended to remove the restriction on the frequency of such dividends to grant the Directors greater flexibility.

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- (u) Regulation 139 of New Constitution (New Regulation)

Regulation 139 is a new provision which will facilitate, if and when desired by the Directors, the implementation of a scrip dividend scheme enabling Shareholders to elect to receive shares in lieu of the cash amount of a qualifying dividend.
- (v) Regulation 158 of New Constitution (Article 158 of Existing Constitution)

Regulation 158, which relates to the conclusiveness of audited financial statements, will be amended to clarify that the financial statement shall be conclusive unless any error is discovered within one month after the approval or adoption thereof.
- (w) Regulations 164, 165, 166 and 167 of New Constitution (New Regulations)

Regulations 164, 165, 166 and 167, which relate to the service of notices, will be inserted for completeness.
- (x) Regulation 172 of New Constitution (New Regulation)

Regulation 172, which relates to the protection of the Company's confidential information, will be inserted for completeness.
- (y) Regulation 174 of New Constitution (New Regulation)

Regulation 174 will be inserted to provide for amendments to the Constitution to be subject to the prior written approval of the Exchange.

9. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

9.1 Bases and Assumptions

The financial effects of the Proposed Transactions on the Enlarged Group are presented herein solely for illustrative purposes only. The objective is to illustrate what the historical information might have been had the Proposed Transactions been completed at an earlier date. However, such information is not necessarily indicative of the actual results of the operations or the related effects on the financial position that would have been attained had the Proposed Transactions been completed at such an earlier date. Given that the financial effects presented below are *pro forma* in nature and only for illustrative purposes, it does not necessarily represent the actual financial position and/or results of the Enlarged Group immediately after the completion of the Proposed Transactions.

The *pro forma* financial effects in this section have been prepared based on the audited financial statements of the Company for FY2017 and the audited combined financial statements of the Target Group for FY2017.

For the purposes of illustration, the financial effects of the Proposed Transactions are computed based on, *inter alia*, the following assumptions:

- (a) the financial effects of the Proposed Transactions on the earnings and EPS of the Enlarged Group are computed assuming that the Proposed Share Consolidation and the Proposed Acquisition were completed on 1 January 2017;
- (b) the financial effects of the Proposed Transactions on the NTA and gearing of the Enlarged Group are computed assuming that the Proposed Share Consolidation and the Proposed Acquisition were completed on 31 December 2017;
- (c) the Purchase Consideration of S\$19,400,000 shall be satisfied by the allotment and issue of 32,333,333 Consideration Shares at the Issue Price;

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- (d) the Proposed Share Consolidation involves the consolidation of every twenty (20) existing Shares into one (1) Consolidated Share;
- (e) the costs relating to the Proposed Transactions amount to approximately S\$1.33 million; and
- (f) the net loss attributable to owners of the parent after the Proposed Share Consolidation and the Proposed Acquisition includes a gain on reverse takeover of approximately S\$1.79 million as set out in the Report on Unaudited Pro Forma Consolidated Financial Statements of the Enlarged Group for the Financial Year Ended 31 December 2017 and Six-Month Period Ended 30 June 2018. This amount represents the difference between the effective consideration transferred, which is determined based on the number of outstanding Shares of 240,443,565 prior to the Proposed Share Consolidation and the Proposed Acquisition multiplied by S\$0.016 per Share, being the last traded price of the Shares on the SGX-ST on 28 September 2018, and the fair value of net identifiable assets acquired and liabilities assumed of the Company as at 31 December 2017, amounting to approximately S\$5.6 million. On Completion, the deemed consideration of the Proposed Acquisition, for accounting purposes, will be calculated based on the fair market value of each Consolidated Share as at the date of Completion. As the actual goodwill as a result of the Proposed Acquisition will have to be determined at Completion, the actual goodwill could be materially different from the assumption used above. Any goodwill arising from the Proposed Acquisition will be accounted for in accordance with the accounting policies of the Company.

9.2 Financial effects on issued and paid-up share capital

	Before Proposed Transactions	After Proposed Transactions
Number of Shares	240,443,565	44,355,511
Issue and paid-up share capital (S\$'000)	259	3,848

9.3 Financial effects on NTA and NTA per Share

	Before Proposed Transactions	After Proposed Transactions
NTA as at 31 December 2017 (S\$'000)	5,638	7,524
Number of Shares in issue	240,443,565	44,355,511
NTA per Share as at 31 December 2017 (cents)	2.34	16.96

9.4 Financial effects on earnings and EPS

	Before Proposed Transactions	After Proposed Transactions
Net (loss)/profit attributable to owners of the parent for FY2017 (S\$'000)	(565)	961
Weighted average number of Shares – basic/diluted	240,443,565	44,355,511
EPS for FY2017 – basic/diluted (cents)	(0.24)	2.17

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9.5 Financial effects on gearing

	Before Proposed Transactions	After Proposed Transactions
Total borrowing as at 31 December 2017 (S\$'000)	–	100
Total shareholders' equity as at 31 December 2017 (S\$'000)	5,638	7,524
Gearing ratio	Not applicable	1.33%

10. INFORMATION ON THE TARGET GROUP

10.1 History

The Target Group's business may be traced back to November 2005 when its founder and executive director, Chua Khoon Hui, registered a sole-proprietorship called The Whisky Store. With the assistance of his wife, Ng Pei Wah, The Whisky Store commenced business by setting up a retail kiosk in Tanglin Mall, selling predominantly single malt Scotch whisky from distilleries such as Bowmore and bottlers such as Gordon & MacPhail. The products were purchased directly from distilleries, bottlers and wholesalers in the United Kingdom.

In 2006, with their experience at the retail kiosk, Chua Khoon Hui and Ng Pei Wah decided to set up a dedicated whisky bar and retail store at Cairnhill Road under *The Whisky Store* brand name. They believed that a bar setting would allow them to better share their knowledge of and promote the portfolio of specialty single malt Scotch whisky they were carrying to their customers. In the same year, The Whisky Store was named by Whisky Magazine as a "Great Whisky Bar of the World", for its outstanding presentation, promotion and knowledge of great whiskies from around the world.

In 2007, with their experience in running a bar and having identified the growth potential of whisky bars, Chua Khoon Hui and Ng Pei Wah decided to move the business to a more strategic location. In March 2007, Chua Khoon Hui incorporated TWS with a business partner and moved the whisky bar and retail store from Cairnhill Road to Waterfront Plaza, located at the Grand Copthorne Waterfront Hotel. The whisky bar started operations under the new brand name *Quaich Bar* whilst the retail store continued operations under *The Whisky Store* brand name. Quaich, derived from the Scottish Gaelic word "cuach", is a special shallow two-handed drinking cup or bowl in Scotland, which is a Scottish Gaelic symbol of welcome and friendship.

In late 2007, with relationships built over the years with its suppliers, TWS approached some of these suppliers to distribute their products, including Springbank and Bowmore. In October 2007, Planet Spirits was incorporated by TWS to carry out the business of import and distribution of whisky. In the same month, five other business partners invested in TWS, on the invitation of the then existing shareholders. Through Planet Spirits, the Target Group expanded its business to wholesale of whisky and built up its network of customers to include other bars and pubs, country clubs, hotels, restaurants, and corporate and individual customers for bulk purchases. The Target Group currently distributes over 12 brands of whisky such as Springbank, Bunnahabhain, Deanston, Tomatin, Tomintoul, Tobermory, Paul John, Bain's and Tipperary, purchasing directly from distilleries in Scotland, Ireland, South Africa and India. The Target Group also offers sourcing services to its customers who are looking to acquire whisky in single casks or whisky from a particular label and of a specific maturity that might not be included in its product portfolio and/or not readily available in the market.

In 2011, as a testimony of the strong relationship built over the years with its suppliers, the distillery, Glenglassaugh, bottled two vintage single malt Scotch whiskies especially for Quaich Bar, a 38-year-old Glenglassaugh Black Ox and a 35-year-old Glenglassaugh White Rabbit.

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In 2012, an opportunity to take up a space at Resorts World Sentosa was presented to TWS, and Chua Khoon Hui and some of TWS's then existing shareholders decided to expand the chain of bars by opening the second *Quaich Bar* outlet at Resorts World Sentosa. To this end, Quaich@RWS Pte. Ltd. was incorporated by Chua Khoon Hui in May 2012 and subsequent investments in the company were made by five other business partners. This outlet was more than double the size of the outlet at Waterfront Plaza and stocked more labels of whiskies, including more high-end whiskies such as a Bowmore 1964 fino sherry cask Scotch whisky. After approximately a year of operations, due to differences of opinion with regards to the strategic direction of the business, the bar was closed.

In August 2013, Teo Kok Woon, the Company's Non-Executive Non-Independent Director and existing Controlling Shareholder of the Company, incorporated Sloshed! for the purpose of acquiring the shares in TWS from some of its then shareholders. He was a regular customer at *Quaich Bar* and had become acquainted with Chua Khoon Hui. Having observed the customer flow at *Quaich Bar*, he saw growth potential in TWS and decided to participate in its business.

In 2013, observing the rising affluence of the middle class in Myanmar, Chua Khoon Hui decided to explore possible opportunities there. To this end, a whisky bar was set up by a local partner under the name of *Cask 81 by Quaich Bar*. In October 2013, Sloshed! subscribed for 50.0% of the issued and paid-up share capital of Timber Malt, a company incorporated for the purpose of investing in business opportunities in Myanmar, with the other shareholder being Wood & Wood Flooring Pte. Ltd., an independent third party. In February 2014, following the investment by three other business partners in Timber Malt, Sloshed! held 20.0% of the total issued and paid-up share capital of S\$375,000 of Timber Malt. Chua Khoon Hui provided guidance on the operations of *Cask 81*. Due to the lack of clarity in the local regulations relating to the import and sale of foreign brands of spirits, the Target Group has ceased involvement in *Cask 81* as at the date of this Circular. As at the date of this Circular, the Target Group has no operations in Myanmar.

In December 2015, The Other Room was incorporated for the purpose of setting up and operating a cocktail bar. The cocktail bar under the brand name *The Other Room* was opened at Singapore Marriott Tang Plaza Hotel in 2016, offering cocktails made from spirits which have gone through the process of in-house cask spirit finishing. Since commencing operations, The Other Room has made the list of Asia's 50 Best Bars in 2017 and 2018 and was ranked 93rd on The World's Best Bars 2018 (51-100 List).

In January 2016, in a further expansion of the Target Group's business, Quaich was incorporated to undertake the operations of a whisky bar and retail store at South Beach Avenue under the *Quaich Bar* brand name, which continued to specialise in specialty single malt Scotch whisky from boutique distilleries in Scotland.

In March 2018, The Other Roof was incorporated for the purpose of operating a rooftop café bar at Ann Siang House, which was opened for business in October 2018. The rooftop café bar operates under the brand name *The Other Roof* and is an extension of the *The Other Room* chain. At this outlet, spirits are in-house finished in various types of teas, which results in a wide offering of tea spirits and tea-based cocktails.

In November 2018, a whisky-themed café bar, *The Copper Plate*, was set up at Winsland House II. Its name was inspired by the properties of copper, which is highly malleable and ductile, reflecting the creative concept of the bar, but which is also stable and enduring, reflecting the Target Group's commitment to quality and service. This outlet offers more than 100 whisky labels, a broad range of cocktails and a whisky-inspired food menu.

As at the date of this Circular, the Target Group operates two whisky bars, a cocktail bar, a rooftop café bar and a whisky-themed café bar in Singapore.

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10.2 Awards and Certifications

The Target Group's commitment to excellence is evidenced by the following awards and accolades which it has received:

<u>Year</u>	<u>Awards and Accolades</u>	<u>Awarded by</u>
2006	Great Whisky Bar of the World	Whisky Magazine
2010	Top 10 Best Unique Bars	Epicure
2017	Asia's 50 Best Bars 2017	The World's 50 Best Bars
2018	Asia's 50 Best Bars 2018	The World's 50 Best Bars
2018	The World's Best Bars 2018 (50-100 List)	The World's 50 Best Bars

10.3 Business Overview

The Target Group is in the business of operating a multi-concept chain of pubs and bars and the import and distribution of spirits, wines and liquors.

As at the date of this Circular, the outlets operated by the Target Group are as follows:

<u>Name of outlet</u>	<u>Location</u>	<u>Concept</u>	<u>Opening Date</u>
Quaich Bar	390A Havelock Road, #01-09/10 Waterfront Plaza, Singapore 169664	Whisky bar specialising in specialty single malt Scotch whisky	August 2007
Quaich Bar	30 Beach Road, #01-16 South Beach Avenue, Singapore 189763	Whisky bar specialising in specialty single malt Scotch whisky	September 2016
The Other Room	320 Orchard Road, #01-05 Singapore Marriott Tang Plaza Hotel, Singapore 238865	Speakeasy cocktail bar offering cask-finished spirits and cocktails	June 2016
The Other Roof	28 Ann Siang Road, #04-01 Ann Siang House, Singapore 069708	Rooftop café bar, specialising in tea spirits and tea-based cocktails	October 2018
The Copper Plate	167 Penang Road, #01-01/02/03 Winsland House II, Singapore 238462	Whisky-themed café bar	November 2018

Concepts

(a) *Quaich Bar*

Quaich Bar, which name was derived from the Scottish Gaelic word "cuach", a special shallow two-handed drinking cup or bowl in Scotland and a Scottish Gaelic symbol of welcome and friendship. Outlets under the *Quaich Bar* brand name are designed to provide a relaxed environment, suitable for gatherings between friends and for networking. *Quaich Bar* specialises in specialty single malt Scotch whisky and each of the bars currently stock more than 100 different labels of fine whiskies obtained mainly from boutique distilleries in Scotland. In addition to its wide range of specialty single malt Scotch whisky, the bars also stock American, Irish, Indian, Japanese, South African and Taiwanese whiskies, and other alcoholic beverages such as beers, wines and other spirits. Light refreshments are also

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offered. *Quaich Bar* places an emphasis particularly on providing good service and promoting knowledge of whisky. Whisky ambassadors at each outlet will identify their customers' specific preferences and make recommendations on suitable whiskies for their consideration. In addition, to promote knowledge of whisky and to encourage whisky appreciation in Singapore, these bars regularly conduct tasting sessions and whisky pairing events, offering a number of tasting sets for beginners to get started on their whisky journey and for veterans to explore more labels and tastes to expand their repertoire. Customers may also buy bottles of whisky and keep them at the outlets for consumption during subsequent visits, for a period of up to two months. Retail sales of single malt Scotch whisky and other spirits, wines and liquors are also carried out at both bars.

(b) *The Other Room*

The Other Room is a speakeasy cocktail bar with interior decoration inspired by the Prohibition era with a modern touch. Located at the ground floor of Singapore Marriott Tang Plaza Hotel in Orchard, it attracts a cosmopolitan mix of locals, expatriates, and tourists. The bar offers its customers over 300 in-house cask finished products. Different bespoke cocktails are created in-house by the art of finishing. Instead of bottling spirits such as whisky and rum directly after they have matured for a requisite number of years in their casks, the spirits are transferred into a second barrel that has previously stored a completely different liquid such as wines, sherries, madeiras, ports or other different spirits, which lend a different taste or finish to the spirits. Spirits are also in-house finished in spices, roots, teas, herbs, fruits, barks and coffee to obtain the most balanced flavour combination. Other than its cask-finished spirits or cocktails, the bar also offers other alcoholic beverages including whisky, rum, champagne, wine and beer, and light refreshments. The bar strives to provide its customers with friendly service, uniquely crafted drinks, quality food, good music and a relaxing environment. The bar also regularly hosts renowned bartenders from around the world to provide different experiences for its customers.

(c) *The Other Roof*

The Other Roof is an open-air rooftop café bar. Located at the rooftop of Ann Siang House, it targets the working crowd in the central business district looking to unwind at a relaxing spot after office hours. *The Other Roof* is an extension to the *The Other Room* chain but offers a different concept whereby spirits are in-house finished in various types of teas, which results in a wide selection of tea spirits and tea-based cocktails. The bar offers its customers over 400 in-house tea-finished spirits, and choices of other alcoholic beverages such as champagne and wine, non-alcoholic tea beverages and light refreshments. Tea leaves which are sourced from across the globe are also available for sale at this outlet.

(d) *The Copper Plate*

The Copper Plate is a whisky-themed café bar located at Winsland House II and is an extension of the *Quaich Bar* chain. Its name was inspired by the properties of copper, which is highly malleable and ductile, reflecting the creative concept of the bar, but which is also stable and enduring, reflecting the Target Group's commitment to quality and service. *The Copper Plate* is a more casual establishment as compared to the *Quaich Bar* outlets and patrons have the option of having whisky by the carafe, instead of by the bottle. Apart from offering more than 100 whisky labels, it also offers a broad range of cocktails and a whisky-inspired food menu.

Similar to outlets under the *Quaich Bar* brand name, retail sales of single malt Scotch whisky and other spirits, wines and liquors are also carried out at this outlet.

The Target Group imports a wide range of whisky, including specialty single malt Scotch whisky from boutique distilleries in Scotland and independent bottlers and wholesalers in the United Kingdom, whisky from distilleries in Ireland, South Africa and India, and other spirits, wines and liquors. Apart from distribution to its own outlets, the Target Group distributes these products to other pubs and bars, country clubs, hotels, restaurants, and corporate and individual consumers

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who purchase the products in bulk. As at the Latest Practicable Date, the portfolio of whisky distributed by the Target Group include direct purchases from more than 12 distilleries. Some of the brands that the Target Group distributes in Singapore include Springbank, Bunnahabhain, Deanston, Tomatin, Tomintoul, Tobermory, Paul John, Bain's and Tipperary.

In addition to regular labels, the Target Group also purchases whisky in casks for bottling for sale to retail customers or for bulk sales. Such trading of whisky in casks allows the Target Group to obtain exclusive single casks that are not available to others.

The Target Group also offers sourcing services to customers who are looking to acquire whisky in single casks or whisky from a particular label and of a specific maturity that might not be included in its product portfolio and/or not readily available in the market.

10.4 Properties and Fixed Assets

The Target Group does not own any properties.

The Target Group currently leases the following properties for use as its outlets and as its office:

Location	Tenure	Approximate built-in Area (sq m)	Use of Property	Lessor
315 Outram Road, #14-02 Tan Boon Liat Building, Singapore 169074	36 months from 15 August 2018 to 14 August 2021, with an option to renew for a further two years	221	Warehouse and administration	Jhamatmall Gurbamall Pte Ltd
30 Beach Road, #01-16 South Beach Avenue, Singapore 189763	Three years from 1 September 2016 to 31 August 2019, with an option to renew for a further three years	124	Quaich Bar outlet	South Beach Consortium Pte. Ltd.
320 Orchard Road, #01-05 Singapore Marriott Tang Plaza Hotel, Singapore 238865	60 months from 7 June 2016 to 6 June 2021, with an option to renew for a further 36 months	74	The Other Room outlet	Legacy Hotel Pte Ltd (granted pursuant to a sub-lease)
390A Havelock Road, #01-09/10 Waterfront Plaza, Singapore 169664	Three years from 9 August 2016	96	Quaich Bar outlet	City Developments Limited
28 Ann Siang Road, #04-01 Ann Siang House, Singapore 069708	Five years from 15 August 2018, with an option to renew for a further five years	404	The Other Roof outlet	Ann Siang Road Pte. Ltd.
167 Penang Road, #01-01/02/03 Winsland House II, Singapore 238462	Three years from 1 October 2018 to 30 September 2021, with an option to renew for a further three years	137	The Copper Plate outlet	Winmax Investment Pte Ltd

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As at 30 June 2018, the fixed assets of the Target Group, comprising renovation, furniture and fittings, and equipment, had a net book value of approximately S\$511,000. As at the Latest Practicable Date, none of the fixed assets were subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any borrowings.

As at the Latest Practicable Date, the Target Group is not aware of any breach by it of any obligations under the abovementioned lease agreements that would result in their termination by the lessor or non-renewal, if required, when they expire. Each of the abovementioned lease agreements may not be unilaterally terminated by the lessee without the payment of damages for early termination, but may be unilaterally terminated by the lessor giving a written notice of termination under certain conditions as set out in the lease agreements. Such conditions include the lessor's participation in a collective sale of the development in which the Target Group's premises is located, the acquisition by a relevant government authority of the building in which the Target Group's premises is located or if the lessor is called upon by a relevant government authority for any reason whatsoever to demolish the building in which the Target Group's premises is located. Such termination of leases relating to the Target Group's outlets will have a material impact on its operations as the business of its outlets will be disrupted and it will have to incur additional capital expenditure to relocate its outlets.

To the best of the Target Group's knowledge, save as disclosed under the sections entitled "Licences, Permits and Approvals" and "Government Regulations" of this Circular, there are no regulatory requirements or environmental issues that may materially affect the utilisation of any of the Target Group's material tangible fixed assets.

Barring any unforeseen circumstances, the Target Group does not foresee any difficulty in renewing the leases stated above which are expiring within 12 months from the date of this Circular.

10.5 Quality Assurance

The Target Group has established certain procedures to maintain a consistent quality in the services provided and the food and beverages that are served to customers at its outlets.

The quality assurance procedures in respect of the Target Group's business, which are key factors in ensuring the Target Group's success, are described below.

Quality of Food and Beverages

To ensure that the food and beverages that the Target Group offers are of satisfactory quality, it procures its supplies from reputable brands and suppliers. In particular, for the Periods Under Review, the Target Group has mainly sourced its single malt Scotch whisky directly from distilleries such as Springbank, Bunnahabhain and Tomatin. Visits to such distilleries are also regularly conducted.

Upon delivery of the spirits, wines, liquors and other alcoholic beverages, the managers at the outlets and operations department at the bonded warehouse will check the outer appearance of the products to identify any abnormality or damage. Any products which show signs of abnormality will be returned to the supplier for replacement or refund whereas claims against the Target Group's insurance will be made for damaged products.

At each of its outlets, the Target Group adheres to the hygiene standards set by the relevant government authorities by regularly cleaning its outlets and ensuring that food and beverages are hygienically prepared and sourced from reputable and long standing suppliers. Incoming food supplies are checked for their freshness and quality to ensure that they meet the Target Group's quality standards. Any food supplies that have exceeded its shelf life will be discarded.

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During the Periods Under Review and up to the Latest Practicable Date, the Target Group had not experienced any material incidents of food poisoning or problems of food safety in general that could adversely affect its reputation or its business.

Quality of Service

To ensure that the Target Group maintains a good level of customer service, it has put in place several group practices and policies, which include periodic visits by the bar manager to guests' tables and active involvement of the bar manager in responding to guest comments. Teamwork is emphasised for efficient and timely service.

There is a structured training programme for all new employees. New employees are given on-the-job training and are made to shadow a senior employee to familiarise themselves with the Target Group's operations. Product knowledge is also imparted to the employees by the management or guest master distillers. New employees are also required to familiarise themselves with the requisite service standards.

The Target Group strives to provide good food and drinks, served by service-minded people in a relaxed environment. The Target Group ensures that the right candidates are hired for the appropriate jobs and that staff is trained to ensure that guests leave the outlets with a positive experience. The Target Group continually assesses the quality of its service through feedback from its customers and identifies areas for improvement.

10.6 Sales and Marketing

The Target Group's sales and marketing strategies are aimed at promoting awareness of its brand names and business, attracting new customers and cultivating customer loyalty. The marketing team of the Target Group is headed by its Chief Executive Officer and assisted by its Chief Marketing Officer.

The marketing initiatives adopted by the Target Group include:

- (a) **Websites and social media platforms:** The Target Group has launched websites and/or social media platforms for its outlets. These online platforms allow the Target Group to provide information on its product portfolio, menu, location, contact details, operating hours as well as any details on special promotions and upcoming events. They also allow customers to make reservations or make bookings for private events. In addition, the Target Group also actively uses social media platforms to interact with its customers, with the goal to promote its products and events, and cultivate customer loyalty. **Information contained in the Target Group's websites and social media platforms do not constitute part of this Circular.**
- (b) **Marketing initiatives:** The Target Group organises co-sponsorships for dinner events to launch specialty whiskies from suppliers or to showcase the Target Group's whisky offerings to customers. The media is sometimes invited to the aforesaid events and this provides the Target Group with media coverage which elevates its corporate visibility and enhances its brand name, thereby leading to increased patronage at its outlets.

The Target Group also regularly conducts whisky tasting and pairing events for customers, which enables them to explore more labels and expand their repertoire. Co-promotions with bars and restaurants are also carried out to co-promote each other's products.

- (c) **Membership programme:** Customers of the *Quaich Bar* outlets may enrol as members after meeting minimum spending requirements. The membership offers discounts for purchases at its outlets, as well as priority access to whiskies and events. These events also serve as interactive platforms for information exchange among whisky enthusiasts, which enable the Target Group to obtain direct feedback from its customers and identify the

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taste and preferences of its target customers. The Target Group regularly sends email newsletters to members. Through this membership programme, the Target Group is able to maintain regular contact with its members and build brand loyalty.

- (d) **Incentives:** For some wholesale customers to whom the Target Group distributes spirits, wines and liquors, they are given incentives when they achieve a certain volume of orders. The amount of incentive is agreed upon before purchase orders are placed. This creates a platform for the Target Group to reach a wider network of customers for the portfolio of products it carries, thereby increasing its revenue.

10.7 Intellectual Property

As at the Latest Practicable Date, the Target Group's business and profitability were not materially dependent on any trademarks, patents, licences or other intellectual property rights.

As at the Latest Practicable Date, the Target Group had applied to register the following trademark in Singapore and the application is under examination:

Trade Mark	Class	Specification of goods or services
 QUAICH BAR	33	Whisky; Malt whisky; Blended whisky

The aforesaid trademark has been deemed objectionable by the Intellectual Property Office of Singapore by reason of it consisting of the word "Quaich", which is the subject of a prior trademark registered in Singapore in 2013 by a non-affiliated company. The Target Group's application is founded on the basis that the Target Group has used the trademark "Quaich Bar" since November 2007 and has been using the trademark continuously ever since.

In the event that the non-affiliated company brings an action against the Target Group for infringing the registered "Quaich" trademark, the Target Group will defend its position on grounds including prior use of its "Quaich Bar" trademark and may also seek to invalidate the registration of the "Quaich" trademark. If the costs outweigh the benefits of contesting the infringement action, the Target Group may cease the use of the "Quaich Bar" trademark and rebrand its *Quaich Bar* outlets.

Please refer to the risk factor "The Target Group may be subject to claims for infringement of third parties' intellectual property rights" under the section entitled "Risks Relating to the Target Group's Business and Industry" of this Circular for further information.

10.8 Research and Development

The Target Group constantly conducts experiments with different spirits, wines and liquors in order to innovate drinks menus and develop new ideas to cater for differences and changes in consumer trends and preferences and to create a new experience for its patrons. For example, *The Other Room* offers cocktails made from spirits which have gone through the process of in-house cask spirit finishing. *The Other Roof* offers cocktails made from tea-finished spirits and *The Copper Plate* is experimenting with different serving presentations of whisky, including food pairing and serving of whisky at different temperatures. Chua Khoon Hui, the proposed Chief Executive Officer of the Enlarged Group, and the bartenders of the Target Group are actively involved in such creations and strive to identify, develop and introduce new concepts with market potential to capture a larger consumer base.

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Since the Target Group's research and development work is primarily conducted in-house, its research and development expenses during the Periods Under Review were insignificant.

10.9 Staff

The full-time employees of the Target Group as at 31 December 2015, 2016 and 2017 and 30 June 2018 are based in Singapore and their functional distribution were as follows:

	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017	As at 30 June 2018
Management	1	1	1	1
Finance, administration and human resources ⁽¹⁾	1	2	3	4
Sales and marketing	1	2	2	2
Operations	7	14	19	25
Total	10	19	25	32

Note:

- (1) As at 31 December 2015, 31 December 2016, 31 December 2017 and 30 June 2018, the Target Group had 1, 1, 2 and 3 finance personnel respectively, excluding the proposed Group Chief Financial Officer, Ng Kim Chew.

The increase in the number of employees is mainly due to the opening of new outlets.

The average number of temporary and part-time employees employed by the Target Group in FY2017 was four. The Target Group hires temporary and part-time employees to assist in ingredient preparation for cocktails served at its outlets and as bartenders.

As at the Latest Practicable Date, the Target Group had a total of 39 employees and employed 11 temporary and part-time employees.

The employees of the Target Group are not unionised. The relationship between the management of the Target Group and employees is good and there have been no disputes with the employees or any work stoppage which affected the Target Group's operations since it commenced operations.

10.10 Staff Training

The Target Group recognises that good customer service is vital to the success of its business and that its employees are therefore its primary asset and a crucial component in its business. To this end, the Target Group provides a structured training programme for all new employees. New employees are given on-the-job training and are made to shadow a senior employee to familiarise themselves with the Target Group's operations. Product knowledge is also imparted to the employees by the management or guest master distillers. New employees are also required to familiarise themselves with the requisite service standards. There is also monthly training for all employees for updates on products and service knowledge. In addition, the Target Group sends its service staff from the *Quaich Bar* outlets to distilleries in Scotland such as Tomatin, Loch Lomond and Springbank, giving them a better understanding of the process involved in the production of whisky. The Target Group's kitchen and service staff are also required by NEA to complete a basic food hygiene course.

As the training is primarily carried out in-house, the Target Group's staff training expenses during the Periods Under Review were insignificant.

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10.11 Insurance

The Target Group insures its business for, *inter alia*, property damage on stock of liquor (mainly whiskies), furniture, fixtures and fittings, equipment and tool of trade, work injury compensation, public liability, group medical and term life, all risk in relation to contents, consequential loss, rental expenses, money and goods in transit, and personal accident.

As at the Latest Practicable Date, the Proposed Board is of the view that the above insurance policies are adequate for the Target Group's operations and believes that the insurance coverage is in line with industry practice. However, significant disruption to the Target Group's operations as a result of fire or any other causes may still have a material adverse effect on its results of operations or financial condition. The Target Group is not insured against loss of key personnel and business interruption. If such events were to occur, its business may be materially or adversely affected.

10.12 Major Suppliers

The Target Group's major suppliers comprise boutique distilleries and independent bottlers of single malt Scotch whisky. The suppliers which accounted for 5.0% or more of the Target Group's purchases during the Periods Under Review were as follows:

Supplier ⁽¹⁾	Percentage of the Target Group's Purchases			
	FY2015 (%)	FY2016 (%)	FY2017 (%)	HY2018 (%)
Supplier A	10.3	34.1	–	–
Supplier B	18.7	5.4	14.3	5.8
Supplier C	19.7	6.0	22.2	–
Supplier D	–	–	8.7	19.2
Supplier E	19.2	7.2	8.0	8.9
Supplier F	–	5.8	7.4	4.9
Supplier G	–	5.7	2.5	23.2

Note:

- (1) As the Target Group's major suppliers are generally based in the United Kingdom (including Scotland), the disclosure of the names of the major suppliers and the relative proportion of purchases from them is sensitive as they would then be aware of their competitors and their relative sales to the Target Group. In addition, given the Target Group's role in developing the brands of its suppliers and such role being the criteria for continued exclusivity in distributing the brands in Singapore, the disclosure of the name of the major suppliers and the relative proportion of purchases from them may affect the Target Group's relationships with the major suppliers.

The Target Group selects its suppliers based on, amongst others, the supplier's market reputation, the quality of and demand for their products, past working experiences with them, pricing and their ability to meet the Target Group's delivery requirements.

Generally, orders are placed with suppliers as and when the Target Group's stocks run low in view of historical sales and inventory turnover for a particular product. Orders are also placed when the suppliers have interesting or rare products for sale or when the Target Group is sourcing for a whisky in single casks or whisky from a particular label and of a specific maturity that might not be included in its product portfolio and/or not readily available in the market. The Target Group also takes into account other factors when placing a purchase order such as prevailing market trends and feedback from its customers on a particular product.

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The year-to-year fluctuations in the Target Group's purchases from each of its major suppliers were mainly due to the purchase of special releases or whisky in single casks, in addition to replenishment of its regular stock.

Save as disclosed above, the Proposed Board is of the opinion that the Target Group's business and profitability is not dependent on any particular industrial, commercial or financial contract with any supplier. The Proposed Board is of the view that the Target Group is not dependent on any supplier as the Target Group is able to purchase other brands of whisky from other distilleries given the number of whisky distilleries in operation, and the Target Group also has the option of purchasing whisky through other intermediaries. To the best of their knowledge, the Proposed Board is not aware of any information or arrangement which would lead to the cessation or termination of the Target Group's relationship with any of its major suppliers, save for Supplier A with whom the Target Group has ceased business dealings.

As at the date of this Circular, none of the Directors of the Proposed Board, the Proposed Executive Officer or substantial shareholders of the Target Group has any interest, direct or indirect, in any of the above suppliers. There were no arrangements or understanding with any supplier pursuant to which any of the Directors of the Proposed Board or the Proposed Executive Officer was appointed.

10.13 Major Customers

Due to the nature of its business, the majority of the Target Group's customers comprise regular customers, walk-in customers, as well as corporate clients. A wide range of whiskies is also supplied to wholesale customers such as other pubs and bars, country clubs, hotels, restaurants, and corporate and individual customers. Save for ad-hoc purchases of whisky in casks which resulted in the following customers contributing more than 5.0% of the Target Group's revenue during the Periods Under Review, no other customer accounted for 5.0% or more of the Target Group's revenue during the Periods Under Review:

Customer	Percentage of the Target Group's Revenue			
	FY2015 (%)	FY2016 (%)	FY2017 (%)	HY2018 (%)
Tung Hing Company Pte. Ltd.	–	–	5.7	–
Linksino International Co. Pte Ltd	–	–	0.4	5.3
Lim Wai Ling Audrey ⁽¹⁾	–	–	–	6.2

Note:

- (1) Lim Wai Ling Audrey is the wife of Teo Kok Woon, the Company's Non-Executive Non-Independent Director and Controlling Shareholder. Please refer to the section entitled "Past Interested Person Transactions" of this Circular for further disclosure on the transactions between Lim Wai Ling Audrey and the Target Group.

The Proposed Board is of the opinion that the Target Group's business and profitability is not dependent on any particular industrial, commercial or financial contract with any customer. To the best of their knowledge, the Proposed Board is not aware of any information or arrangement which would lead to the cessation or termination of the Target Group's relationship with any of its customers.

As at the date of this Circular, none of the Directors of the Proposed Board, the Proposed Executive Officer or substantial shareholders of the Target Group has any interest, direct or indirect, in any of the above customers, save as disclosed in Note (1) above. There were no arrangements or understanding with any customer pursuant to which any of the Directors of the Proposed Board or the Proposed Executive Officer was appointed.

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10.14 Credit Management

Credit terms to customers

As the transactions in the Target Group's outlets are conducted on a cash basis, which include credit card and electronic payments, the Target Group does not grant any credit terms to its customers. The Target Group typically receives payments from the banks and/or credit card issuers within three days from the date of each transaction.

The Target Group, however, distributes a wide range of whiskies to wholesale customers such as other pubs and bars, country clubs, hotels, restaurants and corporate and individual customers for bulk purchases. The Target Group typically grants such wholesale customers credit terms of up to 30 days for these transactions although cash is collected from new wholesale customers upon delivery of products. Credit terms may be granted to new wholesale customers after their first purchase from the Target Group is completed. The Target Group's finance team monitors the accounts receivable ageing report closely and follow-up on any overdue amounts. On a case-by-case basis, appropriate action will be taken for overdue debts depending on the severity of default, which include sending formal letters of demand by lawyers and legal action should all other means to recover the overdue debts fail. For wholesale customers who have exceeded their credit limits or length of credit period provided, the Target Group would require them to settle the outstanding amounts before accepting another purchase order from the customer.

The Target Group's trade receivables turnover days during the Periods Under Review were as follows:

	FY2015 ⁽¹⁾	FY2016 ⁽¹⁾	FY2017 ⁽¹⁾	HY2018 ⁽²⁾
Trade receivables turnover days	18	18	11	9

Notes:

(1) Trade receivables turnover days = (Year-end trade receivables balance/Revenue) x 365 days.

(2) Trade receivables turnover days = (Period-end trade receivables balance/Revenue) x 182 days.

The general decrease in trade receivables turnover days was due to the opening of two outlets in FY2016, which contributed to the Target Group's revenue, with relatively lower trade receivables. During the Periods Under Review, the Target Group did not record significant provisions for doubtful debts or write-off of bad debts.

The Target Group's trade receivables as at 30 June 2018 amounted to approximately S\$165,000, of which approximately S\$151,000 had been collected as at the Latest Practicable Date.

Credit terms from suppliers

The Target Group's purchases are mainly denominated in GBP and SGD. Payment terms granted by the Target Group's suppliers vary from supplier to supplier and are also dependent on the relationships with the suppliers and the size of the transactions. Some of the Target Group's suppliers require payment before the products are delivered. Generally, the Target Group's suppliers have extended credit terms ranging from 30 to 60 days. The Target Group's trade payables turnover days during the Periods Under Review were as follows:

	FY2015 ⁽¹⁾	FY2016 ⁽¹⁾	FY2017 ⁽¹⁾	HY2018 ⁽²⁾
Trade payables turnover days	9	52	51	13

Notes:

(1) Trade payables turnover days = (Year-end trade payables balance/Purchases) x 365 days.

(2) Trade payables turnover days = (Period-end trade payables balance/Purchases) x 182 days.

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The increase in trade payables turnover days in FY2016 and FY2017 was due to the opening of two outlets in FY2016, which resulted in additional purchases made, contributing to higher trade payables. The decrease in trade payables turnover days in HY2018 was due to a decrease in purchases made by the Target Group towards the end of HY2018. However, during the Periods Under Review, the Target Group's trade payables turnover days were within the credit terms granted by its suppliers.

10.15 Procurement and Inventory Management

The Target Group's purchases comprise mainly spirits, wines, liquors and other alcoholic beverages, in particular single malt Scotch whisky, which constituted more than 60.0% of the total value of purchases during the Periods Under Review.

For the Target Group's purchases of single malt Scotch whisky, its suppliers comprise mainly boutique distilleries and independent bottlers and wholesalers in the United Kingdom (including Scotland). Chua Khoo Hui, the proposed Chief Executive Officer of the Enlarged Group, primarily makes the decisions on the quantity of single malt Scotch whisky to procure from each label.

Generally, orders are placed with suppliers as and when the Target Group's stocks run low taking into account historical sales and inventory turnover for a particular product. Orders are also placed when the suppliers have interesting or rare products for sale or when the Target Group is sourcing for whisky in single casks or whisky from a particular label and of a specific maturity that might not be included in its product portfolio and/or not readily available in the market. The Target Group also takes into account other factors when placing a purchase order such as prevailing market trends and feedback from its customers on a particular product.

The Target Group also procures limited edition whiskies which are held for sale as collectors' items.

When the Target Group receives sourcing requests from its customers, Chua Khoo Hui, the proposed Chief Executive Officer of the Enlarged Group, will approach the Target Group's suppliers to obtain samples and price quotations. Thereafter, Chua Khoo Hui will select and recommend suitable products to customers, together with their price quotations. Once the customer selects a product, the Target Group will then prepare a purchase order for the selected product. A deposit of not less than 25.0% of the purchase price of the product is collected before the purchase order is placed.

For the Target Group's imports, the products are first delivered to its bonded warehouse. Custom duties and goods and services tax are only paid when stocks are retrieved from the bonded warehouse for use or consumption in Singapore. Stocks retrieved from the bonded warehouse are stored at its warehouse at 315 Outram Road, #14-02 Tan Boon Liat Building, Singapore 169074. These stocks are despatched to the Target Group's outlets as and when replenishment is required and to other bars and pubs, country clubs, hotels, restaurants, and corporate and individual customers.

The manager in charge of each outlet is responsible for determining the amount of purchases of spirits, wines, liquors and other alcoholic beverages. Orders for spirits, wines, liquors and other alcoholic beverages which are stored at the Target Group's warehouse are placed with Planet Spirits. Orders for spirits, wines, liquors and other alcoholic beverages are also placed with local wholesalers, with approval from head office. Sample checks are conducted periodically at each outlet on a need-to basis. When the inventory level at an outlet drops to below a certain level, the manager responsible will send a purchase order to Planet Spirits or the wholesalers.

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The Target Group's inventories turnover days during the Periods Under Review were as follows:

	FY2015 ⁽¹⁾	FY2016 ⁽¹⁾	FY2017 ⁽¹⁾	HY2018 ⁽²⁾
Inventories turnover days	702	728	652	409

Notes:

(1) Inventories turnover days = (Year-end inventories balance/Cost of sales) x 365 days.

(2) Inventories turnover days = (Period-end inventories balance/Cost of sales) x 182 days.

The inventories turnover days for the Target Group is more than 12 months due to the nature of the Target Group's business, where part of its whisky portfolio comprise limited edition products which are high in value and held for sale as collectors' items. The general decrease in inventories turnover days in FY2017 and HY2018 was due to an improvement in the Target Group's inventory management.

10.16 Competition

The Target Group operates in a highly competitive industry with many competitors. The Target Group Directors consider its competitors to be all other whisky bars, cocktail bars, and pubs and bars in general. The Target Group believes that these establishments are competitors as they provide a similar range of offerings and compete for the same pool of customers.

The Target Group Directors note that there are low barriers to entry for new bar and pub operators due to the business-friendly environment in Singapore. New business owners face minimal bureaucracy when applying for operating licences as well as when obtaining capital investment for their respective ventures, depending on the size of the outlets. However, the Target Group Directors also note that the attrition rate for new bars and pubs is high as many inexperienced operators grapple with intense competition from existing operators. Niche offerings are required to attract sufficient customers to break even in the first few years of operations.

Some of these competitors also purchase a wide range of whisky products from the Target Group. Accordingly, while it faces competition from other pubs and bars in general, the Target Group believes that it may also benefit from an increase in the number of whisky bars or retail outlets in Singapore, which will increase its avenues for distribution.

In view of the size and diversity of the industry, it is not possible to obtain independent statistics on the market share captured by individual pubs and bars. There is also no published statistics that can be used to measure the Target Group's market share.

Save as disclosed in the section entitled "Potential Conflicts of Interests" of this Circular, none of the Directors of the Proposed Board, the Proposed Executive Officer, or substantial shareholders of the Target Group has any interest, direct or indirect, in any of the competitors of the Target Group.

10.17 Competitive Strengths

The Target Group Directors consider the following to be the core competitive strengths of the Target Group:

Comprehensive staff training programmes

The Target Group places strong emphasis on customer service and product knowledge and therefore provides a structured training programme for all new employees. New employees are given on-the-job training and are made to shadow a senior employee to familiarise themselves with the Target Group's operations. Product knowledge is also imparted to the employees by the management or guest master distillers. New employees are also required to familiarise themselves with the requisite service standards. There is also monthly training for all employees for updates on products and service knowledge. In addition, the Target Group sends its service

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staff from the *Quaich Bar* outlets to distilleries in Scotland such as Tomatin, Loch Lomond and Springbank, giving them a better understanding of the process involved in the production of whisky. The Target Group Directors believe that the Target Group's comprehensive training programmes enable it to provide quality services at its outlets.

As a testimony to its commitment to service excellence and product quality, the Target Group achieved accreditations and awards such as the Great Whisky Bar of the World, Top 10 Best Unique Bars, Asia's Best Bars in 2017 and 2018 and The World's Best Bars 2018 (50-100 List).

Strong business relationships with suppliers

The Target Group has built strong relationships with its suppliers, in particular, distilleries in Scotland, enabling it to carry a comprehensive range of specialty single malt Scotch whisky. The Target Group's good relationships with the distilleries have also enabled it to carry certain brands for some of its suppliers exclusively in Singapore and secure more favourable pricing for these products as compared to its competitors in Singapore, which contributes to its cost competitiveness.

Experienced and committed management team

The Target Group has a management team that has in-depth industry experience, headed by its Chief Executive Officer, Chua Khoon Hui, who has more than 12 years of experience in the operation of pubs and bars and in-depth knowledge of whisky. In addition to the experience of its Chief Executive Officer, the Target Group has an experienced and committed management team (including bar managers), most of whom have more than ten years of experience in the operation of pubs and bars.

Broad customer base in Singapore

Having been in operation for more than ten years, the Target Group has cultivated a broad customer base which includes whisky collectors and high net worth individuals, in addition to regular customers, walk-in customers, corporate clients and wholesale customers such as other bars and pubs, country clubs, hotels, restaurants, and corporate and individual customers.

The Target Group regularly sends email newsletters to the members of its *Quaich Bar* outlets, which enables it to maintain regular contact with the customers to build brand loyalty. The membership offers discounts for purchases at its outlets, as well as priority access to whiskies and events. These events also serve as interactive platforms for information exchange among whisky enthusiasts, which enable the Target Group to obtain direct feedback from its customers and identify the taste and preferences of its target customers.

Ability to develop new concepts

The Target Group believes that it has the ability to identify, develop and introduce new concepts with market potential to capture a larger consumer base. The Target Group believes that it has the ability to innovate drinks menus and develop new ideas to cater for changes in consumer trends and preferences and to create a new experience for its patrons. For example, *The Other Room* offers cocktails made from spirits which have gone through the process of in-house cask spirit finishing. *The Other Roof* offers cocktails made from tea-finished spirits and *The Copper Plate* experiments with different serving presentations of whisky, including food pairing and serving of whisky at different temperatures.

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10.18 Licences, Permits and Approvals

The following licences are required for the operations of the Target Group:

Type of licence	Licensing body	Outlets	Expiry Date
Liquor Licence	Police Licensing & Regulatory Department	(1) <i>Quaich Bar</i> at Waterfront Plaza	14 July 2019
		(2) <i>Quaich Bar</i> at South Beach Avenue	31 May 2019
		(3) <i>The Copper Plate</i>	2 October 2019
		(4) <i>The Other Room</i>	10 July 2019
		(5) <i>The Other Roof</i>	16 October 2019
Liquor Extension Hour Licence	Police Licensing & Regulatory Department	(1) <i>Quaich Bar</i> at Waterfront Plaza	14 July 2019
		(2) <i>Quaich Bar</i> at South Beach Avenue	31 May 2019
		(3) <i>The Other Room</i>	10 July 2019
Foodshop (Pub/Bar) Licence	National Environment Agency	(1) <i>Quaich Bar</i> at Waterfront Plaza	19 July 2019
		(2) <i>Quaich Bar</i> at South Beach Avenue	17 June 2019
		(3) <i>The Other Room</i>	9 June 2019
Foodshop (Snack Bar) Licence	National Environment Agency	(1) <i>The Other Roof</i>	23 September 2019
		(2) <i>The Copper Plate</i>	8 November 2019
Public Entertainment Licence	Police Licensing & Regulatory Department	(1) <i>Quaich Bar</i> at Waterfront Plaza	23 July 2019
		(2) <i>Quaich Bar</i> at South Beach Avenue	7 June 2019
		(3) <i>The Copper Plate</i>	24 October 2019
		(4) <i>The Other Room</i>	31 May 2019
		(5) <i>The Other Roof</i>	16 October 2019
Licence to Retail Tobacco Products	Health Sciences Authority	(1) <i>Quaich Bar</i> at Waterfront Plaza	30 July 2019
		(2) <i>Quaich Bar</i> at South Beach Avenue	10 August 2019
Copyright Music Licence	Composers and Authors Society of Singapore Limited	(1) <i>Quaich Bar</i> at Waterfront Plaza	30 September 2019
		(2) <i>Quaich Bar</i> at South Beach Avenue	10 July 2019
		(3) <i>The Other Room</i>	3 July 2019
		(4) <i>The Copper Plate</i>	8 November 2019 ⁽¹⁾
		(5) <i>The Other Roof</i>	24 October 2019 ⁽¹⁾

Note:

- (1) The Target Group has made applications and payments for the Copyright Music Licences for *The Copper Plate* and *The Other Roof*. As at the date of this Circular, the return of the contracts duly signed by COMPASS is pending.

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In addition, Planet Spirits holds a Registration to Import Processed Food Products and Food Appliances licence from the Agri-Food & Veterinary Authority of Singapore, which expires on 30 September 2019.

As at the Latest Practicable Date, none of the licences which were material to the business and operations of the Target Group had been suspended or revoked. To the best of the Target Group's knowledge and belief, there are at present no facts or circumstances which would cause such licences to be suspended or revoked or for any applications for, or for the renewal of, any of these licences to be rejected by the relevant authorities.

Barring any unforeseen circumstances, the Target Group does not foresee any difficulty in renewing the licences, permits or approvals stated above which are expiring within 12 months from the date of this Circular.

10.19 Government Regulations

Save as disclosed below, as at the Latest Practicable Date, the Target Group's business operations in Singapore were not subject to any special legislation, regulatory controls or environmental issues other than those generally applicable to companies and businesses incorporated and/or operating in Singapore. The Target Group has not experienced any adverse effect on its business in complying with these regulations.

As at the Latest Practicable Date, to the best of the Proposed Board's knowledge, the Target Group is in compliance with all applicable Singapore laws and regulations that are material to its business operations in Singapore.

The following description is a summary of the material laws and regulations applicable to the Target Group under Singapore law as at the Latest Practicable Date. The regulations and policies set out below are not exhaustive and are only intended to provide some general information to the investors and are neither designed nor intended to be a substitute for professional advice. Prospective investors should consult their own advisers regarding the implication of Singapore laws and regulations on the Target Group.

Singapore

Environmental Public Health Act (Chapter 95) ("EPHA")

The EPHA requires any person who operates or uses a food establishment to obtain a licence from the Director-General of Public Health (the "**Food Shop Licence**"). Under the EPHA, "food establishment" includes retail food establishments where food is sold wholly by retail, including an eating establishment such as a snack bar and an entertainment outlet serving food such as a pub or bar.

The Food Shop Licence is usually granted for a period of one year and is renewable at the discretion of the Director-General of Public Health and subject to such restrictions and conditions as the Director-General of Public Health may think fit.

NEA has implemented a points demerit system ("**PDS**"), a systematic approach in dealing with the suspension or revocation of licences, which also includes licensees of all other eating establishments such as snack bars and entertainment outlets. Under the PDS, demerit points are given for each public health offence that is convicted in court or compounded. The offences are categorised as follows:

- Minor offences – zero demerit points
- Major offences – four demerit points
- Serious offences – six demerit points

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If a licensee accumulates 12 demerit points or more within 12 months, his licence will either be suspended for two weeks or four weeks, or revoked, depending on past suspension records.

Environmental Public Health (Food Hygiene) Regulations

The Environmental Public Health (Food Hygiene) Regulations (“**EPHR**”) require a licensee holding a Food Shop Licence to exhibit such licence in a conspicuous and accessible position within the licensed premises at all times. The EPHR also provides that a licensee holding a Food Shop Licence must adhere to certain requirements in relation to, among others:

- registration of any assistants or employees who are engaged in the sale or preparation for sale of food with the Director-General of Public Health;
- storage and refrigeration, packaging, transportation, sale and preparation of food;
- cleanliness of equipment used in the licensed premises;
- upkeep of the licensed premises;
- proper maintenance of toilet facilities at licensed premises; and
- personal cleanliness of any persons who are engaged in the sale or preparation for sale of food.

Registration of Food Handlers

The EPHR requires every licensee holding a Food Shop Licence to register his assistant or employee who is engaged in the sale or preparation for sale of any food (“**food handler**”) with the Director-General of Public Health.

A food handler who wishes to register with NEA is required to undergo and complete the training and assessment of the Basic Food Hygiene Course conducted by NEA and Workforce Development Agency (“**WDA**”) authorised training providers. The Basic Food Hygiene Course was introduced by NEA and is aligned to the Food & Beverage Workforce Skills Qualification system launched by the WDA as the national qualification system for the food and beverage industry. Under the Basic Food Hygiene Course, participants will learn, and be assessed on their ability to apply, the knowledge and skills in Follow Food & Beverage Safety and Hygiene Policies and Procedures which include practising good personal hygiene, using safe ingredients, handling food safely, storing food safely and maintaining cleanliness of utensils, equipment and service/storage areas. Upon successful completion of the course and assessment, participants will be awarded a Statement of Attainment (“**SOA**”), which is to be submitted along with the registration application.

In addition, food handlers who have already passed the Basic Food Hygiene Course are required to attend a refresher training session by (a) the fifth year of their SOA date, and (b) every tenth year from the last refresher course passed date.

Grading System for Licensed Eating Establishments and Food Stalls

NEA has implemented a Grading System for Eating Establishments and Food Stalls which is a structured system of appraisal for food outlets and was introduced to motivate licensees to improve and maintain good personal and food hygiene, and housekeeping of their premises. Retail food establishments are given a grade ranging from A to D by NEA based on the overall hygiene, cleanliness and housekeeping standards of the premises. All food and beverage retail outlets are advised to display the certificate indicating their grade, enabling the public to make a more informed choice when patronising these outlets.

As at the Latest Practicable Date, *The Other Roof* and *The Copper Plate*, which commenced operations in October 2018 and November 2018, respectively, have yet to be graded by NEA.

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Liquor Control (Supply and Consumption) Act 2015

The Liquor Control (Supply and Consumption) Act 2015 (“**LCA**”) requires any person who supplies any liquor to obtain a liquor licence (“**Liquor Licence**”), and where licensed premises are specified in the liquor licence of a licensee, the licensee must not supply any liquor except at those licensed premises. Liquor Licences are issued by the Liquors Licensing Board of the Police Licensing & Regulatory Department and are valid for a period of one year.

The LCA also requires any licensee holding a Liquor Licence to adhere to further requirements, such as not supplying any liquor or allowing any liquor to be consumed within the licensed premises outside of the trading hours specified in the Liquor Licence. Any contravention of such requirement is an offence and shall be liable on conviction to a fine not exceeding S\$10,000.

Tobacco (Control of Advertisements and Sale) Act (Chapter 309)

The Tobacco (Control of Advertisements and Sale) Act, (Chapter 309) of Singapore (“**Tobacco Act**”) requires any person who, among others, sells or permits to be sold or has in his possession for sale any tobacco product, to be licensed. Tobacco retail licences are issued by the Health Products Regulation Group, Tobacco Regulation Branch of the Health Sciences Authority and are specific to only one outlet. They are usually valid for a period of one year and renewable upon application, subject to certain conditions. A person who carries out such activities without a licence in force shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000 and, in the case of a second or subsequent conviction, to a fine not exceeding S\$10,000.

It is an offence under the Tobacco Act for a person to publish or cause to be published or take part in the publication of, in Singapore, any advertisement which, among others, contains any express or implied inducement, suggestion or request to purchase or to use any tobacco product or imitation tobacco product, or which are calculated to lead to, induce, urge, promote or encourage the use of tobacco product or imitation tobacco product. In addition, any person, being the owner or occupier of any premises to which the public has access, on payment or otherwise, who knowingly permits or suffers such premises or any part thereof to be kept or used for the publication of any advertisement in contravention of the foregoing shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000 or to imprisonment for a term not exceeding six months or to both and, in the case of a second or subsequent conviction, to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Under the Tobacco Act, any person who, directly or indirectly, sells any tobacco product to a person below the age of 18 years, shall be guilty of an offence and shall be liable on conviction for an offence to a fine not exceeding S\$5,000 and, in the case of a second or subsequent conviction, to a fine not exceeding S\$10,000.

Public Entertainment Licence

A public entertainment licence is required under the Public Entertainments Act (Chapter 257) for any entertainment that is provided in any place to which the public or any class of public has access. The licence is usually granted for a period of one year.

Under the Public Entertainments and Meetings Rules, where an application for a licence is made by a company or firm, the application shall be made jointly with the person to whom the company or firm desires the licence to be issued. Under the applications guidelines of the Police Licensing & Regulatory Department, the applicant for the licence must be a Singapore citizen, a Singapore permanent resident or possess a foreign identification number issued by Immigration and Checkpoints Authority, the licensee must be, amongst others, a director (for companies) as registered with ACRA, and a licensee must be a fit and proper person to hold a public entertainment licence.

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In view of the above, the public entertainment licences are issued to the relevant company in the Target Group operating the outlet and a director of the company. Both the company and its director will be responsible for complying with the conditions of the licence. The management of the relevant company in the Target Group, including its directors, will ensure that the conditions of the licence are complied with. Periodic checks will be carried out to ensure compliance with the conditions and any breach noted will be investigated and rectified.

One of the conditions of the licence requires the licensee to inform the Licensing Officer (being the Licensing Officer appointed under the Public Entertainments Act (Chapter 257)) of any change in the composition of directors within seven days of such change. In the event that a licensee ceases to be a director of the company, the Target Group will apply for the transfer of the licence to a director. The transfer of a licence is subject to the approval of the Licensing Officer.

Under the Public Entertainments (Demerit Points) Rules 2017, demerit points may be awarded to a licensee for the breach of a condition of a licence. Depending on the particular condition that has been breached, the demerit points awarded will range from 3 to 12 demerit points. The Licensing Officer may in his discretion suspend or cancel a licence for the breach of a condition if the number of demerit points accumulated by the licensee exceeds the thresholds as set out in the Public Entertainments (Demerit Points) Rules 2017.

Import of Processed Food and Food Appliances

The registration is for the purposes of importing processed food and food appliances. The registration is usually for a period of one year and subject to renewal.

Workplace Safety and Health Act

The Workplace Safety and Health Act, (Chapter 354A) (“**WSHA**”) is administered by MOM. Under the 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.

Employment Act

The Employment Act is also administered by MOM and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the Employment Act (“**relevant employees**”).

In particular, Part IV of the Employment Act sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen) who receive salaries not exceeding S\$2,500 a month. Section 38(8) of the Employment Act provides that a relevant employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, section 38(5) of the Employment Act limits the extent of overtime work that a relevant employee can perform to 72 hours a month.

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Employers must seek the prior approval of the Commissioner for Labour (“**Commissioner**”) for exemption if they require a relevant employee or class of relevant employees to work for more than 12 hours a day or work overtime for more than 72 hours a month. The Commissioner may, after considering the operational needs of the employer and the health and safety of the relevant employee or class of relevant employees, by order in writing exempt such relevant employees from the overtime limits subject to such conditions as the Commissioner thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed.

From 1 April 2016, employers are required to implement enhanced administrative requirements for employees covered under the Employment Act. There are key changes in relation to pay slips, employment terms and employment records, as well as a new framework adopted for less severe breaches of the Employment Act.

The Employment (Amendment) Act 2015 requires employers to:

- provide itemised pay slips to all employees;
- provide employees with written key employment terms; and
- keep detailed employment records for each employee.

Employment of Foreign Manpower Act

The availability and the employment cost of skilled and unskilled foreign workers are affected by the government’s policies and regulations on the immigration and employment of foreign workers in Singapore. The policies and regulations are set out in, among others, the Employment of Foreign Manpower Act, (Chapter 91A) (“**EFMA**”).

Under the EFMA, no person shall employ a foreign employee and no foreign employee shall be in the employment of an employer unless the foreign employee has a valid work pass. In relation to the employment of semi-skilled or unskilled foreign workers, employers must ensure that such persons apply for a “Work Permit”. In relation to the employment of foreign mid-level skilled workers, employers must ensure that such persons apply for an “S Pass”. In relation to the employment of foreign professionals, employers must ensure that such persons apply for an “Employment Pass”.

The Employment of Foreign Manpower (Work Passes) Regulations 2012 (“**EFMR**”) require employers of work permit holders, among others, to:

- bear the costs of medical treatment (unless in excess of the minimum mandatory coverage in certain instances);
- provide safe working conditions and take such measures as are necessary to ensure the safety and health of the foreign employee;
- provide acceptable accommodation consistent with any law or governmental regulations; and
- purchase and maintain medical insurance for inpatient care and day surgery, with coverage of at least S\$15,000 for every 12-month period (or for such shorter period where the foreign employee’s period of employment is less than 12 months).

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The EMFR also requires employers of S Pass holders, among others, to:

- bear the costs of medical treatment (unless in excess of the minimum mandatory coverage in certain instances); and
- purchase and maintain medical insurance for inpatient care and day surgery, with coverage of at least S\$15,000 for every 12-month period (or for such shorter period where the foreign employee's period of employment is less than 12 months).

An employer of foreign workers is also subject to, among others, the provisions set out in the Employment Act, the Immigration Act, (Chapter 133) and the Immigration Regulations.

Work Injury Compensation Act

The Work Injury Compensation Act, (Chapter 354) ("**WICA**"), which is administered by MOM, applies to all employees in all industries engaged under a contract of service 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 the employer shall be liable to pay compensation in accordance with the provisions of the WICA, if personal injury by accident arising out of and in the course of the employment is caused to an employee. Employers are required to maintain work injury compensation insurance for all employees doing manual work regardless of salary level and non-manual employees earning S\$1,600 or less a month, who are engaged under contracts of service (unless exempted).

Music Copyright

Under the Copyright Act, (Chapter 63), copyright in relation to a musical work includes the exclusive right to perform the work in public. In Singapore, the Composers and Authors Society of Singapore ("**COMPASS**") administers the public performance rights in music on behalf of its members and it deals specifically with music copyright and the usage of musical works. Proprietors of a business that provides music to the public, such as discotheques, nightclubs, pubs and restaurants, will require a licence from COMPASS. The licence is issued and renewable on a yearly basis for an annual fee and allows the licensee to use musical works under the COMPASS repertoire pursuant to the terms of the licence.

Proprietors of businesses which provide music to the public without the requisite licence from COMPASS will have infringed the copyright in the music. Under the Copyright Act, a person who infringes the copyright wilfully and the extent of the infringement is significant and/or the person does the act to obtain a commercial advantage, such person shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding six months or to both. Further, where an offence committed by a body corporate is proved to have been committed with the consent or connivance of a director, manager, secretary or other similar officer of the body corporate, he as well as the body corporate is guilty of the offence and liable to be proceeded against and punished accordingly. Under the Copyright Act, the owner of the copyright may also bring a civil action for the infringement.

The Target Group has obtained all material licences, permits, approvals and consents for its business operations as at the Latest Practicable Date.

10.20 Exchange Controls

Singapore

As at the date of this Circular, there are currently no laws or regulations in Singapore that may affect (a) the repatriation of capital, including the availability of cash and cash equivalents for use by the Enlarged Group; and (b) the remittance of profits that may affect dividends, interests or other payments to Shareholders.

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10.21 Additional Information on the Target Group

10.21.1 Restructuring Exercise

As at the date of the SPA, Sloshed! held:

- (a) 100% of the issued and paid-up capital of TWS;
- (b) 100% of the issued and paid-up capital of Quaich; and
- (c) 20% of the issued and paid-up capital of Timber Malt,

and TWS held 100% of the issued and paid-up capital of Planet Spirits and was the sole proprietor of Quaich Bar and The Whisky Store.

Pursuant to the Restructuring Exercise to be undertaken prior to Completion, Sloshed! shall acquire:

- (a) 100% of the issued and paid-up capital of Planet Spirits from TWS;
- (b) 100% of the issued and paid-up capital of The Other Room from Teo Kok Woon; and
- (c) 100% of the issued and paid-up capital of The Other Roof from Teo Kok Woon.

The Restructuring Exercise comprise the following steps:

(a) Waiver of amounts due to Shareholders

The aggregate amount of S\$1,186,614 due to the Vendors from Sloshed! was waived by the Vendors. Teo Kok Woon approved the waiver of the aggregate net amount of S\$265,492 due to him and companies related to him from The Other Room.

(b) Acquisition of Planet Spirits

Sloshed! acquired 100% of the issued and paid-up capital of Planet Spirits from TWS for a consideration of S\$200,000, which was based on the issued share capital of Planet Spirits. The aforesaid consideration was satisfied in cash.

(c) Acquisition of The Other Room

Sloshed! acquired 100% of the issued and paid-up capital of The Other Room from Teo Kok Woon for a consideration of S\$2, which was based on the issued share capital of The Other Room. The aforesaid consideration was satisfied by the issuance of 542 new ordinary shares in Sloshed! to Teo Kok Woon.

(d) Acquisition of The Other Roof

Sloshed! acquired 100% of the issued and paid-up capital of The Other Roof from Teo Kok Woon for a consideration of \$2, which was based on the issued share capital of The Other Roof. The aforesaid consideration was satisfied in cash.

The Restructuring Exercise was completed on 20 December 2018.

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10.21.2 Share Capital

The following is a summary of the changes in the issued share capital of the Target Group in the three years preceding the Latest Practicable Date:

Company in the Target Group	Date	No. of shares issued	Purpose of issue	Resultant issued share capital
Quaich	13 January 2016	200,000	For incorporation and working capital	S\$200,000
The Other Roof	27 March 2018	2	For incorporation	S\$2
The Other Room	8 December 2015	2	For incorporation	S\$2
Sloshed!	20 December 2018	542	Acquisition of The Other Room under the Restructuring Exercise	S\$1,002

Save as set out above, there were no changes in the issued share capital of the Target Group in the three years preceding the Latest Practicable Date.

Save as disclosed above, no shares in, or debentures of, the Target Group had been issued, or were proposed to be issued, as fully or partly paid for in cash or for a consideration other than cash, within the three years preceding the Latest Practicable Date.

Save for the Proposed Acquisition, there has not been any public take-over offer by a third party in respect of the shares of Sloshed! or by Sloshed! in respect of the shares of another corporation or the units of a business trust, which has occurred between the beginning of FY2017 and the Latest Practicable Date.

10.21.3 Material Contracts

There were no material contracts, other than contracts entered into in the ordinary course of business, to which any member of the Target Group is a party within the two years preceding the date of lodgement of this Circular.

10.21.4 Material Litigation

There are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of this Circular, a material effect on the financial position or profitability of the Target Group.

10.22 Corporate Social Responsibility

The Enlarged Group strives to be part of a positive change and is committed to serving and giving back to the community. The Enlarged Group recognises that for long-term sustainability, it needs to achieve a balance between business profitability and corporate social responsibility. Upon Completion, the Proposed Board will formulate the Company's corporate social responsibility policy focusing on the areas of corporate philanthropy, volunteerism, community and the environment.

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11. PROPOSED MANAGEMENT OF THE ENLARGED GROUP

The Company proposes to appoint the Proposed Board and the new senior management team for the Enlarged Group with effect from Completion. The particulars of the Proposed Board and the Proposed Executive Officer following Completion are set out below.

11.1 Directors

The particulars of the Proposed Board following Completion are set out below:

Name	Age	Address	Proposed Position in the Enlarged Group
Dr Yu Lai Boon	55	c/o 315 Outram Road, #14-02 Tan Boon Liat Building, Singapore 169074	Non-Executive Chairman and Independent Director
Chua Khoon Hui	43	c/o 315 Outram Road, #14-02 Tan Boon Liat Building, Singapore 169074	Chief Executive Officer and Executive Director
Tan Dah Ching	40	c/o 315 Outram Road, #14-02 Tan Boon Liat Building, Singapore 169074	Non-Executive Independent Director
Teo Kok Woon	50	c/o 315 Outram Road, #14-02 Tan Boon Liat Building, Singapore 169074	Non-Executive Non- Independent Director

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of the Proposed Board is set out below:

Dr Yu Lai Boon is currently the Non-Executive Chairman and Independent Director of the Company. He was appointed to this position on 16 November 2018. He will remain as the Non-Executive Chairman and Independent Director of the Company after Completion. He has approximately 25 years of experience in sovereign wealth fund investment, private equity investment, fund management and real estate development industries, and real estate-related consultancy work. Dr Yu joined the Department of Real Estate, School of Design and Environment at National University of Singapore as a post-graduate researcher, research assistant and teaching assistant between March 1988 and September 1997. Between October 1997 and March 2006, he worked at Jones Lang LaSalle as the regional director and Asia Pacific head of consultancy and research. He was subsequently appointed as managing director and country head. He was employed as the chief financial and investment officer of Nakheel Developments in Dubai from April 2006 to July 2006, and was subsequently employed as the group chief investment officer of Dubai World Holdings from July 2006 to April 2010.

Between August 2000 and December 2000, he was also a focus group member for the Ministry of National Development, providing advice on urban land economics in the formulation of the concept plan for the development of Singapore. From March 2003 to March 2006, he was an honorary advisor to the Real Estate Developer's Association of Singapore. He was a member of the Singapore Land Authority advisory panel from July 2014 to July 2016 and an adjunct associate professor of the Department of Real Estate, School of Design and Environment at the National University of Singapore between March 2014 and December 2015. He is the lead independent director of Koufu Group Limited, a company listed on the Mainboard of the SGX-ST.

Dr Yu holds a Bachelor of Science (Estate Management) (Honours) degree and a Master of Science (Estate Management) degree from the National University of Singapore. He also holds a Doctor of Philosophy degree in Urban Land Economics from the University of Aberdeen in Scotland. He is a member of the Singapore Institute of Surveyors and Valuers.

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Chua Khoon Hui is proposed to be appointed as the Chief Executive Officer and Executive Director of the Company upon Completion. He started his career in 1999 as an audit assistant at KPMG LLP. He was subsequently promoted to audit senior in 2001. From 2002 to 2005, Chua Khoon Hui ran a café called Joyce Restaurant & Pub together with his wife, Ng Pei Wah, the Head of Human Resources and Administration of the Target Group. In November 2005, he founded the Target Group when he started The Whisky Store. He is in charge of the day-to-day management of the Target Group, ensuring that its operations run smoothly and oversees the business development activities, sales and marketing and procurement and supply functions of the Target Group. He is also responsible for formulating corporate strategies for the Target Group together with Teo Kok Woon. He will be responsible for formulating corporate strategies for the Enlarged Group, together with the Proposed Board.

Chua Khoon Hui holds a Bachelor of Accountancy degree from Nanyang Technological University.

Tan Dah Ching is currently the Non-Executive Independent Director of the Company. He was appointed as a Director of the Company on 7 April 2014. He will remain as the Non-Executive Independent Director of the Company after Completion. Tan Dah Ching has over ten years of experience in corporate finance. He was a business development manager at Swissco Holdings Limited in charge of corporate finance activities from 2008 to 2013. Prior to that, he worked as an investment manager at Kim Seng Holdings Pte Ltd from 2007 to 2008 and was an associate at Genesis Capital Pte. Ltd. from 2004 to 2006, which engaged in corporate finance advisory work.

Tan Dah Ching holds a Bachelor of Engineering (Chemical Engineering) degree from the National University of Singapore.

Teo Kok Woon is currently the Non-Executive Non-Independent Director of the Company. He was appointed as a Director of the Company on 11 August 2006. He will remain as the Non-Executive Non-Independent Director of the Company after Completion. Together with Chua Khoon Hui, he formulates the corporate strategies for the Target Group, lending his expertise to its business development activities. Teo Kok Woon has approximately 25 years of experience as a hotelier and is currently the chairman of Cockpit International Pte. Ltd. and the group executive director of Goodearth Realty Private Limited, which is his family business in hotel and property investment. He is responsible for charting the strategic direction of these companies, in addition to overseeing their investment decisions, including looking for organic and inorganic growth opportunities. He is also responsible for providing operational guidance to the managers of the real estate investments, hotels and developments owned by these companies.

Teo Kok Woon holds a Bachelor of Business (Business Administration) degree from the Royal Melbourne Institute of Technology University.

Rule 406(3)(a) of the Catalist Rules states that as a pre-quotation disclosure requirement, a listing applicant must release a statement (via SGXNet or in the offer document) identifying for each director, whether the person has prior experience (and what) or, if the director has no prior experience as a director of a listed company, whether the person has undertaken training in the roles and responsibilities of a director of a listed company. With regards to Rule 406(3)(a) of the Catalist Rules, Dr Yu Lai Boon, Teo Kok Woon and Tan Dah Ching have current and/or prior experience as directors of public listed companies in Singapore and are therefore familiar with the roles and responsibilities of a director of a public listed company in Singapore. To familiarise himself with the roles and responsibilities of a director of a public listed company in Singapore, Chua Khoon Hui has attended the modules, LED1 (Listed Entity Director Essentials) and LED4 (Stakeholder Engagement), under the Listed Entity Director Programme organised by the Singapore Institute of Directors and has undertaken to complete the remaining compulsory modules, LED2 (Board Dynamics) and LED3 (Board Performance), within one year from his appointment as a Director. He has also been briefed by the Legal Adviser to the Company in relation to the Proposed Acquisition on continuing listing obligations of a company listed on the SGX-ST.

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The Independent Directors do not have any existing business or professional relationship of a material nature with the Enlarged Group, the Directors or Substantial Shareholders of the Company.

None of the Independent Directors sits on the board of the subsidiaries of the Enlarged Group.

11.2 Executive Officer

The particulars of the Proposed Executive Officer are set out below:

Name	Age	Address	Proposed Position in the Enlarged Group
Ng Kim Chew	47	c/o 315 Outram Road, #14-02 Tan Boon Liat Building, Singapore 169074	Group Chief Financial Officer

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of the Proposed Executive Officer is set out below:

Ng Kim Chew is currently an advisor to the Company to assist the Board on all matters concerning the Company. He is proposed to be appointed as the Group Chief Financial Officer of the Enlarged Group upon Completion. In 1996, Ng Kim Chew joined the assurance and advisory business services division of Ernst & Young LLP in Singapore, and left as a manager in 2004. He then joined the Company as a Finance Manager in 2004 and was subsequently appointed as the Group Chief Financial Officer of the Company in March 2006. As the Company was deemed a cash company under Rule 1017 of the Catalist Rules in August 2016, Ng Kim Chew ceased to hold the position of Group Chief Financial Officer in December 2016. However, he continued to assist the Board with all matters concerning the Company in his new role as an advisor.

Ng Kim Chew is a Chartered Accountant and a member of the Institute of Singapore Chartered Accountants. He also holds a Master of Business Administration degree and a Graduate Certificate in Real Estate Finance from the National University of Singapore.

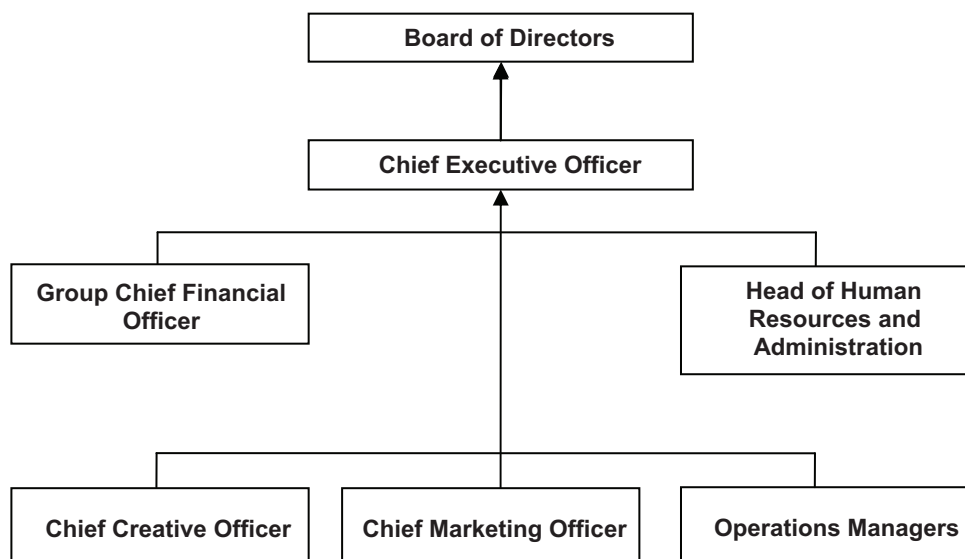
Please refer to Appendix F of this Circular for the present and past directorships of each of the Directors, the Proposed Director and the Proposed Executive Officer.

Save as disclosed, none of the Directors or the Proposed Director is related to one another, to the Proposed Executive Officer or to any Substantial Shareholder of the Enlarged Group. As at the date of this Circular, to the best knowledge of the Company and the Target Group, there are no arrangements or undertakings with any Substantial Shareholder of the Company, customers or suppliers of the Target Group or other person, pursuant to which any of the Directors of the Proposed Board or the Proposed Executive Officer was appointed or will be appointed.

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11.3 Management Reporting Structure

Upon Completion, taking into account the appointment of the Proposed Director and the Proposed Executive Officer, the Company proposes to adopt the following management reporting structure:



11.4 Remuneration

The compensation paid or payable to each of the Directors of the Proposed Board and the Proposed Executive Officer (which includes director's fees, allowances, benefits-in-kind, CPF contributions and bonuses) for services rendered to the Target Group on an aggregate basis and in remuneration bands of S\$250,000⁽¹⁾ during FY2016 and FY2017 (being the two most recently completed financial years), and the estimated compensation to be paid to each of the Directors of the Proposed Board and the Proposed Executive Officer for services rendered to the Enlarged Group for FY2018, including contractual bonuses but excluding any bonus related to performance, are as follows:

	FY2016	FY2017	FY2018 (estimated)
Proposed Board			
Dr Yu Lai Boon	— ⁽²⁾	— ⁽²⁾	Band A
Chua Khoon Hui	Band A	Band A	Band A
Teo Kok Woon	— ⁽²⁾	— ⁽²⁾	Band A
Tan Dah Ching	— ⁽²⁾	— ⁽²⁾	Band A
Proposed Executive Officer			
Ng Kim Chew	— ⁽²⁾	— ⁽²⁾	Band A

Notes:

- (1) Band A: Compensation from S\$1 to S\$250,000 per annum.
 (2) Not appointed or employed by the Target Group during the relevant periods.

11.5 Related Employee

Chua Khoon Hui, who is proposed to be appointed as the Chief Executive Officer and Executive Director of the Enlarged Group and a Substantial Shareholder of the Target Group, is the husband of Ng Pei Wah, the Head of Human Resources and Administration of the Target Group. Save as aforesaid, as at the Latest Practicable Date, none of the Enlarged Group's full time employees were related to any of the Directors of the Proposed Board and Substantial Shareholders of the Enlarged Group.

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The compensation paid to Ng Pei Wah, an employee who is an immediate family member of the Proposed Director and Chief Executive Officer and whose remuneration (which includes allowances, bonuses and CPF contributions) exceeds S\$50,000 in the relevant financial year for services rendered to the Target Group on an aggregate basis and in remuneration bands of S\$50,000⁽¹⁾ during FY2016 and FY2017 (being the two most recently completed financial years), is as follows:

Name	FY2016	FY2017
Ng Pei Wah	Band B	Band B

Note:

- (1) Band A: Compensation from S\$1 to S\$50,000 per annum.
Band B: Compensation from S\$50,001 to S\$100,000 per annum.

The basis of determining the remuneration of related employees is the same as the basis of determining the remuneration of other unrelated employees. The remuneration of employees who are related to the Proposed Board and Substantial Shareholders of the Company will be reviewed annually by the Proposed Board to ensure that their remuneration packages are in line with the Enlarged Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of the Proposed Board. In addition, any new employment of related employees and the proposed terms of their employment will also be subject to the review and approval of the Proposed Board. In the event that a member of the Proposed Board is related to the employee under review, he will abstain from the review.

11.6 Service Agreement

Chua Khoon Hui (the "**Appointee**") has entered into a service agreement (the "**Service Agreement**") with the Company. The Service Agreement will take effect upon Completion and continue for an initial period of three years and upon the expiry of such period, the employment of the Appointee shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. During the initial period of three years, either party may terminate the Service Agreement by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the Appointee's last drawn monthly salary. The Company may also terminate the employment of the Appointee without notice or payment in lieu of notice under, *inter alia*, the following circumstances:

- (i) if the Appointee is guilty of any gross default or grave misconduct in connection with or affecting the business of the Enlarged Group;
- (ii) in the event of any serious or repeated breach or non-observance by the Appointee of any of the stipulations contained in the Service Agreement;
- (iii) if the Appointee becomes bankrupt or makes any composition or enters into any deed of arrangement with his creditors; or
- (iv) if the Appointee shall become mentally disordered and incapable of managing himself or his affairs or an order shall be made in Singapore or elsewhere by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs.

There are no benefits payable to the Appointee upon termination of his employment with the Company.

Pursuant to the terms of the Service Agreement, the Appointee shall be entitled to a monthly salary of S\$20,000.

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He shall also be paid an annual performance bonus at the discretion of the Remuneration Committee, taking into account his performance as well as the performance of the Enlarged Group.

He shall also be reimbursed for all reasonable travelling, hotel, and other expenses wholly, exclusively and necessarily incurred by him in or about the performance of his duties under the Service Agreement.

Under the Service Agreement, the remuneration of the Appointee is subject to review by the Remuneration Committee on the day falling one week from the Proposed Board's approval of the audited financial statements for the immediate preceding financial year or such other day as the Remuneration Committee may approve. The Appointee shall abstain from voting in respect of any resolution or decision to be made by the Proposed Board in relation to the terms and renewal of his Service Agreement.

The Service Agreement contains non-competition undertakings given by the Appointee which are effective during his employment with the Company, as well as for the period of 12 months after the cessation of his employment, under which the Appointee shall, amongst other things, not either alone or jointly with or as manager, agent, consultant, shareholder, partner, director or employee of any person, firm or company, directly or indirectly, carry on or be engaged in any activity or business which shall be in competition with the business of the Enlarged Group, or own, manage, operate, control, be employed by or participate in the ownership, management, operation or control of, or be connected in any manner with, any activity or business which shall be in competition with the business of the Enlarged Group (other than as a holder of not more than five per cent of the total shares or debentures of any competing company listed on any recognised stock exchange and provided he does not or shall not participate in or is otherwise involved in the management of such company).

Had the Service Agreement been implemented in FY2017, the profit before tax of the Enlarged Group and the net profit attributable to equity holders of the Enlarged Group would decrease from approximately S\$1,097,000 and S\$961,000 respectively to approximately S\$996,000 and S\$878,000 respectively.

Save for the Service Agreement, there are no bonus or profit sharing plans or any other profit-linked agreements or arrangements between the Enlarged Group and any of the Proposed Board or Proposed Executive Officer following Completion.

There are no existing or proposed service contracts entered into or to be entered into by the Company or any of the subsidiaries in the Enlarged Group with any of the Proposed Board or Proposed Executive Officer which provides for compensation in the form of stock options, or pension, retirement or other similar benefits, or benefits upon the termination of employment, following Completion.

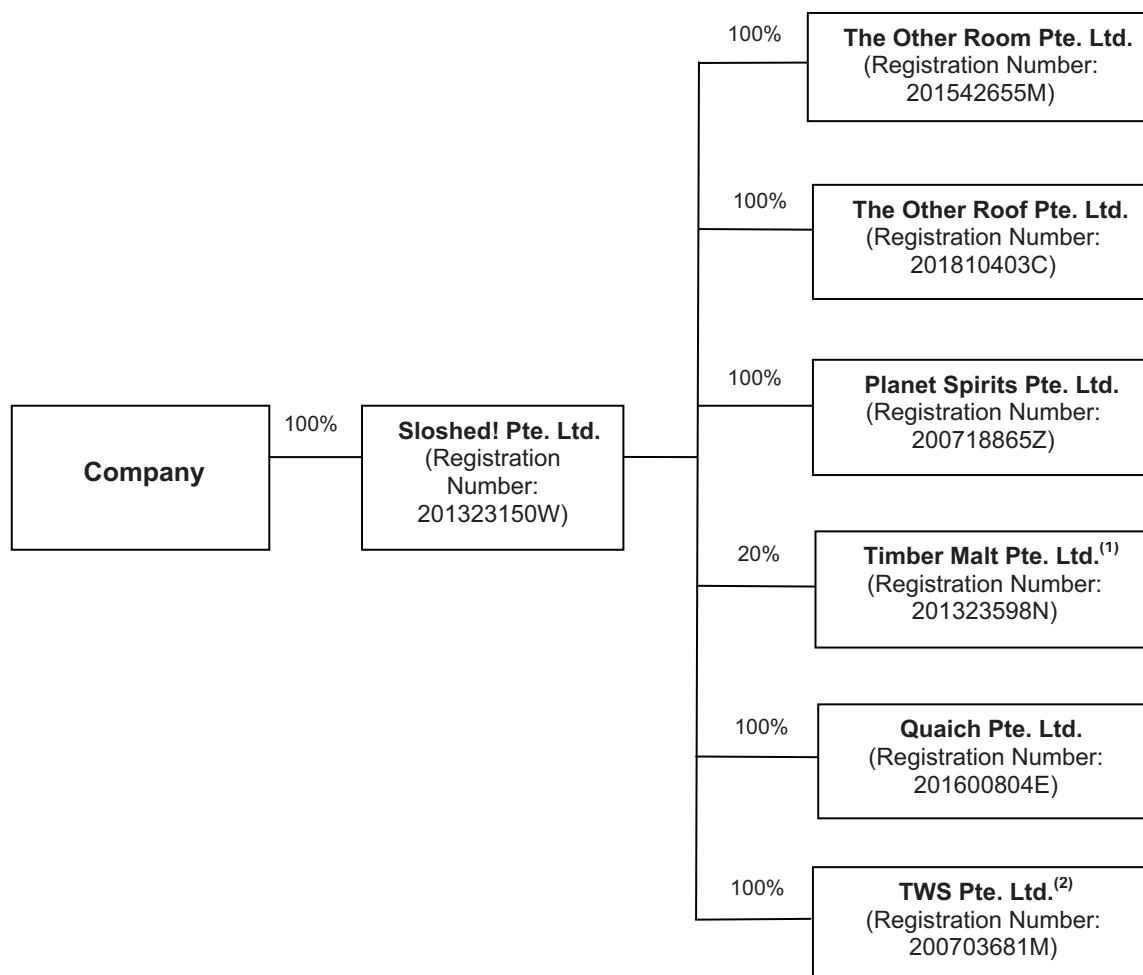
LETTER TO SHAREHOLDERS

12. THE ENLARGED GROUP AFTER THE PROPOSED TRANSACTIONS

12.1 Enlarged Group Structure

After Completion, the business of the Company shall comprise only that of the Target Group.

The corporate structure of the Enlarged Group upon completion of the Proposed Transactions is as follows:



Notes:

- (1) The issued and paid-up share capital of Timber Malt is owned by each of Slosed!, Wood & Wood Flooring Pte. Ltd., Thanit Apipatana, Hein Yan Lin and Krirk-Kij Pengphol in equal shares. Wood & Wood Flooring Pte. Ltd., Thanit Apipatana, Hein Yan Lin and Krirk-Kij Pengphol are unrelated third parties.
- (2) TWS is the sole proprietor of Quaich Bar (Registration Number: 53104786E) and The Whisky Store (Registration Number: 53057146C), which are businesses registered with ACRA and not separate legal entities. The sole proprietorships, Quaich Bar (Registration Number: 53104786E) and The Whisky Store (Registration Number: 53057146C) were registered with ACRA to reserve the trade names and no activities were carried out under these sole proprietorships during the Periods Under Review.

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The details of the subsidiaries and associated company of the Enlarged Group, assuming that the Restructuring Exercise and the Proposed Acquisition have been completed as at the Latest Practicable Date, are as follows:

Name of Subsidiaries	Date of incorporation	Country of incorporation and principal place of business	Total issued and paid-up capital	Principal businesses	Effective percentage held by the Company after Completion	Outlet operated and location
Planet Spirits Pte. Ltd.	10 October 2007	Singapore	S\$200,000	Wholesale of liquor	100%	–
Quaich Pte. Ltd.	13 January 2016	Singapore	S\$200,000	Pub Operator	100%	<i>Quaich Bar</i> at South Beach Avenue
Sloshed! Pte. Ltd.	27 August 2013	Singapore	S\$1,002	Investment holding	100%	–
Timber Malt Pte. Ltd. ⁽¹⁾	1 September 2013	Singapore	S\$375,000	General wholesale trade	20% ⁽¹⁾	–
The Other Roof Pte. Ltd.	27 March 2018	Singapore	S\$2	Pub Operator	100%	<i>The Other Roof</i> at Ann Siang House
The Other Room Pte. Ltd.	8 December 2015	Singapore	S\$2	Pub Operator	100%	<i>The Other Room</i> at Singapore Marriott Tang Plaza Hotel
TWS Pte. Ltd. ⁽²⁾	7 March 2007	Singapore	S\$450,000	Pub Operator	100%	<i>Quaich Bar</i> at Waterfront Plaza <i>The Copper Plate</i> at Winsland House II

Notes:

- (1) The issued and paid-up share capital of Timber Malt is owned by each of Sloshed!, Wood & Wood Flooring Pte. Ltd., Thanit Apipatana, Hein Yan Lin and Krirk-Kij Pengphol in equal shares. Wood & Wood Flooring Pte. Ltd., Thanit Apipatana, Hein Yan Lin and Krirk-Kij Pengphol are unrelated third parties.
- (2) TWS is the sole proprietor of Quaich Bar (Registration Number: 53104786E) and The Whisky Store (Registration Number: 53057146C), which are businesses registered with ACRA and not separate legal entities. The sole proprietorships, Quaich Bar (Registration Number: 53104786E) and The Whisky Store (Registration Number: 53057146C) were registered with ACRA to reserve the trade names and no activities were carried out under these sole proprietorships during the Periods Under Review.

Save as disclosed above, to the best of the knowledge and belief of the Target Group Directors, the Target Group is not, directly or indirectly, owned or controlled, whether severally or jointly, by any person or government.

Save for the Proposed Acquisition, to the best of the knowledge and belief of the Target Group Directors, there are no known arrangements the operation of which may, at a subsequent date, result in a change in control of the Target Group.

Save as disclosed above, the Target Group has no other subsidiaries and associated companies.

None of the above subsidiaries and associated company of the Enlarged Group is listed on any stock exchange.

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12.2 Changes in Shareholding Structure

Details of the changes in the Company's shareholding structure before and after, *inter alia*, the completion of the Proposed Acquisition are set out in the following table:

	Before the Proposed Acquisition and Proposed Share Consolidation			After the Proposed Acquisition and Proposed Share Consolidation		
	Direct Interest	Deemed Interest	% of total issued Shares	Direct Interest	Deemed Interest	% of total issued Shares
Existing Directors:						
Dr Yu Lai Boon	—	—	—	—	—	—
Tan Dah Ching	—	—	—	—	—	—
Teo Kok Woon ^{(1), (2)}	—	68,250,728	28.4	24,994,380	3,412,536	7.7
Proposed Director:						
Chua Khoon Hui	—	—	—	6,500,216	—	—
Substantial Shareholders who are not Directors:						
Cockpit International Pte. Ltd. ^{(1), (2)}	60,567,262	—	25.2	3,028,363	—	—
Yeo Gek Lang Susie ⁽³⁾	—	60,567,262	25.2	—	3,028,363	6.8
Goodearth Realty Private Limited ⁽²⁾	—	60,567,262	25.2	—	3,028,363	6.8
Lye Chee Fei Anthony ^{(3), (4)}	13,082,400	26,846,400	5.4	654,120	1,342,320	3.0
Khoo Bee Leng Joanna ^{(3), (4)}	26,846,400	13,082,400	11.2	1,342,320	654,120	1.5
Other Shareholders:						
Lim Kian Boon Charles	—	—	—	838,737	—	—
UOB Kay Hian Private Limited ⁽¹⁾	7,683,466	—	3.2	384,173	—	—
Existing Public Shareholders⁽⁴⁾	132,264,037	—	55.0	6,613,202	—	—
Total shares in the Company	240,443,565		100.0	44,355,511		100.0

Notes:

- (1) Teo Kok Woon is deemed to be interested in 60,567,262 Shares held by Cockpit International Pte. Ltd. and 7,683,466 Shares held by UOB Kay Hian Private Limited as nominee of Teo Kok Woon, pursuant to Section 4 of the SFA. The 7,683,466 Shares shown as held by UOB Kay Hian Private Limited refer to only those Shares held as nominee of Teo Kok Woon.

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- (2) 60,567,262 Shares were held in the name of Cockpit International Pte. Ltd. and Yeo Gek Lang Susie and Goodearth Realty Private Limited are deemed to be interested in those shares pursuant to Section 4 of the SFA. Yeo Gek Lang Susie is the mother of Teo Kok Woon. Cockpit International Pte. Ltd. is a wholly-owned subsidiary of Goodearth Realty Private Limited, whose shareholders include Teo Kok Woon (48.3%) and Yeo Gek Lang Susie (51.7%).
- (3) Pursuant to Section 4 of the SFA, Lye Chee Fei Anthony is deemed to be interested in 26,846,400 Shares held by his wife, Khoo Beng Leng Joanna, and Khoo Bee Leng, Joanna is deemed to be interested in 13,082,400 Shares held by her husband, Lye Chee Fei Anthony.
- (4) Under Rule 1015(3)(a) of the Catalyst Rules, the proportion of share capital in public hands must be at least 15.0% based on the total number of issued Shares excluding treasury shares of the Company immediately after Completion. In view that Lye Chee Fei Anthony and Khoo Bee Leng Joanna will cease to be Controlling Shareholders immediately after Completion and they have been granted a waiver from the moratorium requirements under Rule 1015(3)(b) of the Catalyst Rules in respect of their Shares, their Shares will be considered part of the share capital in public hands. Accordingly, the proportion of share capital of the Company in public hands immediately after Completion will be 19.4% and Rule 1015(3)(a) will be complied with.

The Shares held by the Directors and Substantial Shareholders do not carry different voting rights from the Shares held by other Shareholders of the Company.

Save as disclosed above, to the best of the knowledge and belief of the Directors, the Company is not directly or indirectly, owned or controlled, whether severally or jointly, by any person or government.

To the best of the knowledge and belief of the Directors, there are no known arrangements the operation of which may, at a subsequent date, result in a change in control of the Company, save for the Proposed Acquisition.

Save pursuant to the Proposed Acquisition, there has not been any public take-over offer by a third party in respect of the Shares or by the Company in respect of the shares of another corporation or the units of a business trust, which has occurred between the beginning of FY2017 and the Latest Practicable Date.

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13. RISK FACTORS

Shareholders should carefully evaluate each of the following risks and all of the other information set forth in this Circular. Some of the following risks relate principally to the industry in which the Target Group operates and its businesses in general. Other considerations relate principally to general economic and political conditions.

To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed judgment of the Target Group, the Proposed Acquisition and the Enlarged Group have been set out below. Following completion of the Proposed Acquisition, the risk factors in relation to the Target Group will also be relevant to the Enlarged Group. If any of the following risks and uncertainties develops into actual events, the business, financial condition or results of operations of the Enlarged Group could be materially and adversely affected.

13.1 Risks Relating to the Target Group's Business and Industry

New outlets which commenced operations in 2018 have no operating track record

The Target Group opened two new outlets, namely *The Other Roof* and *The Copper Plate*, in October 2018 and November 2018, respectively. The Target Group expects to break even on its investments in the outlets within a period of one to two years, based on historical performance of the Target Group's other existing outlets.

However, these new outlets have no operating track record. There is no assurance that these new outlets will achieve sales that commensurate with their investment costs, or that they will be successful in attracting such number of customers as anticipated. If these outlets fail to achieve a sufficient level of revenue or fail to manage their costs efficiently within an expected time frame, the Target Group may not be able to recover its investment cost in relation to these outlets and the future financial performance and position of the Target Group would be adversely affected.

The Target Group will be affected by changes in government regulations and suspension or revocation of its licences and approvals

The Target Group is subject to various government regulations. Each of its outlets is subject to licensing and regulation by a number of governmental authorities, which approve, permit and regulate matters such as the operation of pubs and bars, sale of food, tobacco and alcoholic beverage, public entertainment, health, fire and safety. Please refer to the section entitled "Government Regulation" of this Circular for more information on these regulations. Each of the Target Group's outlets is required to obtain, directly or indirectly, the relevant approvals, permits or licences from the relevant government authority to operate. These government regulations governing the Target Group's business are subject to changes. An adverse change in any of these government regulations may lead to a negative impact on the businesses and financial performance of the Target Group. Approvals, permits and/or licences are typically renewed on an annual basis and may be revoked or suspended for cause (including any breach of licence conditions) at any time by the relevant government authority. If the Target Group and/or its employees (on whom the Target Group depends to ensure compliance with applicable laws, rules and regulations, including those relating to maintaining hygiene standards) are found to be in breach of any applicable laws, rules or regulations or the conditions of any permits or licences, the relevant authority may take action against the Target Group, and such action may include warnings, penalties, suspension of permits or licences, imposition of additional conditions, and revocation of the permits or licences. Any failure to receive, retain or renew, or suspension of any of, the relevant approvals, permits and licences for any of the Target Group's outlets will lead to an adverse effect on its financial performance and position.

During the Periods Under Review and up to the Latest Practicable Date, the Target Group had not experienced any changes in government regulations, or suspension or revocation of any governmental licences or approvals, which had a material adverse impact on its business operations, financial performance and position.

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The business of the Target Group is highly competitive

There are many other food and beverage, entertainment and restaurant businesses that compete directly and indirectly with the Target Group. The Target Group Directors note that there are low barriers to entry for new bar and pub operators due to the business-friendly environment in Singapore. New business owners face minimal bureaucracy when applying for operating licences as well as when obtaining capital investment for their respective ventures, depending on the size of the outlets. Some of the competitors of the Target Group are well-established and may have significantly greater financial, marketing or other resources than the Target Group and the Target Group may not be able to compete effectively against these competitors. The Target Group may also encounter increased competition in the future as a result of lowering of prices or other marketing strategies employed by its existing competitors or new entrants. Such inability to compete effectively may lead to adverse effects on the financial performance and position of the Target Group.

The Target Group's business is largely service-oriented and it is dependent on good employees

The Target Group's outlets are highly service-oriented and labour intensive as the Target Group strives to provide and maintain positive experiences for its customers. Accordingly, in addition to the Target Group's management, its continued success depends in part upon its ability to attract, motivate and retain a sufficient number of experienced, skilled and like-minded employees, including bar managers and bartenders. The failure by the Target Group to recruit experienced or skilled personnel and to retain its key employees may have an adverse impact on its operations and expansion plans. In addition, competition for employees with appropriate experience would require the Target Group to pay higher wages to attract and retain sufficient and capable employees. This could result in higher employee benefits expenses, thereby adversely affecting the Target Group's business operations, and in turn its financial performance and position.

The Target Group is subject to government regulations relating to foreign workers

The Target Group's operations are primarily based in Singapore. Due to the nature of its business, substantial manpower is required, and due to the shortage of domestic manpower in Singapore, the Target Group expects to continue to employ foreign workers for its operations. The Target Group employs foreign workers who are regulated by government authorities which set a limit to the number of foreign workers that may be hired and also impose levies on each foreign worker hired by the Target Group. Hence, any change in government policies to lower the number of foreign workers permissible to be employed by the Target Group or any increase in levy may materially and adversely affect its business operations, financial performance and position. Additionally, any change in the policies of foreign workers' countries of origin may affect the supply of foreign workers and cause disruptions to the Target Group's operations. Any increase in competition for foreign workers may also increase staff costs. In the event that the number of foreign workers that the Target Group can employ is reduced and/or the cost of foreign manpower increases, its business operations, financial performance and position will materially and adversely be affected.

The Target Group will be affected by any change in economic and social conditions, in particular consumer spending and preferences and lifestyle trends

The Target Group's business is sensitive to economic and social conditions which affect consumer demand at its outlets. Any change in economic conditions such as disposable incomes, economic performances, unemployment rates, inflation, recession, stock market performance, interest rates, the availability of consumer credit, and regulatory (including fiscal and other governmental policies), social or political changes in Singapore and the countries in which the Target Group is planning to operate may have an adverse impact on its businesses. In addition, the success of the Target Group's business is dependent on social conditions, in particular consumer spending and preferences and lifestyle trends. A significant shift in consumer spending and/or preference and/or lifestyle trends in Singapore and the countries in which the Target Group is planning to operate may lead to decreased consumer demand and adversely affect the Target Group's financial performance. For instance, should there be a sudden shift of consumer preference from single malt Scotch whisky to other spirits, wine or liquor, the Target Group's financial performance and position will be adversely affected.

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The Target Group does not have long term contracts with its suppliers

The Target Group purchases single malt Scotch whisky, spirits, wines, liquors and other alcoholic beverages from its suppliers, who are selected based on, amongst others, their market reputation, the quality of and demand for their products, past working experience with them, pricing and their ability to meet the Target Group's delivery requirements. As the Target Group does not enter into long term contracts with its suppliers, there is no assurance that its suppliers will continue to supply products to the Target Group on terms and prices acceptable to it and at current levels, or that they will continue to supply products to the Target Group instead of its competitors. If there are any adverse changes in the suppliers' conditions (financial or otherwise) and the Target Group's suppliers are unable to meet its inventory needs or if the suppliers make a commercial decision to discontinue its supply of products to the Target Group for whatever reason, and the Target Group is unable to obtain alternative supplies to meet its needs, or if there are any unfavourable variations of terms in the arrangements with suppliers, the Target Group's business operations, financial performance and position may be adversely affected.

The Target Group's business will be affected by the availability and price fluctuations of single malt Scotch whisky

Single malt Scotch whisky constitutes more than 60.0% of the Target Group's purchases during the Periods Under Review. The prices of single malt Scotch whisky may fluctuate due to various factors beyond the Target Group's control, such as supply and demand conditions, the imposition of liquor taxes and fluctuation of currency exchange rates. The Target Group is highly dependent on a sufficient supply of single malt Scotch whisky that meets its price and quality requirements. A significant increase in the market price of single malt Scotch whisky will have an adverse effect on the Target Group's margins if it is unable to pass such increase in price to its customers. A material shortage will affect the operation of the Target Group's pubs and bars and its financial performance and position accordingly.

Further, the nature of the Target Group's business requires it to keep a significant inventory of single malt Scotch whisky. In the event of a substantial decrease in the prices of these products due to factors such as a sharp decrease in the value of GBP, the Target Group may be unable to sell the whisky to its customers at a satisfactory profit margin or even at the prices at which the products were purchased. This will adversely affect the Target Group's business operations, financial performance and position.

The Target Group is dependent on key management personnel

The continued success of the Target Group is dependent to a large extent on its ability to retain its key management personnel. In particular, its Chief Executive Officer, Chua Khoo Hui, has been instrumental in developing and maintaining the Target Group's business relationships with its major suppliers, customers and in the development and retention of experienced employees. Chua Khoo Hui has entered into a Service Agreement with the Company for an initial term of three years from Completion Date. Notwithstanding this, there can be no assurance that the Target Group will be successful in retaining him or hiring a qualified management personnel to replace him on a timely basis should the need arise.

The Target Group's business will be adversely affected by negative publicity

The Target Group's business is subject to complaints from its customers concerning the quality of its services, quality of alcoholic beverages and food served at its outlets, hygiene standards and operational efficiency, as well as complaints of illnesses and injuries suffered at its premises or arising from the consumption of food and beverages, leading to negative publicity for the Target Group's outlets. Negative publicity may also arise from various other reasons such as malicious or groundless rumours about the Target Group's outlets or non-compliance with rules and regulations, standards on hygiene or safety. Such negative publicity may be easily spread and may lead to an adverse impact on the Target Group's business operations, financial performance and position.

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Further, *Cask 81*, a whisky bar set up in Myanmar by a local partner, had previously received guidance from Chua Khoon Hui on its operations and received advances from Timber Malt for its working capital. Due to regulations imposed by the Myanmar government on the import and sale of foreign brands of spirits and recent enforcement of such regulations, the Target Group has ceased to provide guidance on the operations of *Cask 81*. In the event that *Cask 81* is found to be in breach of any rules and regulations in Myanmar, while the Target Group was not responsible for *Cask 81*'s compliance with local rules and regulations, the Target Group may be implicated in any negative publicity, which may arise from such breaches. Such negative publicity may lead to an adverse impact on the Target Group's business operations, financial performance and position. In this regard, Chua Khoon Hui has undertaken to indemnify the Enlarged Group against, *inter alia*, all actions, loss, penalties or liability which the Enlarged Group may suffer or incur arising out of any non-compliance with the applicable laws, rules and regulations by *Cask 81*. He has further undertaken to procure that *Cask 81* shall not have any reference to "Quaich Bar" in its name as soon as practicable and no later than 31 December 2019 (being the date by which the local partner will have sufficient time to change the name of *Cask 81*), unless the Audit Committee approves otherwise. The undertaking given by Chua Khoon Hui is absolute and unconditional.

During the Periods Under Review and up to the Latest Practicable Date, the Target Group had not experienced any negative publicity which had a material adverse impact on its business operations, financial performance and position.

The Target Group may be affected by acts of terrorism or outbreak of any contagious or virulent diseases

Currently, all of the Target Group's outlets are situated in Singapore. The Target Group plans to expand its market presence to new overseas markets in regional cities. Any acts of terrorism or outbreak of any contagious or virulent diseases in Singapore and/or the countries in which the Target Group is planning to operate may negatively affect consumer confidence and sentiments, leading to a reduced willingness by the public to patronise the Target Group's outlets. Consequently, the Target Group's financial performance and position may be adversely affected. Further, if any of the employees of the Target Group and/or the facilities of its suppliers are infected with any contagious or virulent disease, the Target Group and/or its suppliers may be required to temporarily shut down the affected outlet and/or facility to prevent the spread of the disease. This may also lead to a negative impact on the Target Group's business operations, financial performance and position.

The Target Group may not be able to secure new strategic locations to expand its business

The Target Group's growth is dependent on its outlets being situated at locations with proximity to hotels, offices, restaurants and entertainment establishments. The locations of the Target Group's outlets will directly affect their level of patronage. The Target Group's business development team constantly seeks new strategic locations for the purposes of its business expansion. It poses a challenge to obtain good locations for the Target Group's outlets at cost-effective rental rates in Singapore. Hence, there can be no assurance that the Target Group will be able to continue to secure strategic locations for its new outlets and any failure to do so may affect the Target Group's business operations, financial performance and position.

In respect of new locations for pubs and bars secured by the Target Group, there is no assurance that the Target Group can generate the expected levels of revenue for such new outlets. Notwithstanding so, the Target Group would have to incur the fixed cost and expenses for the setting up and operation of such outlets, which will include rentals for the entire duration of the lease term for such premises and staff costs, regardless of the expected levels of revenue of each new outlet. This will in turn adversely affect the Target Group's business operations, financial performance and position.

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The Target Group may be affected by the change of environment in which its outlets are located

Currently, all the Target Group's outlets are situated at strategic locations with proximity to hotels, offices, restaurants and entertainment establishments. A change in the environment in which its outlets are located, such as a change in neighbouring tenant mix and image or worsening maintenance, may result in reduced patronage of its target market customers. This will in turn adversely affect the Target Group's business operations, financial performance and position.

The Target Group recorded high inventory turnover days during the Periods Under Review and is exposed to the risk of slow-moving inventories

For FY2015, FY2016, FY2017 and HY2018, the Target Group recorded inventories amounting to S\$1.6 million, S\$2.0 million, S\$2.6 million and S\$2.6 million, respectively, and the inventory turnover days were 702 days, 728 days, 652 days and 409 days, respectively. As at 31 December 2015, 2016 and 2017 and 30 June 2018, inventories accounted for approximately 75.0%, 79.5%, 63.5% and 62.1% of the Target Group's total current assets, respectively. Any increase in inventories and inventory turnover days may adversely affect the sufficiency of the Target Group's working capital. If the Target Group cannot manage its inventory level efficiently in the future, its liquidity and cash flow may be adversely affected.

Furthermore, if the Target Group fails to source for products that can meet consumer tastes and preferences in the future, the Target Group may need to either sell off such inventories at a lower selling price to improve its cash flow or make provisions for impairments of inventory values in the event of a substantial decrease in the prices of these products due to factors such as a sharp decrease in the value of GBP. This will affect the Target Group's business operations, financial performance and position.

The Target Group has not written down or written off any slow-moving inventories during the Periods Under Review, but there is no assurance that it would not have to do so in the future.

The Target Group may require further financing for future growth

The Target Group may come across potential business opportunities that may be favourable for its future growth and prospects. Under such circumstances, it may need to obtain additional capital through equity or debt financing. Raising additional equity may lead to the dilution in the interest of Shareholders. Raising additional equity or debt financing may restrict the Target Group's ability to pay dividends and lower its flexibility in utilising working capital to react to changes in the business and industry environment. In addition, there is no guarantee that the Target Group will be able to obtain additional financing on terms acceptable to it, or at all.

The Target Group may face uncertainties associated with its overseas expansion plans

The Target Group intends to expand in accordance with its future plans as set out in the section entitled "Prospects, Trend Information, Strategies and Future Plans" of this Circular. The Target Group's expansion initiatives as described in the aforesaid section involve numerous risks, including but not limited to, the Target Group's ability to secure good locations to operate its pubs and bars, obtain the relevant licences and/or permits required to operate in overseas locations, the financial cost of setting up these new outlets and working capital requirements. The Target Group will also be subject to laws and regulations of the overseas location affecting the repatriation of capital and remittance of profits. As the Target Group has limited experience in the setting up and operation of pubs and bars overseas, there is no assurance that it will be able to manage its overseas business expansion plans effectively and successfully. There is also no assurance that the Target Group's expansion plans will achieve sales that commensurate with its investment costs, or that it will be successful in securing more customers for its new outlets. If the Target Group fails to achieve a sufficient level of revenue or fails to manage its costs efficiently, it will not be able to recover its investment and its future financial performance and position would be adversely affected.

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These expansion plans will require substantial capital expenditure and financial resources. There is no assurance that the Target Group will have sufficient funds for its expansion plans or that it will be able to secure adequate financing. Failure to do so may materially affect its business operations, financial performance and position as well as future growth and prospects.

The Target Group may be affected by any increase in rental or the failure to renew its existing leases or the termination thereof

The Target Group operates all its outlets on leased properties. The rental expenses for these outlets accounted for approximately 8.8%, 15.0%, 13.1% and 10.2% of the Target Group's total revenue for FY2015, FY2016, FY2017 and HY2018, respectively. Since the rental expenses represent a relatively significant portion of the total operating expenses of the Target Group, its financial performance will be adversely affected by any increase in rental.

The landlords have the right to review and change the terms and conditions of the lease agreements upon expiry of the existing leases. They also have the right under certain circumstances to unilaterally terminate the lease agreements by giving a written notice of termination, without any breach by the Target Group of its obligations therein. There is no assurance that the Target Group would be able to renew the relevant lease agreements on terms acceptable to it or that the lease agreements will not be terminated by the landlords. The non-renewal of these leases or renewal on less favourable terms or termination may have a material adverse effect on the Target Group's business operations, financial performance and position. Please refer to the section entitled "Properties and Fixed Assets" of this Circular for more information on the Target's Group existing lease agreements.

The Target Group's insurance policies do not cover consequential loss of business

The Target Group does not maintain an expansive insurance policy which covers all losses. The high costs of obtaining and maintaining insurance coverage for such events are not practical for its operations. There can be no assurance that the Target Group's insurance policies would be adequate to cover all consequential loss of business. In the event that its insurance coverage is not extensive enough to cover all such losses, claims and/or liabilities, the Target Group's business operations, financial performance and position will be adversely affected.

The Target Group may be subject to the risk of pilferage and theft

Cash sales and food and beverage items at the Target Group outlets are handled by its employees. While the Target Group has implemented controls in relation to cash management and inventory handling, as well as security measures for its outlets and warehouse, there is no assurance that lapses in internal controls will not occur. The Target Group may not be able to prevent pilferage, misappropriation or theft by employees or outsiders. In the event that such pilferage, misappropriation or theft occurs, the Target Group's business operations, financial performance and position may be adversely affected.

During the Periods Under Review and up to the Latest Practicable Date, the Target Group had not experienced any incident of pilferage, misappropriation or theft which had a material adverse impact on its business operations, financial performance and position.

The Target Group may be subject to claims for infringement of third parties' intellectual property rights

Third parties may initiate claims against the Target Group alleging infringement of their intellectual property. As at the Latest Practicable Date, the Target Group had made an application to register its "Quaich Bar" trademark and the application is under examination. The aforesaid trademark has been deemed objectionable by the Intellectual Property Office of Singapore by reason of it consisting of the word "Quaich", which is the subject of a prior trademark registered in Singapore by a non-affiliated company. The Target Group's application is founded on the basis that the Target Group has used the trademark "Quaich Bar" since November 2007 and has been using the trademark continuously ever since. There is no assurance that the trademark office will approve

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the Target Group's application to register its "Quaich Bar" trademark. In the event that the Target Group's application does not succeed and the non-affiliated company decides to bring an action against the Target Group, time and costs in the defence of such an action will be incurred by the Target Group and its business operations may be adversely affected. Further, if the non-affiliated company is successful in an infringement action, its remedies may include an injunction to prevent the Target Group from using the "Quaich Bar" brand name, damages or an account of profit. This may result in a material adverse impact on the Target Group's business operations, financial performance and position.

During the Periods Under Review and up to the Latest Practicable Date, the Target Group had not faced any claims for infringement of third parties' intellectual property rights which had a material adverse impact on its business operations, financial performance and position.

The Target Group may be subject to fines and/or other penalties for past non-compliance with laws and regulations

As the Target Group and its operations are based in Singapore, it is subject to the relevant laws and regulations in Singapore, such as the Employment Act and the Companies Act. In the past, there have been certain non-compliances by the Target Group with the Employment Act, such as not providing employees with a written record of their key employment terms. For such civil contraventions under the Employment Act, the administrative penalty for the first occasion of breach is S\$200 for each employee and S\$400 for each subsequent occasion. The Target Group has since addressed and rectified such non-compliances. Notwithstanding that rectification measures have been taken, there is no assurance that MOM will not take action against the Target Group or its directors, managers or officers for past breaches, which will result in reputational damage and adversely affect the Target Group's business but is not expected to have a material adverse impact on the Target Group's financial performance or position. Nevertheless, the Vendors have provided an undertaking dated 26 December 2018 to indemnify the Enlarged Group against any liabilities arising from the past non-compliances with the Employment Act.

Further, some of the companies within the Target Group did not comply with certain provisions of the Companies Act, such as not obtaining the consents to act from the secretaries or auditors, and late statutory filings, including the filing of annual returns. There is no assurance that the companies within the Target Group and their directors and officers will not be liable for such past non-compliances, although no enforcement actions have been taken against them as at the Latest Practicable Date. The potential composition fines and penalties which may be imposed by ACRA are not expected to have a material adverse impact on the Target Group's business operations, financial performance or position. Nevertheless, the Vendors have provided an undertaking dated 26 December 2018 to indemnify the Enlarged Group against any liabilities arising from the past non-compliances with the Companies Act.

The Target Group may be liable for infringement under the Copyright Act

The Target Group has been providing music to the public at certain of its outlets without a copyright music licence from COMPASS. Such provision of music to the public without a licence constitutes copyright infringement under the Copyright Act (please refer to the section entitled "Government Regulations" of this Circular for further information on music copyright). As at the Latest Practicable Date, the Target Group has made applications and payments for the copyright music licences for the newly opened outlets, *The Other Roof* and *The Copper Plate*, but the return of the contracts duly signed by COMPASS is pending. Upon issue, the licences will take effect from the respective dates of commencement of business operations of *The Other Roof* and *The Copper Plate*. In the event that an action for infringement of copyright is brought against the Target Group prior to the issue of the licences, its business and financial performance may be adversely affected. The Vendors have provided an undertaking dated 26 December 2018 to indemnify the Enlarged Group against any liabilities arising from any action for infringement of copyright brought against the Target Group.

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13.2 Other Risk Factors Relating to the Enlarged Group

In addition, the following factors are relevant in assessing the risks relating to the Enlarged Group:

No prior market for the Shares of the Company on an Enlarged Group basis

The Shares have never been traded on an Enlarged Group basis as the Company will be acquiring the business and operations of the Target Group as its main operating business upon completion of the Proposed Acquisition. As such, there can be no assurance that an active trading market for the Shares will develop or, if developed, will be sustained.

Shareholders will face immediate and substantial dilution and may experience future dilution to shareholdings

The Proposed Acquisition will result in immediate dilution to the shareholdings of existing Shareholders as the Consideration Shares will be allotted and issued to the Vendors. In the event that the Enlarged Group requires additional funding for its future expansion plans, it may raise such funds through the issue of new shares, convertible securities or other forms of equity-linked instruments, as appropriate. Should new Shares be placed out and convertible securities be issued and converted, there may be further dilution to the shareholdings of Shareholders.

The Enlarged Group may not be able to declare dividends in the future

The Enlarged Group's ability to declare dividends to the Shareholders will depend on its future financial performance and distributable reserves of the Company. The Enlarged Group's future financial performance and distributable reserves depend on several factors, such as the successful implementation of strategies, the general economic conditions, demand for and selling prices of its products, in particular single malt Scotch whisky. Many of these factors may be beyond the Enlarged Group's control. As such there is no assurance that the Company will be able to pay dividends to the Shareholders. In the event that any company in the Enlarged Group enters into any loan agreements in the future, covenants therein may also limit when and how much dividends the Company can declare and pay.

The Enlarged Group may experience negative working capital

As at the Latest Practicable Date, the Target Group did not have negative working capital but it may experience negative working capital in future. Given that the Target Group may rely on short-term debt financing, it is possible for the Target Group, and thereby the Enlarged Group, to experience negative working capital in the future. In such event, additional capital, debt or other forms of financing may be required to fund the Enlarged Group's working capital. If any of the aforesaid events occur and the Enlarged Group is unable, for any reason, to raise additional capital, debt or other financing for its working capital requirements, the Enlarged Group's business, cash flow, financial performance and position will be adversely affected.

Volatility of the new Share price of the Company

The Issue Price of the Consideration Shares allotted and issued to acquire the Sale Shares may not be indicative of prices of the Shares after Completion that will prevail in the trading market. The trading prices of the Shares after Completion could be subject to fluctuations in response to variations in the results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting the Enlarged Group, the customers or competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies, general stock market price fluctuations and other events or factors. Volatility in market prices of the Shares may be caused by factors beyond the control of the Enlarged Group and may be unrelated and disproportionate to the operating results of the Enlarged Group.

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The market price of the Shares after Completion may fluctuate significantly and rapidly as a result of, amongst other things, the following factors, some of which are beyond the control of the Enlarged Group:

- (a) the success or failure of the Enlarged Group's management team in implementing business and growth strategies;
- (b) announcements by the Company, following completion of the Proposed Acquisition, of acquisitions, strategic alliances or capital commitments;
- (c) changes in the Enlarged Group's operating results;
- (d) involvement in litigation;
- (e) unforeseen contingent liabilities of the Enlarged Group;
- (f) addition or departure of key personnel of the Enlarged Group;
- (g) changes in share prices of companies with similar business to the Enlarged Group that are listed in Singapore;
- (h) changes in securities analysts' estimates of the Enlarged Group's financial performance and recommendations;
- (i) differences between the Enlarged Group's actual financial operating results and those expected by investors and securities analysts; and
- (j) changes in general market conditions and broad market fluctuations.

Concentration of control

Teo Kok Woon and his Associates will acquire majority control over the Company after completion of the Proposed Transactions and will be able to influence the outcome of matters submitted to Shareholders for approval. Upon completion of the Proposed Transactions, Teo Kok Woon will hold approximately 64.0% of the Enlarged Share Capital. Please see the section entitled "Changes in Shareholding Structure" of this Circular for more information on the effects of the Proposed Transactions on the shareholding structure of the Company.

As a result, Teo Kok Woon will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. In addition, together with Chua Khoo Hui, they will in aggregate hold more than 75.0% of the Enlarged Share Capital and would effectively have veto power with respect to any Shareholders' action or approval requiring a special resolution. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of the Company, which may otherwise have benefited the Shareholders. Such concentration of ownership will result in a small public float, which may result in an inactive or illiquid market for the Shares, thereby resulting in investors being unable to trade in their Shares.

14. SELECTED FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following selected financial information of the *pro forma* Enlarged Group should be read in conjunction with the full text of this Circular, including the Report on Unaudited Pro Forma Consolidated Financial Statements of the Enlarged Group for the Financial Year Ended 31 December 2017 and Six-Month Period Ended 30 June 2018 and related notes thereto as set out in Appendix B in this Circular.

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14.1 Basis of preparation

- (a) The unaudited *pro forma* consolidated financial information of the Enlarged Group pursuant to the Proposed Acquisition is expressed in SGD. The financial information has been prepared for illustrative purposes only. It has been prepared based on certain assumptions and after making certain adjustments to show what:
- (i) the unaudited *pro forma* consolidated statements of comprehensive income of the Enlarged Group for FY2017 and HY2018 would have been if the Enlarged Group structure pursuant to the Proposed Acquisition as described in Note 2 of Appendix B had been in place since 1 January 2017;
 - (ii) the unaudited *pro forma* consolidated statements of financial position of the Enlarged Group as at 31 December 2017 and 30 June 2018 would have been if the Enlarged Group structure pursuant to the Proposed Acquisition as described in Note 2 of Appendix B had been in place on those dates; and
 - (iii) the unaudited *pro forma* consolidated statements of cash flows of the Enlarged Group for FY2017 and HY2018 would have been if the Enlarged Group structure pursuant to the Proposed Acquisition as described in Note 2 of Appendix B had been in place since 1 January 2017.

The objective of the unaudited *pro forma* consolidated financial information of the Enlarged Group is to show what the historical financial information would have been had the Enlarged Group structure pursuant to the Proposed Acquisition existed since 1 January 2017. However, the unaudited *pro forma* consolidated financial information of the Enlarged Group is not necessarily indicative of the financial performance or related effects on the financial position that would have been obtained had the Enlarged Group structure pursuant to the Proposed Acquisition actually existed earlier.

- (b) In presenting the unaudited *pro forma* consolidated financial information of the Enlarged Group, the following key assumptions and adjustments were taken into account:

(i) The Proposed Acquisition

The issuance of 32,333,333 Consideration Shares at the Issue Price in connection with the Proposed Acquisition would result in the Vendors holding a controlling interest in the Enlarged Share Capital. In accordance with SFRS(I) 3 *Business Combinations*, the acquisition of Slosed! by the Company is accounted for as a reverse acquisition wherein Slosed! is deemed to be the accounting acquirer and the Company the accounting acquiree.

The consideration transferred for the Proposed Acquisition is measured using the quoted market price of the Company's Shares on the date of acquisition multiplied by the 32,333,333 Consideration Shares expected to be issued. The fair value per Share is assumed to be S\$0.32 per Share, based on the quoted market price of the Company's Shares as of 28 September 2018 of S\$0.016, as adjusted for the Proposed Share Consolidation.

Directly attributable costs related to the Proposed Acquisition are assumed to amount to S\$1,330,000.

(ii) The Waiver

The waiver of the shareholders' loans to the Target Group would result in a deemed capital contribution from the Vendors amounting to S\$1,452,106.

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- (c) The unaudited *pro forma* consolidated financial information of the Enlarged Group is based on the following:
- (i) the audited financial statements of the Company for FY2017, which have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”);
 - (ii) the unaudited interim financial statements of the Company for HY2018, which have been prepared in accordance with FRS;
 - (iii) the audited combined financial statements of the Target Group for FY2017, which have been prepared in accordance with FRS; and
 - (iv) the unaudited interim condensed combined financial statements of the Target Group for HY2018, which have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”).

14.2 *Pro forma* statements of comprehensive income of the Enlarged Group

(S\$'000)	Unaudited FY2017	Unaudited HY2018
Revenue	5,104	3,345
Cost of goods sold	(1,436)	(1,157)
Gross profit	3,668	2,188
Other income	2,100	144
Marketing and distribution expenses	(73)	(28)
Administrative expenses	(2,849)	(1,525)
Other expenses	(1,745)	(118)
Interest expense on borrowings	(15)	(2)
Share of associate’s results	11	(2)
Profit before tax	1,097	657
Income tax expense	(136)	(88)
Profit for the year, representing total comprehensive income for the year attributable to owners of the Company	961	569
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	5	2
Total comprehensive income for the year attributable to owners of the Company	966	571

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14.3 *Pro forma* statements of financial position of the Enlarged Group

(S\$'000)	Unaudited As at 31 December 2017	Unaudited As at 30 June 2018
ASSETS		
<u>Non-current assets</u>		
Plant and equipment	616	511
Other receivables	138	192
Investment in an associate	6	5
Deferred tax assets	58	31
Total non-current assets	818	739
<u>Current assets</u>		
Assets held for sale	952	–
Inventories	2,565	2,596
Trade and other receivables	566	536
Restricted cash	3,398	4,279
Cash and cash equivalents	1,129	1,073
Total current assets	8,610	8,484
Total assets	9,428	9,223
EQUITY AND LIABILITIES		
<u>Current liabilities</u>		
Trade and other payables	1,635	851
Borrowings	100	50
Income tax payable	98	157
Total current liabilities	1,833	1,058
Net current assets	6,777	7,426
<u>Non-current liabilities</u>		
Provision for restoration costs	56	56
Deferred tax liabilities	15	15
Total non-current liabilities	71	71
Total liabilities	1,904	1,129
Net assets	7,524	8,094
<u>Equity attributable to owners of the Company</u>		
Share capital	3,848	3,848
Deemed capital contribution from shareholders	1,452	1,452
Foreign currency translation reserve	4	6
Retained earnings	2,220	2,788
Total equity	7,524	8,094
Total equity and liabilities	9,428	9,223

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As the Company has been deemed a cash company under Rule 1017 of the Catalyst Rules with effect from 31 August 2016, the *pro forma* consolidated financial statements of the Enlarged Group will not be materially different from the combined financial statements of the Target Group, save for, (i) the cash and balances of the Company; (ii) certain operating expenses of the Company, such as costs expected to be incurred in the day-to-day running of the Company; (iii) non-cash income/expenses in connection with the Proposed Acquisition, mainly arising from reverse acquisition accounting in accordance with SFRS(I); (iv) professional fees to be incurred in connection with the Proposed Acquisition; and (v) adjustments arising from the Restructuring Exercise, including a waiver of shareholders' loans of the Target Group, all of which are non-operational and non-recurring in nature. The Management's Discussion and Analysis of Results of Operations and Financial Condition of the Target Group is set out in section 16 of this Circular.

15. SELECTED FINANCIAL INFORMATION OF THE TARGET GROUP

The following selected financial information of the Target Group should be read in conjunction with the full text of this Circular, including the Audited Combined Financial Statements of the Target Group for the Financial Years Ended 31 December 2015, 2016 and 2017 and the Unaudited Interim Condensed Combined Financial Statements of the Target Group for the Six-Month Period Ended 30 June 2018.

15.1 Combined statements of comprehensive income of the Target Group

(S\$'000)	← Audited →			← Unaudited →	
	FY2015	FY2016	FY2017	HY2017	HY2018
Revenue	1,978	2,608	5,104	2,362	3,345
Cost of sales	(828)	(986)	(1,436)	(936)	(1,157)
Gross profit	1,150	1,622	3,668	1,426	2,188
Other income	66	64	251	141	118
Marketing and distribution expenses	(57)	(120)	(73)	(22)	(28)
Administrative expenses	(859)	(1,652)	(2,385)	(1,111)	(1,346)
Other expenses	(105)	(176)	(256)	(122)	(167)
Interest expense on borrowings	(1)	(15)	(15)	(7)	(2)
Share of results of associate	(5)	(4)	11	11	(2)
Profit/(loss) before tax	189	(281)	1,201	316	761
Income tax (expense)/benefit	(17)	74	(136)	(36)	(88)
Profit/(loss) for the year attributable to owners of the company	172	(207)	1,065	280	673
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation	(6)	2	5	(3)	2
Total comprehensive income for the year attributable to owners of the company	166	(205)	1,070	277	675

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15.2 Combined statements of financial position of the Target Group

(S\$'000)	Audited As at 31 December 2017	Unaudited As at 30 June 2018
ASSETS		
<u>Non-current assets</u>		
Plant and equipment	616	511
Other receivables	138	192
Investment in an associate	6	5
Deferred tax assets	58	31
Total non-current assets	818	739
<u>Current assets</u>		
Inventories	2,565	2,596
Trade and other receivables	597	574
Cash and cash equivalents	878	1,010
Total current assets	4,040	4,180
Total assets	4,858	4,919
EQUITY AND LIABILITIES		
<u>Current liabilities</u>		
Trade and other payables	2,826	2,203
Borrowings	100	50
Income tax payable	98	157
Total current liabilities	3,024	2,410
Net current assets	1,016	1,770
<u>Non-current liabilities</u>		
Provision for restoration costs	56	56
Deferred tax liabilities	15	15
Total non-current liabilities	71	71
Total liabilities	3,095	2,481
Net assets	1,763	2,438
<u>Equity attributable to owners of the company</u>		
Share capital	1	1
Foreign currency translation reserve	4	6
Retained earnings	1,758	2,431
Total equity	1,763	2,438
Total equity and liabilities	4,858	4,919

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16. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF THE TARGET GROUP

The following discussion of the results of operations and financial condition of the Target Group should be read in conjunction with the Audited Combined Financial Statements of the Target Group for the Financial Years Ended 31 December 2015, 2016 and 2017 and the Unaudited Interim Condensed Combined Financial Statements of the Target Group for the Six-Month Period Ended 30 June 2018 as set out in Appendices C and D of this Circular respectively.

The following discussion contains forward-looking statements that involve risks and uncertainties. The actual results may differ significantly from those projected in the forward-looking statements. Factors that might 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 Circular, particularly in the section entitled "Risk Factors" of this Circular. 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 assumption by the Company, the Target Group, the Sponsor and the Financial Adviser or any other person. Investors and Shareholders 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 "Cautionary Note Regarding Forward-Looking Statements" of this Circular.

16.1 Overview

The Target Group is in the business of the operation of a multi-concept chain of pubs and bars and the import and distribution of spirits, wines and liquors. As at the Latest Practicable Date, the Target Group operated five outlets under four different brands.

Please refer to the section entitled "Business Overview" of this Circular for more information on the Target Group's business.

16.2 Basis of Presentation of the Target Group's Combined Financial Information

Please also refer to Notes 1.2 and 2.1 of the Audited Combined Financial Statements of the Target Group for the Financial Years Ended 31 December 2015, 2016 and 2017 and the Unaudited Interim Condensed Combined Financial Statements of the Target Group for the Six-Month Period Ended 30 June 2018 as set out in Appendices C and D of this Circular respectively for the basis of preparation of the combined financial statements of the Target Group.

16.3 Key Factors Affecting the Target Group's Results of Operations

The results of operations of the Target Group have been and will continue to be affected by a number of factors, including those factors set out in the section entitled "Risk Factors" in this Circular and those set out below. Accordingly, its historical financial results may not be indicative of its future performance and its management's assessment of the prospects of the Target Group. The key factors affecting the Target Group's results of operations include, among other factors, the following:

The number of outlets in operation

The Target Group's revenue is mainly generated from the sale of alcoholic beverages and light refreshments and net of any discounts and allowances, which is in turn affected by the number of outlets in operation.

During the Periods Under Review, the Target Group opened two new outlets, namely *The Other Room* at Singapore Marriott Tang Plaza Hotel and *Quaich Bar* at South Beach Avenue, which commenced business in June 2016 and September 2016 respectively. The two new outlets in FY2016 generated a total revenue of approximately S\$1,003,000, contributing 38.5% of the total revenue for FY2016, and further increased to approximately S\$3,227,000, contributing 63.2% of the total revenue in FY2017.

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After the Periods Under Review and up to the date of this Circular, two new outlets, namely *The Other Roof* at Ann Siang House and *The Copper Plate* at Winsland House II were opened and commenced business in October 2018 and November 2018 respectively.

Although a new establishment generally generates lower profit margin due to lower sales and start-up operating costs in the initial stage, it is expected that expanding the number of outlets will increase the Target Group's market share and contribute positively to the revenue. Please refer to the section entitled "Business Strategies and Future Plans" of this Circular for the Target Group's expansion plans. The ability of the Target Group to identify and successfully secure strategic locations to increase the number of outlets in operation and implement suitable concepts for each location will affect its revenue.

Spending of consumers and market demand for alcoholic beverages

The Target Group's business may be affected by the following factors which affect consumer's patronage, spending and market demand for alcoholic beverages:

- (i) changes in government regulations affecting, *inter alia*, the Target Group's licences and operation hours, and any suspension or revocation of its licences and approvals;
- (ii) the Target Group's ability to promote and attract consumers to its outlets and retain its patrons through its marketing efforts including launching promotion, marketing events, and the provision of good services and environment;
- (iii) the Target Group's ability to create brand awareness and promote the portfolio of alcoholic beverages that the Target Group sells in Singapore, such as through educational tasting events, which may result in better brand recognition and increased demand from consumers for the Target Group's portfolio of alcoholic beverages;
- (iv) changes in consumer tastes and preferences, which may result in a switch in consumers' patronage of the Target Group's outlets to other competitors' venues or a decrease in market demand for the portfolio of alcoholic beverages that the Target Group sells;
- (v) negative publicity (whether genuine or otherwise) concerning quality and hygiene of the food and beverages served at the Target Group's outlets or other operational issues relating to its outlets;
- (vi) changes in economic conditions and inflation in Singapore, which may affect the sentiments of consumers and their discretionary spending at the Target Group's outlets or on alcoholic beverages such as changes in consumers' level of disposable income, economic performance and prospects in Singapore or the countries in which the Target Group is planning to operate in; and
- (vii) acts of terrorism and outbreak of contagious or virulent diseases in Singapore or the countries in which the Target Group is planning to operate in, which may affect consumer confidence or sentiments.

Fluctuations in operating costs

Cost of sales

The Target Group's cost of sales comprises mainly costs of alcoholic beverages. It represents the largest component of the Target Group's operational costs, and has a direct and significant impact on the Target Group's profit margin. For FY2015, FY2016, FY2017, HY2017 and HY2018, the Target Group's cost of sales amounted to approximately S\$828,000, S\$986,000, S\$1,436,000, S\$936,000 and S\$1,157,000, representing approximately 41.7%, 37.8%, 28.1%, 39.6% and 34.6% of the Target Group's total revenue for the respective periods.

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Most of the costs of alcoholic beverages relate to specialty single malt Scotch whiskies that are sourced directly and imported from boutique distilleries in Scotland or independent bottlers or wholesalers in the United Kingdom through Planet Spirits, which acts as an importer and distributor of whiskies. Other beverages and products are sourced locally in Singapore.

In its pricing strategy, the Target Group adopts a cost-plus strategy and also takes into account prevailing market prices of similar products, consumer preferences and perceptions, and value and rarity of products. Accordingly, fluctuations in cost of sales generally moves in tandem with the fluctuations in revenue.

Other than pursuant to fluctuations in revenue, the Target Group's cost of sales may be affected by, *inter alia*, the following factors:

- (a) the Target Group's ability to obtain favourable pricing from its suppliers, including its ability to purchase directly from distilleries;
- (b) fluctuations in the market prices of alcoholic beverages, which may be affected by prices of raw materials, market demand and supply conditions and governmental regulations;
- (c) fluctuations in foreign exchange rates as a significant portion of its purchases is denominated in GBP; and
- (d) the Target Group's ability to achieve economies of scale enabling it to obtain volume discounts on alcoholic beverages.

Employee benefits expenses

The Target Group's businesses are highly service-oriented and labour intensive as it strives to provide and maintain positive experiences at its outlets including providing a good level of customer service.

During the Periods Under Review, the Target Group recorded employee benefits expenses, which comprise salaries, wages, bonuses, contributions to Central Provident Fund, foreign worker levy, other allowances and directors' remuneration, of approximately S\$491,000, S\$830,000, S\$1,154,000, S\$578,000 and S\$661,000 for FY2015, FY2016, FY2017, HY2017 and HY2018, respectively, representing approximately 24.8%, 31.8%, 22.6%, 24.5% and 19.8% of its revenue for the corresponding periods.

The number of employees generally increases with the number of outlets in operation, which results in an increase in employee benefits expenses. In addition, its employee benefits expenses may also be affected by, *inter alia*, the following factors:

- (a) the Target Group's ability to attract, motivate and retain a sufficient number of experienced, skilled and like-minded employees, including bar managers and bartenders;
- (b) changes in government regulations relating to foreign workers;
- (c) general availability of labour in the market which affects competition for employees with appropriate experience; and
- (d) economic factors in Singapore such as inflation rate and standard of living.

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Rental expenses

The Target Group conducts its business in leased properties and any changes in the rental rates of the premises the Target Group operates in may have a significant impact on the Target Group's profitability. For FY2015, FY2016, FY2017, HY2017 and HY2018, rental expenses amounted to approximately S\$175,000, S\$390,000, S\$668,000, S\$312,000 and S\$340,000, representing approximately 8.8%, 15.0%, 13.1%, 13.2% and 10.2% of the Target Group's total revenue for the respective periods.

Rental expenses generally increase with the number of outlets in operation and the size of the premises leased. Certain leases of its outlets include a variable component which is based on a percentage of sales derived from these outlets.

In addition, rental expenses may be affected by, *inter alia*, the following factors:

- (a) general trend of rental rates in Singapore; and
- (b) the Target Group's ability to negotiate and renew its leases with its landlords on rates that are commercially acceptable to them.

16.4 Description of Certain Component of the Target Group's Combined Statements of Comprehensive Income

Revenue

Revenue of the Target Group is derived mainly from the sale of alcoholic beverages and light refreshments and net of any discounts and allowances.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Target Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with the delivery and acceptance of the goods sold and billings of food and beverages to customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

The Target Group's revenue amounted to approximately S\$1,978,000, S\$2,608,000, S\$5,104,000, S\$2,362,000 and S\$3,345,000 for FY2015, FY2016, FY2017, HY2017 and HY2018 respectively.

Cost of sales

The Target Group's cost of sales comprises mainly costs of alcoholic beverages. Most of the costs of alcoholic beverages relate to specialty single malt Scotch whiskies that are sourced directly and imported from distilleries in Scotland or independent bottlers or wholesalers in the United Kingdom through Planet Spirits, which acts as an importer and distributor of whiskies. Other beverages and products are sourced locally in Singapore.

Cost of sales was approximately S\$828,000, S\$986,000, S\$1,436,000, S\$936,000 and S\$1,157,000 representing approximately 41.9%, 37.8%, 28.1%, 39.6% and 34.6% of the Target Group's total revenue for FY2015, FY2016, FY2017, HY2017 and HY2018 respectively.

Gross profit and gross profit margin

Gross profit is determined after deducting cost of sales from the Target Group's revenue. Gross profit margin is an indication of the Target Group's ability to hold their pricing to their customers whilst controlling their cost of sales.

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The Target Group's overall gross profit margin was approximately 58.1%, 62.2%, 71.9%, 60.4% and 65.4% for FY2015, FY2016, FY2017, HY2017 and HY2018 respectively.

Other income

The Target Group's other income comprised mainly commission income, sponsorship income, government grants received and net foreign exchange gain.

The Target Group's other income amounted to approximately S\$66,000, S\$64,000, S\$251,000, S\$141,000 and S\$118,000 in FY2015, FY2016, FY2017, HY2017 and HY2018 respectively. The following table sets forth the major components of the Target Group's other income during the Periods Under Review:

(S\$'000)	FY2015	FY2016	FY2017	HY2017	HY2018
Commission income	1	4	175	97	75
Government grants	37	23	29	26	35
Sponsorship income	28	35	8	8	8
Net foreign exchange gain	–	2	39	10	–

Commission income relates to income received for arranging direct sales from suppliers to the customers, and is recognised upon delivery of goods to the customers. These usually relate to ad-hoc purchases of casks, which are dependent on whether there is customer interest or suppliers with special product releases, and not part of the Target Group's core offering.

Government grants include Special Employment Credit and Wage Credit Scheme. The Special Employment Credit was introduced by the Singapore Government to support employers as well as to raise the employability of older low-wage Singaporeans. The Wage Credit Scheme was introduced to help businesses adjust to rising wage costs in a tight labour market with the objective to allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees.

Sponsorship income relates to advertising and promotional funds received from suppliers and is recognised when the rights to receive payment has been established which is determined based on the Target Group's purchases made.

Marketing and distribution expenses

Marketing and distribution expenses comprise mainly advertising, marketing, entertainment expenses and delivery charges in respect of deliveries to customers.

The Target Group's marketing and distribution expenses amounted to approximately S\$57,000, S\$120,000, S\$73,000, S\$22,000 and S\$28,000 and represented approximately 2.9%, 4.6%, 1.4%, 0.9% and 0.8% of the Target Group's total revenue for FY2015, FY2016, FY2017, HY2017 and HY2018 respectively.

Administrative expenses

The Target Group's administrative expenses amounted to approximately S\$859,000, S\$1,652,000, S\$2,385,000, S\$1,111,000 and S\$1,346,000, representing approximately 43.4%, 63.3%, 46.7%, 47.0% and 40.2% of the Target Group's total revenue for FY2015, FY2016, FY2017, HY2017 and HY2018 respectively.

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The following table sets forth a breakdown of the Target Group's administrative expenses during the Periods Under Review:

(S\$'000)	FY2015	FY2016	FY2017	HY2017	HY2018
Employee benefits expenses	491	830	1,154	578	661
Rental expenses	175	390	668	312	340
Transportation charges	42	58	107	54	54
Bank charges	33	55	108	58	67
Miscellaneous expenses	118	319	348	109	224
Total	859	1,652	2,385	1,111	1,346

Employee benefits expenses accounted for approximately 57.2%, 50.2%, 48.4%, 52.0% and 49.1% of the Target Group's administrative expenses for FY2015, FY2016, FY2017, HY2017 and HY2018 respectively. Employee benefits expenses comprise mainly salaries, wages, bonuses, contributions to Central Provident Fund, foreign worker levy, other allowances and directors' remuneration.

Rental expenses for rental of outlets and office accounted for approximately 20.4%, 23.6%, 28.0%, 28.1% and 25.3% of the Target Group's administrative expenses for FY2015, FY2016, FY2017, HY2017 and HY2018 respectively. Rental expenses for some of the Target Group's outlets comprise a fixed amount and a variable component which is based on a percentage of sales derived from the outlet.

Transportation charges accounted for approximately 4.9%, 3.5%, 4.5%, 4.9% and 4.0% of the Target Group's administrative expenses for FY2015, FY2016, FY2017, HY2017 and HY2018 respectively. Transportation charges relate to staff transport, staff transport claims and overseas travelling expenses.

Bank charges accounted for approximately 3.8%, 3.3%, 4.5%, 5.2% and 5.0% of the Target Group's administrative expenses for FY2015, FY2016, FY2017, HY2017 and HY2018 respectively. Bank charges mainly comprise commission paid to card-issuing banks for providing facilities for acceptance of customers' payments by credit cards and charges in relation to telegraphic transfers to suppliers.

Miscellaneous expenses accounted for 13.7%, 19.3%, 14.6%, 9.8% and 16.6% of administrative expenses in FY2015, FY2016, FY2017, HY2017 and HY2018 respectively. Miscellaneous expenses mainly comprise insurance, utilities, outlet expendables and office supplies, telephone charges and professional fees.

Other expenses

Other expenses comprise mainly depreciation of plant and equipment, impairment of investment in an associate and plant and equipment written off. The Target Group's other expenses amounted to approximately S\$105,000, S\$176,000, S\$256,000, S\$122,000 and S\$167,000 which represented approximately 5.3%, 6.7%, 5.0%, 5.2% and 5.0% of the Target Group's total revenue for FY2015, FY2016, FY2017, HY2017 and HY2018 respectively.

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The following table sets forth a breakdown of the Target Group's other expenses during the Periods Under Review:

(S\$'000)	FY2015	FY2016	FY2017	HY2017	HY2018
Bad debts written off	4	9	12	–	–
Impairment of investment in an associate	76	–	–	–	–
Depreciation of plant and equipment	25	149	244	122	126
Plant and equipment written off	–	18	–	–	–
Net foreign exchange loss	–	–	–	–	8
Professional fees in relation to the proposed reverse acquisition	–	–	–	–	33
Total	105	176	256	122	167

Interest expense on borrowings

The Target Group's interest expense on borrowings comprise interest expense on its borrowings with interest rates ranging from 6.17% to 6.52% per annum during the Periods Under Review. The interest expense on borrowings amounted to approximately S\$1,000, S\$15,000, S\$15,000, S\$7,000 and S\$2,000 in FY2015, FY2016, FY2017, HY2017 and HY2018 respectively.

Share of results of associate

As the Target Group holds 20% interest in Timber Malt, the share of Timber Malt's results for the financial periods will be reflected in the profit and loss statements of the Target Group. The share of results of associate amounted to losses of approximately S\$5,000 and S\$4,000 in FY2015 and FY2016 respectively, share of profits of approximately S\$11,000 in both FY2017 and HY2017, and losses of approximately S\$2,000 in HY2018.

Income tax expense/(benefit)

Income tax expense represents tax charges provided in respect of assessable profits derived from the Target Group's operations in Singapore and in accordance with the prevailing tax regulations in Singapore. The Target Group's tax expenses comprise current income tax and deferred income tax. During the Periods Under Review, the statutory corporate tax rate in Singapore was 17.0%.

The Target Group's income tax expense/(benefit) and effective tax rates, being tax expenses/(benefit) as a percentage of profit/(loss) before tax for FY2015, FY2016, FY2017, HY2017 and HY2018 are as follows:

	FY2015	FY2016	FY2017	HY2017	HY2018
Income tax expense / (benefit) (S\$)	17,000	(74,000)	136,000	36,000	88,000
Effective tax rate (%)	9.0%	(26.4)	11.3	11.4	11.6

The effective tax rates for the FY2015, FY2017, HY2017 and HY2018 were lower than the statutory tax rate principally due to the effect of partial tax exemption and tax relief. The Target Group was loss-making in FY2016.

Seasonality

The Target Group's business is not subject to any significant seasonality fluctuations.

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Inflation

During the Periods Under Review, inflation did not have a significant impact on the financial results of the Target Group.

16.5 Review of Past Performance

FY2016 vs FY2015

Revenue

The Target Group's revenue increased by approximately S\$630,000 or 31.9% from approximately S\$1,978,000 in FY2015 to approximately S\$2,608,000 in FY2016, attributable mainly to the additional revenue from two new outlets which commenced operations in FY2016 as set out below:

New Bar	Opening Date
<i>The Other Room</i> at Singapore Marriott Tang Plaza Hotel	June 2016
<i>Quaich Bar</i> at South Beach Avenue	September 2016

The revenue from these two new outlets amounted to approximately S\$1,003,000 in FY2016. This was offset by a decrease in revenue from the existing outlet and a decrease in sales to wholesale customers that aggregated to approximately S\$373,000.

Cost of sales, gross profit and gross profit margins

The Target Group's cost of sales increased by approximately S\$158,000 or 19.1% from approximately S\$828,000 in FY2015 to approximately S\$986,000 in FY2016, which is in line with the increase in revenue due to the new outlets which commenced operations in FY2016.

Gross profit increased by approximately S\$472,000 or 41.0% from approximately S\$1,150,000 in FY2015 to approximately S\$1,622,000 in FY2016 as a result of increase in revenue in FY2016.

Gross margin improved 4.1 percentage points from approximately 58.1% in FY2015 to approximately 62.2% in FY2016 mainly due to higher margin from a new establishment, *The Other Room* at Singapore Marriott Tang Plaza Hotel.

Marketing and distribution costs

Marketing and distribution costs increased by approximately S\$63,000 or 110.5% from approximately S\$57,000 in FY2015 to approximately S\$120,000 in FY2016. The increase in marketing and distribution costs was mainly due to the increase in advertisement and marketing expenses of approximately S\$45,000 for the two new outlets which commenced operations in FY2016.

Administrative expenses

Administrative expenses increased by approximately S\$793,000 or 92.3% from approximately S\$859,000 in FY2015 to approximately S\$1,652,000 in FY2016. The increase in administrative expenses was mainly due to the increase in employee benefits expenses, rental expenses and other expenses relating to the two new outlets which commenced operations in FY2016.

Other expenses

Other expenses increased by approximately S\$71,000 or 67.6% from approximately S\$105,000 in FY2015 to approximately S\$176,000 in FY2016. The increase was mainly due to increase in depreciation of plant and equipment of approximately S\$124,000 attributed mainly to the two new outlets which commenced operations in FY2016, and offset by the absence of an impairment of investment in associate of approximately S\$76,000 in FY2015.

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Interest expense on borrowings

Interest expense on borrowings increased by approximately S\$14,000 from approximately S\$1,000 in FY2015 to approximately S\$15,000 in FY2016 mainly due to the interest expenses arising from an additional borrowing from a financial institution of approximately S\$300,000.

Income tax expense

The Target Group reported an income tax credit of approximately S\$74,000 in FY2016 as compared to income tax expense of approximately S\$17,000 in FY2015 due to the net loss incurred in FY2016.

Profit after income tax

As a result of the above, the Target Group reported a net loss after income tax of approximately S\$207,000 in FY2016 as compared to a net profit after income tax of approximately S\$172,000 in FY2015.

FY2017 vs FY2016

Revenue

The Target Group's revenue increased by approximately S\$2,496,000 or 95.7% from approximately S\$2,608,000 in FY2016 to approximately S\$5,104,000 in FY2017, attributable mainly to full year's contribution of the two outlets that commenced operations in FY2016. The increase in revenue in FY2017 from these two outlets amounted to approximately S\$2,224,000.

Cost of sales, gross profit and gross profit margins

The Target Group's cost of sales increased by approximately S\$450,000 or 45.6% from approximately S\$986,000 in FY2016 to approximately S\$1,436,000 in FY2017, which is in line with the increase in revenue in FY2017.

Gross profit increased by approximately S\$2,046,000 or 126.1% from approximately S\$1,622,000 in FY2016 to approximately S\$3,668,000 in FY2017 as a result of the increase in revenue in FY2017.

Gross profit margin improved 9.7 percentage points from approximately 62.2% in FY2016 as compared to approximately 71.9% in FY2017 due mainly to an increase in revenue from *The Other Room* at Singapore Marriott Tang Plaza Hotel and *Quaich Bar* at South Beach Avenue which have higher gross profit margins.

Other income

Other income increased by approximately S\$187,000 or 292.2% from approximately S\$64,000 in FY2016 to approximately S\$251,000 in FY2017 mainly due to an increase in commission income of approximately S\$171,000 and an increase in net foreign exchange gain of approximately S\$37,000 in FY2017, partially offset by reduction in sponsorship income of approximately S\$27,000.

The significant increase in commission income from FY2016 to FY2017 is due to the Target Group having brokered the sale of two casks of whisky in FY2017.

Marketing and distribution costs

Marketing and distribution costs decreased by approximately S\$47,000 or 39.2% from approximately S\$120,000 in FY2016 to approximately S\$73,000 in FY2017. The decrease in marketing and distribution costs was mainly due to the reduction in advertisement and marketing expenses for the two outlets which commenced operations in FY2016.

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Administrative expenses

Administrative expenses increased by approximately S\$733,000 or 44.4% from approximately S\$1,652,000 in FY2016 to approximately S\$2,385,000 in FY2017. The increase in administrative expenses was mainly due to the increase in employee benefits expenses, rental expenses and other expenses attributed mainly to full year operations of the two outlets which commenced operations in FY2016.

Other expenses

Other expenses increased by approximately S\$80,000 or 45.5% from approximately S\$176,000 in FY2016 to approximately S\$256,000 in FY2017. The increase in other expenses was mainly due to the increase in depreciation of plant and equipment of approximately S\$95,000 as a result of full year's contribution from depreciation of plant and equipment at the two outlets which commenced operations in FY2016 but moderated by the absence of plant and equipment written off of approximately S\$18,000 in FY2016.

Share of results of associate

The Target Group recorded share of associate's profit of approximately S\$11,000 in FY2017 as compared to loss of approximately S\$4,000 in FY2016.

Income tax expense

The Target Group reported income tax expense of approximately S\$136,000 in FY2017 as compared to income tax credit of approximately S\$74,000 in FY2016 due to profit recognised in FY2017 as compared to loss reported in FY2016.

Profit after income tax

As a result of the above, the Target Group reported a net profit after income tax of approximately S\$1,065,000 in FY2017 as compared to a net loss after income tax of approximately S\$207,000 in FY2016.

HY2018 vs HY2017

Revenue

The Target Group's revenue increased by approximately S\$983,000 or 41.6% from approximately S\$2,362,000 in HY2017 to approximately S\$3,345,000 in HY2018, attributable mainly to the increase in revenue of S\$829,000 from the new outlets which commenced operations in FY2016.

Cost of sales, gross profit and gross profit margin

The Target Group's cost of sales increased by approximately S\$221,000 or 23.6% from approximately S\$936,000 in HY2017 to approximately S\$1,157,000 in HY2018, which was in line with the higher revenue in HY2018.

Gross profit increased by approximately S\$762,000 or 53.4% from approximately S\$1,426,000 in HY2017 to approximately S\$2,188,000 in HY2018 as a result of higher revenue recognised in HY2018.

Gross margin for HY2018 improved by 5.0 percentage points to 65.4% from 60.4% in HY2017 due to an increase in revenue from outlets with higher margins.

Other income

Other income decreased by approximately S\$23,000 or 16.3% from approximately S\$141,000 in HY2017 to approximately S\$118,000 in HY2018 mainly due to the decrease in commission income of approximately S\$21,000 and absence of net foreign exchange gain of approximately S\$10,000 but offset by an increase in government grants of approximately S\$9,000.

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Marketing and distribution costs

Marketing and distribution costs increased by approximately S\$6,000 or 27.3% from approximately S\$22,000 in HY2017 to approximately S\$28,000 in HY2018. The increase in marketing and distribution costs was in line with the increase in revenue.

Administrative expenses

Administrative expenses increased by approximately S\$235,000 or 21.2% from approximately S\$1,111,000 in HY2017 to approximately S\$1,346,000 in HY2018. The increase in administrative expenses was mainly due to the increase in employee benefits expenses, rental expenses and other expenses attributed mainly to increased business activities.

Other expenses

Other expenses increased by approximately S\$45,000 or 36.9% from approximately S\$122,000 in HY2017 to approximately S\$167,000 in HY2018. The increase in other expenses was due mainly to the professional fees incurred in relation to the Proposed Acquisition of approximately S\$33,000.

Interest expense on borrowings

Interest expense on borrowings decreased by approximately S\$5,000 or 71.4% from approximately S\$7,000 in HY2017 to approximately S\$2,000 in HY2018 due to lower borrowings in HY2018.

Share of results of associate

The Target Group recorded share of associate's loss of approximately S\$2,000 in HY2018 as compared to profit of approximately S\$11,000 in HY2017.

Income tax expense

Income tax expense increased by approximately S\$52,000 or 144.4% from approximately S\$36,000 in HY2017 to approximately S\$88,000 in HY2018 due to higher profit achieved in HY2018.

Profit after income tax

As a result of the above, the Target Group's net profit after income tax increased by approximately S\$394,000 or 140.7% from approximately S\$280,000 in HY2017 to approximately S\$674,000 in HY2018.

16.6 Review of Financial Position

Current Assets

As at 31 December 2017 and 30 June 2018, the Target Group's current assets amounted to approximately S\$4,041,000 and S\$4,180,000 respectively, representing approximately 83.2% and 85.0% of the Target Group's total assets respectively and comprise the following:

- (a) Inventories of approximately S\$2,565,000 and S\$2,596,000, representing 63.5% and 62.1% of the Target Group's current assets as at 31 December 2017 and 30 June 2018 respectively, which comprised mainly single malt Scotch whiskies and other alcoholic beverages for sale. The Target Group's inventories were stated at the lower of cost and net realisable value. There were no inventories written-down in FY2017 and HY2018. Single malt Scotch whiskies typically do not have a stated shelf life. An independent valuation was conducted on selected whisky inventory held for sale as collectors' items as at 30 June 2018. Please refer to Appendix E of this Circular for the independent valuation report on the selected whisky inventory held for sale as collectors' items;

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- (b) Trade and other receivables of approximately S\$597,000 and S\$574,000, representing 14.8% and 13.7% of the Target Group's current assets as at 31 December 2017 and 30 June 2018 respectively. As at 31 December 2017, trade and other receivables comprised mainly (i) trade debtors of approximately S\$158,000 and (ii) advance to suppliers of approximately S\$335,000. As at 30 June 2018, trade and other receivables comprised mainly (i) trade debtors of approximately S\$165,000, (ii) advance to suppliers of approximately S\$191,000, and (iii) deposits of approximately S\$86,000, being down payment paid for renovation works for a new outlet. Advance to suppliers fell due to a decrease in purchases made by the Target Group towards the end of HY2018; and
- (c) Cash and cash equivalents of approximately S\$878,000 and S\$1,010,000, representing 21.7% and 24.2% of the Target Group's current assets as at 31 December 2017 and 30 June 2018 respectively.

Non-current assets

As at 31 December 2017 and 30 June 2018, the Target Group's non-current assets amounted to approximately S\$818,000 and S\$740,000 respectively, representing approximately 16.8% and 15.0% of the Target Group's total assets respectively and comprise the following:

- (a) Plant and equipment of approximately S\$616,000 and S\$511,000, representing 75.3% and 69.1% of the Target Group's non-current assets as at 31 December 2017 and 30 June 2018 respectively, which comprised mainly renovation, furniture and fittings, and equipment for the operation of its outlets. The decrease in plant and equipment from S\$616,000 as at 31 December 2017 to S\$511,000 as at 30 June 2018 was due to depreciation charges in HY2018;
- (b) Other receivables of S\$138,000 and S\$192,000, representing 16.9% and 25.9% of the Target Group's non-current assets as at 31 December 2017 and 30 June 2018 respectively, which relate to security deposits placed with the landlords for the leases of the Target Group's outlets and office that are recoverable upon the expiry of the leases;
- (c) Deferred tax assets of S\$58,000 and S\$31,000, representing 7.2% and 4.2% of the Target Group's non-current assets as at 31 December 2017 and 30 June 2018 respectively, which relate to unutilised tax losses; and
- (d) Investment in associate of approximately S\$6,000 and S\$5,000, representing 0.7% of the Target Group's non-current assets as at 31 December 2017 and 30 June 2018 respectively, which relate to the carrying value of the investment in Timber Malt.

Current liabilities

As at 31 December 2017 and 30 June 2018, the Target Group's current liabilities amounted to approximately S\$3,024,000 and S\$2,410,000, representing approximately 97.7% and 97.1% of the Target Group's total liabilities respectively and comprise the following:

- (a) Amounts due to shareholders of approximately S\$2,215,000 and S\$1,695,000, representing 73.2% and 70.3% of the Target Group's current liabilities as at 31 December 2017 and 30 June 2018 respectively. Amounts due to shareholders were unsecured, non-guaranteed, interest-free and repayable on demand. The decrease in amounts due to shareholders was due to repayments during HY2018;

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- (b) Trade and other payables (excluding amounts due to shareholders) of approximately S\$611,000 and S\$508,000, representing 20.2% and 21.1% of the Target Group's current liabilities as at 31 December 2017 and 30 June 2018 respectively. As at 31 December 2017, trade and other payables (excluding amounts due to shareholders) comprised mainly (i) trade payables of approximately S\$230,000, (ii) accrued operating expenses of approximately S\$260,000, (iii) GST payables of approximately S\$62,000, and (iv) advance payments from customers of approximately S\$52,000. As at 30 June 2018, trade and other payables (excluding amounts due to shareholders) comprised mainly (i) trade payables of approximately S\$64,000, (ii) accrued operating expenses of approximately S\$313,000, (iii) GST payables of approximately S\$106,000, (iv) advance payments from customers of approximately S\$20,000.

The decrease in trade payables as at 30 June 2018 was due to a decrease in purchases made by the Target Group towards the end of HY2018. The increase in accrued operating expenses as at 30 June 2018 was mainly due to accruals of professional fees in relation to the Proposed Acquisition. The increase in GST payables was mainly due to an increase in revenue for the period from April to June 2018. The decrease in advance payments from customers was due to delivery of goods to customers in HY2018;

- (c) Borrowings of approximately S\$100,000 and S\$50,000, representing 3.3% and 2.1% of the Target Group's current liabilities as at 31 December 2017 and 30 June 2018 respectively. The Target Group's borrowings are interest-bearing and guaranteed by certain directors of the Target Group. The interest rates of the borrowings in FY2017 and HY2018 ranged from 6.18% to 6.52% per annum. The decrease in borrowings was due to repayment of bank loans during HY2018; and
- (d) Income tax payable of approximately S\$98,000 and S\$157,000, representing 3.2% and 6.5% of the Target Group's current liabilities as at 31 December 2017 and 30 June 2018 respectively. The increase in income tax payable as at 30 June 2018 was in line with the higher profit before tax in HY2018.

Non-current liabilities

As at 31 December 2017 and 30 June 2018, the Target Group's non-current liabilities amounted to approximately S\$71,000 and S\$71,000, representing approximately 2.3% and 2.9% of the Target Group's total liabilities respectively and comprise the following:

- (a) Provision for restoration costs of approximately S\$56,000, representing 78.9% of the Target Group's non-current liabilities as at 31 December 2017 and 30 June 2018; and
- (b) Deferred tax liabilities of approximately S\$15,000, representing 21.1% of the Target Group's non-current liabilities as at 31 December 2017 and 30 June 2018.

Equity attributable to owners of the Target Group

The Target Group's total equity comprising share capital, foreign currency translation reserve and retained earnings amounted to approximately S\$1,763,000 and S\$2,438,000 as at 31 December 2017 and 30 June 2018 respectively.

16.7 Liquidity and Capital Resources

The Target Group's operations are funded by a combination of internal and external sources of funds. Internal sources of funds refer to the cash generated from the Target Group's operating activities. External sources of funds comprise shareholders' funds, credit terms granted by the Target Group's suppliers and borrowings from a financial institution.

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The principal uses of these funds are for working capital purposes such as payment for purchases, staff costs, rental expenses and other expenses, and to fund the Target Group's capital expenditure for existing and new outlets.

As at the Latest Practicable Date, the Target Group had cash and cash equivalents amounting to approximately S\$988,000.

As at the Latest Practicable Date, save for the working capital credit facility of S\$300,000 granted by Hong Leong Finance Limited, which bears interest at 0.75% per annum above the lender's prevailing enterprise base rate, the Target Group had no other facilities or borrowings from financial institutions.

As at the Latest Practicable Date, shareholders' loans and advances from the Vendors amounted to approximately S\$2,089,000. Pursuant to the Restructuring Exercise, which includes the waiver of loans from the Vendors of approximately S\$1,452,000, the amount due to the Vendors will be reduced to approximately S\$637,000, being advances provided by Teo Kok Woon for the capital expenditure for setting-up the new outlet, *The Other Roof*. Teo Kok Woon has provided an undertaking to the Target Group that he shall not demand payment of the aforesaid amount until such time when the audited consolidated financial statements of the Company for FY2019 are announced, and subject to the review and approval by the Audit Committee, taking into account the financial position of the Enlarged Group (including the cash flow) and/or other factors which may potentially affect the financial position of the Enlarged Group. Please refer to the section entitled "Past Interested Person Transactions – Advances received from a Director and a Proposed Director" of this Circular for further details.

The Proposed Board is of the opinion that, after taking into consideration the net cash to be generated from the Target Group's operating activities, the existing cash in bank and on hand of the Enlarged Group, the available credit facilities of the Target Group, the operating lease commitments as at the Latest Practicable Date, the undertaking from Teo Kok Woon to the Target Group in respect of amounts due to him, the working capital available to the Enlarged Group as at the date of this Circular is sufficient for its present requirements and for at least 12 months after the Completion.

The Financial Adviser and Sponsor is of the opinion that, after due and careful enquiry and after taking into consideration the net cash to be generated from the Target Group's operating activities, the existing cash in bank and on hand of the Enlarged Group, the available credit facilities to the Target Group, the operating lease commitments as at the Latest Practicable Date, the undertaking from Teo Kok Woon to the Target Group in respect of amounts due to him, the working capital available to the Enlarged Group as at the date of this Circular is sufficient for its present requirements and for at least 12 months after the Completion.

Set out below is a summary of the Target Group's cash flows during the Periods Under Review.

(S\$'000)	← Audited →			→ Unaudited
	FY2015	FY2016	FY2017	HY2018
Net cash flows (used in)/generated from operating activities	(13)	(354)	779	723
Net cash flows used in investing activities	(1)	(885)	(56)	(21)
Net cash flows generated from/(used in) financing activities	50	1,230	(52)	(570)
Net increase/(decrease) in cash and cash equivalents	36	(9)	671	132
Cash and cash equivalents at beginning of the financial years/period	180	216	207	878
Cash and cash equivalents at end of the financial years/period	216	207	878	1,010

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FY2015

In FY2015, the Target Group's net cash used in operating activities of approximately S\$13,000 was mainly due to operating cash inflow before working capital changes of approximately S\$300,000, adjusted for net working capital outflow of approximately S\$286,000 and income tax paid of approximately S\$27,000. The net working capital outflow was due to (a) an increase in trade and other receivables of approximately S\$250,000 mainly due to an increase in advance payment to suppliers and (b) an increase in inventories of approximately S\$64,000, offset by an increase in trade and other payables of approximately S\$29,000.

Net cash used in investing activities of approximately S\$1,000 was mainly due to the purchase of plant and equipment, offset by provision for restoration costs.

Cash generated from financing activities of approximately S\$50,000 was due to proceeds from borrowings.

As a result of the above, there was a net increase in cash and cash equivalents of approximately S\$36,000. As at 31 December 2015, the Target Group's cash and cash equivalents amounted to approximately S\$216,000.

FY2016

In FY2016, the Target Group's net cash used in operating activities of approximately S\$354,000 was due to operating cash outflow before working capital changes of approximately S\$85,000, adjusted for net working capital outflow of approximately S\$242,000, interest paid of approximately S\$15,000, and income tax paid of approximately S\$12,000. The net working capital outflow was mainly due to (a) an increase in inventories of approximately S\$375,000 mainly due to the opening of the new outlets, (b) an increase in trade and other receivables of approximately S\$128,000 mainly due to an increase in rental deposits for new outlets, offset by an increase in trade and other payables of approximately S\$261,000.

Net cash used in investing activities of approximately S\$885,000 was mainly due to the purchase of plant and equipment which mainly relates to renovation works and purchase of equipment and furniture and fittings for two new outlets.

Cash generated from financing activities of approximately S\$1,230,000 was mainly due to the net proceeds from borrowings of approximately S\$250,000 and an increase in amount due to shareholders of approximately S\$980,000 to finance the capital expenditure and operating expenses of the new outlets.

As a result of the above, there was a net decrease in cash and cash equivalents of approximately S\$9,000. As at 31 December 2016, the Target Group's cash and cash equivalents amounted to approximately S\$207,000.

FY2017

In FY2017, the Target Group generated net cash from operating activities of approximately S\$779,000. This was due to operating cash inflow before working capital changes of approximately S\$1,461,000, partially offset by net working capital outflow of approximately S\$651,000, interest paid of approximately S\$14,000 and income tax paid of approximately S\$16,000. The net working capital outflow was mainly due to (a) an increase in trade and other receivables of approximately S\$315,000 resulting mainly from the increase in advances to suppliers, and (b) an increase in inventories of approximately S\$598,000, offset by an increase in trade and other payables of approximately S\$262,000.

Net cash used in investing activities of approximately S\$56,000 was mainly due to the purchase of plant and equipment which mainly relates to renovation works carried out and purchase of equipment for the outlets.

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Net cash used in financing activities of approximately S\$52,000 was mainly due to the repayment of borrowings of approximately S\$200,000, partially offset by the net increase in amounts due to shareholders of approximately S\$148,000 to finance the capital expenditure and operating expenses of one of the outlets.

As a result of the above, there was a net increase in cash and cash equivalents of approximately S\$672,000. As at 31 December 2017, the Target Group's cash and cash equivalents amounted to approximately S\$878,000.

HY2018

In HY2018, the Target Group generated net cash from operating activities of approximately S\$722,000. This was the result of operating cash inflow before working capital changes of approximately S\$925,000, partially offset by net working capital outflow of approximately S\$199,000. The net working capital outflow was due to (a) a decrease in trade and other payables by approximately S\$136,000, (b) an increase in trade and other receivables of approximately S\$31,000 resulting from the increase in deposits, and (c) an increase in inventories of approximately S\$31,000.

Net cash used in investing activities of approximately S\$21,000 was mainly due to the purchase of equipment and furniture and fittings for one of the outlets.

Net cash used in financing activities of approximately S\$570,000 was due to the repayment of borrowings of approximately S\$50,000 and a decrease in amount due to shareholders of approximately S\$520,000 due to repayments.

As a result of the above, there was a net increase in cash and cash equivalents of approximately S\$131,000. As at 30 June 2018, the Target Group's cash and cash equivalents amounted to approximately S\$1,010,000.

16.8 Material Capital Expenditures and Divestments

Capital Expenditure

The table below sets out the major capital expenditure during the Periods Under Review and for the period from 1 July 2018 up to the Latest Practicable Date.

Capital expenditure (S\$'000)	FY2015	FY2016	FY2017	HY2018	From 1 July 2018 to Latest Practicable Date
Equipment	1	102	17	3	205
Furniture and fittings	–	261	12	18	77
Bar and kitchenware	–	6	–	–	20
Renovations	2	551	27	–	429
Total	3	920	56	21	731

The above capital expenditures in FY2015, FY2016, FY2017 and HY2018 of approximately S\$3,000, S\$920,000, S\$56,000 and S\$21,000 respectively were mainly for renovation works carried out and purchase of equipment and furniture and fittings for the outlets, and was financed through a combination of shareholders' loans, internally generated funds and borrowing.

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Significant capital expenditure of S\$920,000 was incurred in FY2016, mainly for renovation work carried out and purchase of equipment and furniture and fittings for the two new outlets, *Quaich Bar* at South Beach Avenue and *The Other Room*, that opened in September 2016 and June 2016 respectively.

From 1 July 2018 to the Latest Practicable Date, the Target Group's capital expenditure of approximately S\$731,000 was mainly for renovation work carried out and purchase of equipment and furniture and fittings for two new outlets, *The Other Roof* and *The Copper Plate*.

Save for a write-off of then-existing renovation works at *Quaich Bar* at Waterfront Plaza with net carrying value of approximately S\$17,000 in FY2016 due to new renovation works carried out at the outlet, there were no other capital divestments during the Periods Under Review and up to the Latest Practicable Date.

Capital commitment

The capital commitment of the Target Group is mainly financed by shareholders' loans and internally generated funds. As at the Latest Practicable Date, the Target Group had the following capital commitment:

	(S\$'000)
Contracted capital commitments in respect of setting up of <i>The Other Roof</i> and <i>The Copper Plate</i>	104

Operating lease commitments

As at the Latest Practicable Date, the Target Group had lease commitments in respect of its office and outlet premises. Certain of the leases contain escalation clauses and provide for contingent rentals based on a percentage of sales derived.

Future minimum rental payable under non-cancellable operating leases as at the Latest Practicable Date are as follows:

	As at Latest Practicable Date (S\$'000)
No later than one financial year	889
Later than one financial year but no later than five financial years	1,410
	<hr/> <hr/> 2,299

The Target Group intends to finance the above operating lease commitments using internally generated funds.

16.9 Foreign Exchange Management

Accounting Treatment of Foreign Currencies

The financial statements of the Target Group are presented in SGD, which is also the Target Group's functional currency. Each entity in the Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are measured in the respective functional currencies of

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Sloshed! and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Foreign Exchange Exposure

The financial statements of the Target Group are presented in SGD, which is also the Target Group's functional currency. The Target Group has transactional currency exposures arising from sales or purchases that are denominated in GBP.

The percentage of the Target Group's sales and purchases denominated in SGD and GBP during the Periods Under Review are as follows:

Sales (%)	FY2015	FY2016	FY2017	HY2018
GBP	3.5	3.1	0.1	1.2
SGD	96.5	96.9	99.9	98.8
	100.0	100.0	100.0	100.0

Purchases (%)	FY2015	FY2016	FY2017	HY2018
GBP	75.9	63.5	67.4	65.9
SGD	24.1	36.5	32.6	34.1
	100.0	100.0	100.0	100.0

The Target Group's trade payable and trade receivable balances at the end of the reporting period have similar exposures.

The Target Group also holds cash and cash equivalents denominated in GBP for working capital purposes.

To the extent that the Target Group's sales and purchases are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and the payments to suppliers or collection from customers, the Target Group will be exposed to foreign currency exchange gains or losses arising from transactions in currencies other than its reporting currency.

The Target Group recorded a net foreign exchange loss of S\$53 in FY2015, net foreign exchange gain of approximately S\$2,000 and S\$39,000 in FY2016 and FY2017 respectively and net foreign exchange loss of approximately S\$8,000 in HY2018.

Currently, the Target Group does not have a formal hedging policy with respect to its foreign exchange exposure in view that while a majority of the purchases by the Target Group is denominated in GBP, the rest of the businesses are transacted mainly in SGD and hence there is no significant exposure to foreign exchange risk. The Target Group does not use forward contracts to hedge its exposure to foreign currency risk. The Target Group will continue to monitor its foreign exchange exposure in the future and will consider hedging any material foreign exchange exposure should the need arise. Should the Target Group enter into any hedging transaction in the future, such transaction shall be subject to review and approval by the Audit Committee and

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the Board of Directors. In addition, should the Target Group decide to establish any formal hedging policy in the future, such policy shall be subject to review and approval by the Audit Committee and the Board of Directors prior to its implementation. The Audit Committee and the Board of Directors will review periodically the hedging policies (if any), all types of instruments used for hedging as well as the foreign exchange policies and practices of the Target Group.

16.10 Capitalisation and Indebtedness

The following table, which should be read in conjunction with the Audited Combined Financial Statements of the Target Group for the Financial Years Ended 31 December 2015, 2016 and 2017 and the Unaudited Interim Condensed Combined Financial Statements of the Target Group for the Six-Month Period Ended 30 June 2018 and related notes thereto as set out in Appendices C and D of this Circular respectively and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Condition of the Target Group” of this Circular, shows the cash and cash equivalents, indebtedness and capitalisation of the Target Group on the following basis:

- (a) as at 30 June 2018 based on the Unaudited Interim Condensed Combined Financial Statements of the Target Group for the Six-Month Period Ended 30 June 2018;
- (b) as at 31 October 2018 based on the Target Group’s unaudited combined management accounts; and
- (c) as at 31 October 2018 based on the Target Group’s unaudited combined management accounts and as adjusted for the Restructuring Exercise, including the waiver of shareholders’ loans as detailed in the section entitled “Restructuring Exercise” of this Circular.

(S\$'000)	As at 30 June 2018	As at 31 October 2018	As at 31 October 2018 and as adjusted for the Restructuring Exercise, including waiver of shareholders’ loans
Cash and cash equivalents	1,010	839	839
Short term debt:			
Borrowing, guaranteed	50	50	50
Shareholders’ loans and advances, unsecured and non-guaranteed	1,695	2,089	637
Total indebtedness	1,745	2,139	687
Total shareholders’ equity	2,438	2,302	3,754
Total capitalisation and indebtedness	4,183	4,441	4,441

The Target Group’s cash and bank balances are denominated in SGD and GBP.

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As at 31 October 2018, the Target Group had total indebtedness of approximately S\$2,139,000, comprising:

- (a) short-term borrowings of S\$50,000 which are guaranteed by Chua Khooon Hui and Teo Kok Woon. Following the completion of the Proposed Acquisition, it is intended that these personal guarantees will be discharged and replaced with corporate guarantee provided by the Company. Please refer to the section entitled “Present and On-Going Interested Person Transactions - Guarantees Provided by a Director and the Proposed Director” of this Circular for further details; and
- (b) loans and advances from the Vendors of approximately S\$2,089,000, which are unsecured, non-guaranteed, non-interest bearing and repayable on demand. Pursuant to the Restructuring Exercise as set out in the section entitled “Restructuring Exercise”, which includes the waiver of loans from the Vendors of approximately S\$1,452,000, the amount due to the Vendors will be reduced to approximately S\$637,000, being advances provided by Teo Kok Woon for the capital expenditure for setting-up the new outlet, *The Other Roof*. Please refer to the section entitled “Past Interested Person Transactions – Advances received from a Director and the Proposed Director” of this Circular for further details.

As at the Latest Practicable Date, save for the working capital credit facility of S\$300,000 granted by Hong Leong Finance Limited, which bears interest at 0.75% per annum above the lender’s prevailing enterprise base rate, the Target Group had no other bank facilities or borrowings from financial institutions.

To the best of the Target Group Directors’ knowledge, the Target Group is not in breach of any of the terms and conditions or covenants associated with any credit arrangements or bank loan which could materially affect the Target Group’s financial position and results or business operations, or the investments of the Target Group’s shareholders.

Save as disclosed above, as at the Latest Practicable Date, the Target Group had no other borrowings or indebtedness in the nature of borrowings.

Save as disclosed above and changes in the Target Group’s retained earnings arising from its day-to-day operations in the ordinary course of its business, there were no material changes to its shareholders’ equity and indebtedness.

Contingent liabilities

The Target Group did not have any contingent liabilities as at the Latest Practicable Date.

17. CHANGES IN ACCOUNTING POLICIES

Please refer to the Audited Combined Financial Statements of the Target Group for the Financial Years Ended 31 December 2015, 2016 and 2017 and the Unaudited Interim Condensed Combined Financial Statements of the Target Group for the Six-Month Period Ended 30 June 2018 as set out in Appendices C and D of this Circular respectively for details on the Target Group’s accounting policies.

The accounting policies have been consistently applied by the Target Group during FY2015, FY2016 and FY2017 except that during FY2015, FY2016 and FY2017, the Target Group had adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015, 2016 and 2017 respectively. The adoption of these standards did not have any effect on the financial performance or position of the Target Group.

Convergence with International Financial Reporting Standards

For annual financial periods beginning on or after 1 January 2018, Singapore-incorporated companies listed on the SGX-ST will apply SFRS (I), a new financial reporting framework identical to International Financial Reporting Standards. The Target Group had adopted SFRS (I) on 1 January 2018.

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The Target Group has performed an assessment on the impact of adopting SFRS (I). Other than the impact on adoption of SFRS (I) 9, the Target Group expects that adoption of SFRS (I) will have no material impact on the financial statements in the year of initial application. The Target Group expects the impact of adopting SFRS (I) 9 will be similar to the impact on adoption of FRS 109 as disclosed in Note 2.3 of the “Audited Combined Financial Statements of the Target Group for the Financial Years Ended 31 December 2015, 2016 and 2017” as set out in Appendix C of this Circular.

Reconciliation between FRS and SFRS (I)

In line with the requirements of the amendments pursuant to the Securities and Futures (Offers of Investments) (Shares and Debentures) (Amendment) Regulations 2017, the Target Group is required to present a reconciliation of its net assets and net profit after tax for FY2017 prepared in accordance with FRS to SFRS (I).

Other than the effects of the adoption of new standards that are effective for the financial year beginning 1 January 2018, the Target Group has assessed that there is no material reconciliation required to its net assets and net profit after tax for FY2017 and accordingly, no such reconciliation has been presented.

The accounting policies adopted in the preparation of the Unaudited Interim Condensed Combined Financial Statements of the Target Group for the Six-Month Period Ended 30 June 2018 are consistent with those adopted in the preparation of the Audited Combined Financial Statements of the Target Group for the Financial Years Ended 31 December 2015, 2016 and 2017, except that the Target Group has adopted SFRS (I) on 1 January 2018. The Target Group has also adopted all the new and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2018. The adoption of SFRS (I) and all the new and revised standards and interpretations did not have a material impact on the interim condensed combined financial statements upon application.

18. PROSPECTS, TREND INFORMATION, BUSINESS STRATEGIES AND FUTURE PLANS

18.1 Prospects

The business of the Target Group is dependent on the general economic outlook and increasing affluence of the society in Singapore. The Proposed Board believes the following to be factors affecting the growth of the Target Group’s business for at least the next 12 months from the Latest Practicable Date:

Growing Consumer Affluence

The Proposed Board observed that in the last few years, there is an increasing pervasiveness of the entertainment culture in Singapore, leading to an increase in the number of pubs and bars opening. With Singapore’s gross domestic product growth rate projected at a compound annual growth rate (“CAGR”) of 2.7% from 2018 to 2022¹, consumers have become increasingly affluent and sophisticated, leading to a rise in demand for premium spirits, wines and liquors at these pubs and bars. Forecasts compiled by Statista indicate that in Singapore, the sale of spirits (including whisky and other alcoholic beverages but excluding beer and wine) is expected to grow annually by a CAGR of 4.4% between 2018 and 2021².

1 The information was extracted from the internet publication entitled “Singapore: Growth rate of the real gross domestic product (GDP) from 2012 to 2022” of Statista at <https://www.statista.com/statistics/378630/gross-domestic-product-gdp-growth-rate-in-singapore/>. Statista has not consented to the inclusion of the above information in this Circular for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Proposed Board has taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

2 The information was extracted from the internet publication entitled “Spirits” of Statista at <https://www.statista.com/outlook/10020000/124/spirits/singapore>. Statista has not consented to the inclusion of the above information in this Circular for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Proposed Board has taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

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Consumers are also becoming more purposeful in seeking a higher standard of quality in their work and lifestyle and thus are more willing to spend on lifestyle and leisure. This fuels consumer demand for premium single malt Scotch whisky, spirits, wines, liquors and other alcoholic beverages such as those offered at the Target Group's outlets.

The Proposed Board expects that the Target Group would have to be more aggressive in developing a larger array of offerings in order to capture the attention of such discerning pub and bar-goers and to remain competitive in the industry. The Proposed Board believes that the key growth area will be pubs and bars that provide new and interesting concepts, such as those offered by the Target Group's outlets, for increasingly worldly customers who are willing to pay more for high quality drinks.

The Proposed Board believes that with the Target Group's established track record, there is also potential to develop and expand the business into new regional markets such as Myanmar, Cambodia, Vietnam and Malaysia.

Growth in Singapore's tourism and hospitality industry

Singapore's international visitor arrivals have increased by 6%³ to reach 17.4 million³ visitors in 2017, and increased by 7.7%⁴ in the first half of 2018 over the same period in 2017 to reach 9.2 million⁴ visitors.

The Proposed Board notes that the Singapore government continues to position Singapore as an international financial and business centre in this region and continues to undertake initiatives to promote local tourism. This is expected to lead to further increases in tourist arrivals and business travellers to Singapore. As tourists and business travellers make up a significant portion of the Target Group's customers, the Proposed Board believes that the success of these initiatives will provide growth in consumer demand in the Target Group's business. With the potentially larger pool of visitors, the Proposed Board is optimistic about the prospects of the Target Group's business in Singapore.

Increase in demand and consumption of whisky

Whisky has faced rising demand and increased consumption due to higher awareness and more discerning consumer tastes. In recent years, the Proposed Board has noted a general increasing trend of whisky prices due to a supply crunch, where distilleries do not have enough of the distillate maturing in casks. Notably, Japanese whisky from distilleries such as Yamazaki has seen a 70% increase in prices for their 12-year bottles⁵.

3 The information was extracted from a publication by the Singapore Tourism Board entitled "Tourism Sector Performance Q4 2017 Report" at https://www.stb.gov.sg/statistics-and-market-insights/MarketStatistics/STB%20PR%202017_%20Q4.pdf. The Singapore Tourism Board has not consented to the inclusion of the above information in this Circular for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Proposed Board has taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

4 The information was extracted from a publication by the Singapore Tourism Board entitled "Tourism Sector Performance Q2 2018 Report" at https://www.stb.gov.sg/statistics-and-market-insights/Documents/STB%20Q2%202018_09112018.pdf. The Singapore Tourism Board has not consented to the inclusion of the above information in this Circular for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Proposed Board has taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

5 The information was extracted from the internet publication entitled "The Yamazaki crisis – Japanese whisky is going dry" of Nikkei Asian Review at <https://asia.nikkei.com/Business/Business-Trends/The-Yamazaki-crisis-Japanese-whisky-is-going-dry>. Nikkei Asian Review has not consented to the inclusion of the above information in this Circular for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Proposed Board has taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

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Further, the increasingly more discerning taste of consumers has led to an increase in demand for more aged Scotch whisky, which may not be readily available as distilleries do not have sufficient whisky maturing in casks.

The Proposed Board believes that the Target Group's business will benefit from such increase in demand and consumption of whisky.

Popularity of cocktails

Singapore is home to a burgeoning cocktail scene. In 2017, Singapore was home to six of The World's 50 Best Bars, placing third behind London and New York. In 2018, a Singaporean bar was in the top three and another was within the first ten amongst The World's 50 Best Bars list, while 12 of Asia's 50 Best Bars, including *The Other Room*, also hailed from Singapore. The Proposed Board believes that the Target Group is well placed to benefit from such a trend in Singapore.

18.2 Trend Information

For the current financial year ending 31 December 2018, the Target Group Directors have observed the following trends based on the revenue and operations of the Target Group since 30 June 2018:

- (a) In HY2018, the Target Group's revenue increased by S\$983,125 or 41.6%, from S\$2,361,868 in HY2017 to S\$3,344,993 in HY2018, due mainly to increased revenue contribution from the *Quaich Bar* outlet at South Beach Avenue and *The Other Room*, which commenced operations in September 2016 and June 2016 respectively. The increase in revenue from these two outlets in FY2017 was due to an increase in patronage in FY2017, having built up their customer base, presence and reputation in the local bar scene, after commencing operations in FY2016. The Target Group Directors expect revenue to increase in FY2018.
- (b) As set out in the section entitled "Business Strategies and Future Plans" of this Circular, the Target Group intends to strengthen its market presence in Singapore where suitable opportunities arise. Two new outlets, namely *The Other Roof* and *The Copper Plate*, commenced operations in October 2018 and November 2018, respectively. While the aforesaid outlets are expected to contribute positively to the Target Group's revenue for FY2018, their operations will result in additional capital expenditures, and depreciation expenses. In addition, operating expenses including rental expenses and staff costs, are expected to increase in line with the opening of these new outlets. Further, due to lower initial sales and higher start-up operating costs, the Target Group expects to register a net loss for these new outlets in FY2018.
- (c) Generally, the Target Group Directors expect the Target Group's operating expenses to increase, in order to support its business growth. The Target Group Directors also expect the expenses of the Target Group to increase mainly due to the expenses incurred in connection with the Proposed Acquisition.

The Target Group does not maintain an order book due to the nature of its business as a pub and bar operator.

Save as discussed above and in the sections entitled "Risk Factors", "Management's Discussion and Analysis of Results of Operations and Financial Condition of the Target Group" and "Prospects, Trend Information, Business Strategies and Future Plans" of this Circular, and barring any unforeseen circumstances, the Target Group Directors are not aware of any significant recent trends or any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Target Group's revenue, profitability, liquidity or capital resources for the current financial year, or that would cause the financial information disclosed in this Circular to be not necessarily indicative of the future operating results or financial condition of the Target Group. Please also refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Circular.

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18.3 Business Strategies and Future Plans

The Target Group's business strategies and future plans are as follows:

(a) Further Expansion in Singapore

The Target Group aims to strengthen its market presence in Singapore where suitable opportunities arise. To this end, new outlets will be opened at suitable and strategic business locations, through direct investments and/or joint ventures. Prior to opening any new outlet, the Target Group will conduct feasibility studies to assess factors such as the location of the proposed outlet, traffic flow, expected profitability and other relevant criteria. To manage the expansion of its business, the Target Group will also hire additional management and service staff and deploy its resources efficiently to seek a balanced mix between new and experienced hires at all its pubs and bars.

(b) Expansion into New Regional Markets

Currently, the Target Group's market is predominantly in Singapore. The Proposed Board believes that with the Target Group's established track record, there is potential to develop and expand the business into new regional markets.

Subject to market conditions, the Target Group plans to embark on expanding the business to countries such as Myanmar, Cambodia, Vietnam and Malaysia.

(c) Expansion through acquisitions, joint ventures and/or strategic alliances

In addition to growing organically, the Target Group may consider expanding the business through acquisitions, joint ventures or strategic alliances with parties who have synergistic values with its existing business. Through such acquisitions, joint ventures or strategic alliances, the Target Group will look to strengthen its market position, expand its network, as well as expand into new businesses complementary to its current business. The Target Group believes that the status as a listed company after the Completion will allow it to be better placed for expansion. Should such opportunities arise, the Company will seek approval, where necessary, from its Shareholders, Sponsor and/or the relevant authorities in accordance with the requirements of the applicable laws and regulations.

The Target Group believes that for its overseas ventures, forming joint ventures with business partners with local knowledge or local contacts is a prudent and cost-effective strategy of penetrating the overseas market.

19. MORATORIUM

19.1 Moratorium in respect of Shares held by the Vendors and existing Controlling Shareholders

To demonstrate their commitment to the Enlarged Group, Teo Kok Woon, Chua Khoo Hui and Lim Kian Boon Charles have each undertaken not to sell, realise, transfer or otherwise dispose of all or any part of their respective interests in the issued share capital of the Company immediately after Completion during the period commencing from the date of Completion and ending on the date falling six months after the listing of the Consideration Shares, and for a period of six months thereafter, not to reduce their respective interests in the issued share capital of the Company to below 50% of each of their original shareholdings (adjusted for any bonus issue or sub-division) in the Company. Further, Teo Kok Woon has undertaken not to sell, realise, transfer or otherwise dispose of all or any part of his interests in the issued share capital of Goodearth Realty Private Limited ("**Goodearth**") immediately after Completion during the period commencing from the date of Completion and ending on the date falling 12 months after the listing of the Consideration Shares.

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Cockpit International Pte. Ltd. (“**Cockpit**”), an existing Controlling Shareholder of the Company, has undertaken not to sell, realise, transfer or otherwise dispose of all or any part of its interests in the issued share capital of the Company immediately after Completion during the period commencing from the date of Completion and ending on the date falling six months after the listing of the Consideration Shares, and for a period of six months thereafter, not to reduce its interests in the issued share capital of the Company to below 50% of its original shareholding (adjusted for any bonus issue or sub-division) in the Company.

Goodearth, an existing deemed Controlling Shareholder of the Company, has undertaken not to sell, realise, transfer or otherwise dispose of all or any part of its interests in the issued share capital of Cockpit immediately after Completion during the period commencing from the date of Completion and ending on the date falling 12 months after the listing of the Consideration Shares.

Yeo Gek Lang Susie, an existing deemed Controlling Shareholder of the Company, has undertaken not to sell, realise, transfer or otherwise dispose of all or any part of her interests in the issued share capital of Goodearth immediately after Completion during the period commencing from the date of Completion and ending on the date falling 12 months after the listing of the Consideration Shares.

19.2 Waiver of moratorium in respect of Shares held by existing Controlling Shareholder

As at the Latest Practicable Date, Lye Chee Fei Anthony and his wife, Khoo Bee Leng Joanna (the “**Relevant Shareholders**”), collectively have an interest in 39,928,800 Shares, constituting 16.6% of the issued share capital of the Company. As such, they were Controlling Shareholders of the Company as at the Latest Practicable Date. Their aggregate interests in the Shares would be diluted to 4.5% of the Enlarged Share Capital following the issue of the Consideration Shares and they will cease to be Controlling Shareholders after Completion.

The Proposed Acquisition, being a reverse takeover, is subject to Rule 1015 of the Catalist Rules. Rule 1015(3)(b)(i) of the Catalist Rules provides, *inter alia*, that the moratorium requirements in Rules 420, 421, 422 and 443 (the “**Moratorium Requirements**”) are applicable to persons who are existing controlling shareholders or who will become controlling shareholders of the issuer as a result of the asset acquisition, and associates of such persons.

The Company and the Relevant Shareholders had, through the Sponsor, applied to the SGX-ST on 3 December 2018 for a waiver from the Moratorium Requirements in relation to all of the existing Shares held by the Relevant Shareholders, based on the following grounds:

- (a) the Moratorium Requirements are applicable to relevant shareholders of the listed issuer on the date of completion of the acquisition;
- (b) upon Completion, the aggregate interest of the Relevant Shareholders in the Company will be diluted to approximately 4.5% of the Enlarged Share Capital. As such, both of the Relevant Shareholders will cease to be Controlling Shareholders of the Company upon Completion and therefore fall outside of Rule 1015(3)(b). Further, neither of the Relevant Shareholders are existing directors of the Company or the Target Group, and are not involved in the management of the Company or the Target Group. In view of the foregoing, upon Completion, the Relevant Shareholders will not fall within the definition of “promoters” as defined in the Catalist Rules, namely, controlling shareholders and their associates, and executive directors with an interest of 5% or more (excluding subsidiary holdings), and will therefore not fall within Rule 420;
- (c) the Relevant Shareholders have no interest in the Target Group. The Shares of the Relevant Shareholders have been held by them for more than two years prior to the date of the application and accordingly, were acquired more than 12 months prior to Completion. Accordingly, the Relevant Shareholders are not considered as investors in the Target Group or the Company for the purpose of Rule 422; and

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- (d) the Vendors will be providing moratorium undertakings in respect of the Consideration Shares as well as the existing Shares held by them (if any) in order for the Vendors to demonstrate commitment to the Company. As such, the rights of public shareholders will already be safeguarded.

The SGX-ST had on 28 December 2018 granted to the Relevant Shareholders the waiver from the Moratorium Requirements, subject to the following conditions:

- (a) an announcement of the waiver granted, stating the reasons for seeking the waiver and the conditions as per Rule 106 of the Catalist Rules;
- (b) disclosure of the waiver granted and bases for seeking the waiver in this Circular; and
- (c) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and its constituent documents.

20. DIVIDEND POLICY

The Target Group had not declared or paid any dividend during the Periods Under Review.

Currently, the Target Group does not have a fixed dividend policy. Any declaration and payment of dividends in the future will be determined at the sole discretion of the Proposed Board subject to Shareholders' approval, and will depend upon the Enlarged Group's operating results, financial condition, other cash requirements including capital expenditures, the terms of the borrowing arrangements (if any), and other factors deemed relevant by the Proposed Board. Therefore, there can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

Please refer to Appendix G of this Circular for information relating to taxes payable on dividends.

21. INTERESTED PERSON TRANSACTIONS

21.1 Interested Person Transactions

In general, transactions between the Enlarged Group and any of its interested persons (namely, its directors, Chief Executive Officer, Controlling Shareholders and/or their Associates) are known as interested person transactions under Chapter 9 of the Catalist Rules. The following discussion sets out the material interested person transactions for the Periods Under Review and the period from 1 July 2018 up to the Latest Practicable Date (collectively, the "**Relevant Period**").

Save as disclosed in section entitled "Restructuring Exercise" of this Circular and below, none of the Proposed Board, Controlling Shareholders and/or their Associates was or is interested, whether directly or indirectly, in any material transaction undertaken by the Target Group within the Relevant Period.

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21.1.1 Past Interested Person Transactions

Transactions with Associates of a Director

Teo Kok Woon, the Company's Non-Executive Non-Independent Director and Controlling Shareholder, is a shareholder of several companies ("**TKW Affiliates**") as set out below:

Name	Operating territory	Principal activities	Equity interest
Casa Del Fuego Pte. Ltd. (" Casa Del Fuego ")	Singapore	Restaurant	100.0%
FOC Restaurant Pte. Ltd. (" FOC Restaurant ")	Singapore	Restaurant	70.0%
FOC Sentosa Pte. Ltd. (" FOC Sentosa ")	Singapore	Restaurant	60.0%
FOC Orchard Pte. Ltd. (" FOC Orchard ")	Singapore	Restaurant	100.0%
Fotia Pte. Ltd. (" Fotia ")	Singapore	Restaurant	100.0%
Origen Trading Pte. Ltd. (" Origen ")	Singapore	Wholesale of liquor and soft drinks and the import, export and distribution of food and alcohol	100.0%
What's Pide (Singapore) Pte. Ltd. (" What's Pide ")	Singapore	Stalls selling cooked food and prepared drinks	100.0%
Duncan Taylor Scotch Whisky Ltd (" Duncan Taylor ")	United Kingdom	Independent bottler of whisky	13.0% ⁽¹⁾

Note:

- (1) Teo Kok Woon's equity interest in Duncan Taylor is held through an investment holding company. Whilst Duncan Taylor is not considered an Interested Person under Chapter 9 of the Catalist Rules, the Target Group's transactions with Duncan Taylor have been included for disclosure for completeness.

Teo Kok Woon is a director of Casa Del Fuego, FOC Restaurant, FOC Sentosa, FOC Orchard, Fotia, Origen and What's Pide. He is also a director of Duncan Taylor & Company Holdings Limited, the parent company of Duncan Taylor.

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Non-trade advances received from and granted to the TKW Affiliates

During the Relevant Period, the Target Group had received advances from and granted advances to the TKW Affiliates for payments made on behalf. The aggregate amounts of such advances during the Relevant Period were as follows:

S\$	FY2015	FY2016	FY2017	HY2018	From 1 July 2018 to the Latest Practicable Date
Amount granted to TKW Affiliates	15,636	56,104	58	306	–
Amount received from TKW Affiliates	–	5,068	17,857	9,130	54,344

During the Relevant Period, the largest net amount of non-trade advances due to the TKW Affiliates was S\$56,066, based on the month-end balances. These non-trade advances were not made on an arm's length basis and on normal commercial terms as they were interest-free, unsecured and had no fixed terms of repayment, but they were not prejudicial to the interests of the Company and its minority Shareholders. As at the Latest Practicable Date, there were no outstanding non-trade advances due from or to the TKW Affiliates. The Enlarged Group does not intend to extend or receive any non-trade advances to or from the TKW Affiliates following the Completion.

Procurement fees paid to an Associate of a Director

During the period from 1 July 2018 to the Latest Practicable Date, Origen provided procurement services to the Target Group for the purchase of fixed assets and miscellaneous items for the operations of the Target Group and procurement fees were charged by Origen for such services. The aggregate amount of procurement fees paid to Origen by the Target Group during the aforesaid period was S\$5,307.

As no third-party quotes were obtained, such transactions were not conducted on an arm's length basis, but were not prejudicial to the interests of the Company and its minority Shareholders in view that based on the assessment of the Target Group's management, notwithstanding the procurement fees charged by Origen, engaging the services of Origen was the most cost-efficient manner of purchasing the required items. The Enlarged Group does not intend to continue to engage the procurement services of Origen subsequent to the Completion.

Advances received from a Director and the Proposed Director

The Target Group's initial funding needs were mainly provided by its shareholders by way of injection of capital and by way of non-trade advances. The Target Group, had in the past, received advances from Teo Kok Woon and Chua Khoon Hui, the Proposed Director. These advances were made on a preferential and not an arm's length basis and not on normal commercial terms as they were interest-free, unsecured and had no fixed terms of repayment, but they were not prejudicial to the interests of the Company and its minority Shareholders. The amounts received from Teo Kok Woon and Chua Khoon Hui during the Relevant Period were as follows:

S\$	FY2015	FY2016	FY2017	HY2018	From 1 July 2018 to the Latest Practicable Date
Amounts received from Teo Kok Woon	712,017	944,998	220,000	–	637,023
Amounts received from Chua Khoon Hui	331,790	31,000	–	–	–

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During the Relevant Period, the largest amounts due to Teo Kok Woon and Chua Khoon Hui were S\$2,005,015 and S\$362,790, respectively, based on the month-end balances.

Pursuant to the Restructuring Exercise, all outstanding amounts due to Chua Khoon Hui have been waived. After the completion of the Restructuring Exercise, an aggregate amount of S\$637,023 remained owing to Teo Kok Woon, who had undertaken not to demand payment of the aforesaid amount until such time when the audited consolidated financial statements of the Company for FY2019 are announced, and subject to the review and approval by the Audit Committee, taking into account the financial position of the Enlarged Group and other factors which may potentially affect the financial position of the Enlarged Group. The Enlarged Group does not intend to extend or receive any advances to or from any Interested Persons following the Completion.

Sharing of premises by The Other Room

During the Relevant Period, The Other Room had used part of the premises of Origen at 1 Upper Aljunied Link, #06-01, Singapore 367901 and shared some of its resources, such as computers, and accounts and payroll systems, for its business operations. In consideration thereof, no fees had been charged by Origen to The Other Room as the parties had a common controlling shareholder. The transaction was thus not entered into on an arm's length basis and on normal commercial terms, but was not prejudicial to the interests of the Company and its minority Shareholders. As at the Latest Practicable Date, The Other Room had ceased using part of the aforesaid premises and there will be no sharing of premises and resources by The Other Room in the future.

21.1.2 Present and On-Going Interested Person Transactions

Transactions with Associates of a Director

Purchases from and sales to the TKW Affiliates

During the Relevant Period, the Target Group purchased wine and food supplies from and supplied whisky and other spirits to the TKW Affiliates. The aggregate amounts for such transactions during the Relevant Period were as follows:

S\$	FY2015	FY2016	FY2017	HY2018	From 1 July 2018 to the Latest Practicable Date
Purchases from TKW Affiliates	7,326	5,751	25,513	14,707	14,932
Sales to TKW Affiliates	1,697	818	7,479	9,791	6,353

As the transactions were entered into based on terms that were similar to those extended to or not less favourable than those obtained from unrelated third parties, such transactions were conducted on an arm's length basis and on normal commercial terms, and were not prejudicial to the interests of the Company and its minority Shareholders. The Enlarged Group intends to continue to transact with the TKW Affiliates subsequent to the Completion. All future transactions with the TKW Affiliates will be conducted in accordance with the guidelines as described under the section entitled "Review Procedures for Future Interested Person Transactions" of this Circular and Chapter 9 of the Catalist Rules, so as to ensure that these transactions are carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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Sales to an Associate of a Director

During HY2018, Lim Wai Ling Audrey, who is the wife of Teo Kok Woon, the Company's Non-Executive Non-Independent Director and Controlling Shareholder, had purchased whisky from the Target Group amounting to S\$206,000, including half a cask of whisky. As the transactions were entered into based on terms that were similar to those extended to unrelated third parties, such transactions were conducted on an arm's length basis and on normal commercial terms, and were not prejudicial to the interests of the Company and its minority Shareholders.

All future transactions with the Associates of Interested Persons will be conducted in accordance with the guidelines as described under the section entitled "Review Procedures for Future Interested Person Transactions" of this Circular and Chapter 9 of the Catalist Rules, so as to ensure that these transactions are carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Guarantee provided by a Director and the Proposed Director

The guarantee currently provided by Teo Kok Woon and Chua Khoon Hui, to secure the Target Group's facility with a financial institution is set out below:

Financial Institution	Borrower	Type of facilities	Amount of facilities secured by guarantee	Approximate amount guaranteed as at the Latest Practicable Date
Hong Leong Finance Limited	TWS	Working capital and trade facility	S\$300,000	S\$50,000

The largest aggregate amount guaranteed for the above facility utilised during the Relevant Period, based on month-end balances, was approximately S\$300,000. Please refer to the section entitled "Capitalisation and Indebtedness" of this Circular for information on the interest rates applicable to the facility.

As no fee, commission, interest or benefit-in-kind was paid to the guarantors for the provision of the guarantee, the above arrangement was not carried out on an arm's length basis and on normal commercial terms, but was not prejudicial to the interests of the Company and its minority Shareholders.

Subsequent to Completion, the Company intends to obtain the release of the said guarantee provided by the guarantors and replace it with the Company's corporate guarantee. In the event that the Company is unable to procure such release, or should there be any material unfavourable revision in the terms and conditions of the facility following the proposed release, each of Teo Kok Woon and Chua Khoon Hui has undertaken to continue to provide the guarantee. No fee, commission, interest or benefit-in-kind will be payable by the Company for the aforesaid guarantee.

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21.2 Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, where a listed company or any of its subsidiaries or associated companies over which the listed company has control (other than a subsidiary or associated company that is listed on a foreign stock exchange) proposes to enter into a transaction with the listed company's interested persons, shareholders' approval and/or an immediate announcement is required in respect of the transaction if the value of the transaction is equal to or exceeds certain financial thresholds. In particular, shareholders' approval is required where the value of such transaction is not less than S\$100,000 and is:

- (i) equal to or more than 5% of the latest audited NTA of the listed company; or
- (ii) equal to or more than 5% of the latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

Definitions under the Catalist Rules

Under the Catalist Rules:

- (a) the term "interested person" is defined to mean a director, chief executive officer, or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder; and
- (b) the term "associate" is defined to mean:
 - (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual):
 - his immediate family;
 - the trustee of any trust of which he and his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - any company in which he and his immediate family (that is, spouse, child, adopted child, step child, sibling or parent) together (directly or indirectly) have an interest of 30% or more; and
 - (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

21.3 Review Procedures for Future Interested Person Transactions

To ensure that future transactions with Interested Persons are undertaken on normal commercial terms, will not be prejudicial to the interests of the Company and its minority shareholders and are consistent with the Enlarged Group's usual business practices and policies, the following procedures will be implemented by the Enlarged Group.

In relation to any purchase of products or procurement of services from Interested Persons, quotes from at least two unrelated third parties in respect of the same or substantially the same type of transaction will be used as comparison wherever possible. The purchase price or procurement price shall not be less favourable than the most competitive price of the two comparative quotes from the two unrelated third parties. The Audit Committee will review the comparables, taking into account, the suitability, quality and cost of the product or service, and the experience and expertise of the supplier.

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In relation to any sale of products or provision of services to Interested Persons, the price and terms of two other completed transactions of the same or substantially the same type of transaction with unrelated third parties are to be used as comparison wherever possible. The Interested Persons shall not be charged at rates more favourable than those charged to the unrelated third parties.

All Interested Persons Transactions equal to or above S\$100,000 are to be approved by a Director who shall not be an Interested Person in respect of the particular transaction. Any contracts to be made with an Interested Person shall not be approved unless the pricing is determined in accordance with the Enlarged Group's usual business practices and policies, consistent with the usual margin given or price received by the Enlarged Group for the same or substantially similar type of transactions between the Enlarged Group and unrelated parties and the terms are no more favourable than those extended to or received from unrelated parties.

For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between the Enlarged Group and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the Interested Person are no more favourable than those extended to unrelated parties.

In addition, the Enlarged Group shall monitor all Interested Person Transactions entered into by categorising the transactions as follows:

- (i) a "category one" Interested Person Transaction is one where the value thereof is equal to or in excess of 3% of the NTA of the Enlarged Group; and
- (ii) a "category two" Interested Person Transaction is one where the value thereof is below 3% of the NTA of the Enlarged Group.

"Category one" Interested Person Transactions must be approved by the Audit Committee prior to entry. "Category two" Interested Person Transactions need not be approved by the Audit Committee prior to entry but shall be reviewed on a half-yearly basis by the Audit Committee.

When renting properties from or to an Interested Person, the Enlarged Group shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (as necessary). The rent payable shall be based on the most competitive market rental rate of similar properties in terms of size and location, based on the results of the relevant enquiries. Such transactions shall be subject to review by the Audit Committee on a half-yearly basis.

The Enlarged Group will prepare relevant information to assist the Audit Committee in its review.

Before any agreement or arrangement with an Interested Person that is not in the ordinary course of business of the Enlarged Group is transacted, prior approval must be obtained from the Audit Committee. In the event that a member of the Audit Committee is interested in any Interested Person Transactions, he will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by the Audit Committee.

The Enlarged Group will also comply with the provisions in Chapter 9 of the Catalist Rules in respect of all future Interested Person Transactions, and if required under the Catalist Rules, Listing Manual, the Companies Act or the SFA, it will seek independent Shareholders' approval for such transactions.

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21.4 Potential Conflicts of Interests

Save as disclosed below, none of the Proposed Board, Controlling Shareholders, and/or any of their Associates has any material interest, whether direct or indirect, in any entity carrying on the same business or dealing in similar products or services as the Target Group.

Pursuant to a deed of undertaking dated 21 December 2018 (the “**Non-Compete Undertaking**”), Teo Kok Woon, the Company’s Non-Executive and Non-Independent Director and Controlling Shareholder, has given an undertaking not to, and to procure his Associates (save for his siblings, Teo Soo Swan and Teo Cheng Woon, who manage their respective business interests and investments independently of Teo Kok Woon and are financially independent of him and not accustomed to acting on his instructions) not to:

- (a) whether alone or jointly with, through or on behalf of any person or entity, carry on, or be engaged, provide expertise or be interested in the same business or deal in similar products or services as the Enlarged Group in any jurisdiction, or carry on, or be engaged, provide expertise or be interested any business which is in direct competition with the business of the Enlarged Group as described in this Circular (“**Competing Business**”), in each case, whether as shareholder, director, employee, partner, agent or otherwise, provided always that he shall be permitted to hold for the purpose of personal investment, whether directly or by way of deemed interest, less than 5.0% interest in any class of quoted or listed securities of entities which carry on a Competing Business;
- (b) whether alone or jointly with, through or on behalf of any person or entity, solicit or entice away or attempt to solicit or entice away from any Enlarged Group company, the custom of any person, firm, company or organisation who shall at any time have been a supplier, customer, client, agent or correspondent of the Enlarged Group or in the habit of dealing with the Enlarged Group;
- (c) whether alone or jointly with, through or on behalf of any person or entity, solicit or entice away or attempt to solicit or entice away from any Enlarged Group company any person who is an officer, manager or senior employee of the Enlarged Group who shall at any time during the preceding three years have been an officer, manager or senior employee of the Enlarged Group whether or not such person would commit a breach of his contract of or associated company employment by reason of leaving such employment;
- (d) whether alone or jointly with, through or on behalf of any person or entity provide any financial assistance to any other person to carry on a Competing Business;
- (e) make use of or disclose or divulge to any third party any confidential information or trade secrets relating to any Enlarged Group company, other than any information properly available to the public or disclosed or divulged pursuant to an order of a court of competent jurisdiction; and
- (f) in relation to any trade, business or company, use any trade name, trademark or symbol used by the Enlarged Group at present or in the future (whether registered or not) in such a way as to be capable of being or likely to be confused with the name of the Company, or any Enlarged Group company or any trade name, trademark or symbol used by the Enlarged Group and shall use all reasonable endeavours to procure that no such trade name, trademark or symbol shall be used by any person, firm or company with which he is connected.

These restrictions shall not apply to the businesses which are disclosed below, provided that such businesses do not engage in a Competing Business. The Non-Compete Undertaking shall be conditional upon the Completion of the Proposed Acquisition, and shall subsist and be effective for so long as the Company is listed on the SGX-ST and Teo Kok Woon and/or his Associates (save for siblings, Teo Soo Swan and Teo Cheng Woon, who manage their respective business interests and investments independently of Teo Kok Woon and are financially independent of him and not accustomed to acting on his instructions and are not subject to the Non-Compete Undertaking) are either a Director or Controlling Shareholder of the Company or an employee of the Enlarged Group.

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Set out below are the potential conflicts of interests which may arise from the interests of Teo Kok Woon in certain businesses.

(a) Casa Del Fuego, FOC Restaurant, FOC Sentosa, FOC Orchard, Fotia and What's Pide

Casa Del Fuego is a company incorporated in Singapore whose current principal business activity is that of a restaurant which offers alcoholic beverages. The sole shareholder of Casa Del Fuego is Teo Kok Woon. The directors of Casa Del Fuego are Teo Kok Woon and his wife, Lim Wai Ling Audrey.

FOC Restaurant is a company incorporated in Singapore whose current principal business activity is that of a restaurant which offers alcoholic beverages. The shareholders of FOC Restaurant are Teo Kok Woon (70.0%) and four other unrelated shareholders. The directors of FOC Restaurant are Teo Kok Woon and Ong Ee Leong.

FOC Sentosa is a company incorporated in Singapore whose current principal business activity is that of a restaurant which offers alcoholic beverages. The shareholders of FOC Sentosa are Teo Kok Woon (60.0%) and four other unrelated shareholders. The directors of FOC Sentosa are Teo Kok Woon and Ong Ee Leong.

FOC Orchard is a company incorporated in Singapore whose current principal business activity is that of a restaurant which offers alcoholic beverages. The sole shareholder of FOC Orchard is Teo Kok Woon. The directors of FOC Orchard are Teo Kok Woon and Ong Ee Leong.

Fotia is a company incorporated in Singapore whose current principal business activity is that of a restaurant, which offers alcoholic beverages. The sole shareholder of Fotia is Teo Kok Woon. The directors of Fotia are Teo Kok Woon and his wife, Lim Wai Ling Audrey.

What's Pide is a company incorporated in Singapore whose current principal business activity is that of stalls selling cooked food and prepared drinks. The sole shareholder of What's Pide is Teo Kok Woon. The directors of What's Pide are Teo Kok Woon and his wife, Lim Wai Ling Audrey.

In view that each of Casa Del Fuego, FOC Restaurant, FOC Sentosa, FOC Orchard, Fotia and What's Pide is not in the business of operating pubs and bars, and the import and distribution of spirits, wines and liquors, the Proposed Board is of the view that there are no conflicts of interests arising from Teo Kok Woon's interests in the aforesaid companies.

(b) Origen

Origen is a company incorporated in Singapore whose current principal business activity is general import and wholesale trade, and it mainly provides import and procurement services for food and beverage outlets of companies owned by Teo Kok Woon. The sole shareholder of Origen is Teo Kok Woon. The directors of Origen are Teo Kok Woon and Ong Ee Leong.

In view that (1) Origen does not distribute the same brands of single malt Scotch whisky and other alcoholic beverages that the Target Group distributes; (2) Origen is a procurement arm of companies owned by Teo Kok Woon and mainly provides import and procurement services for food and beverage outlets of companies owned by Teo Kok Woon; (3) Teo Kok Woon does not have any executive role in the management of Origen; and (4) Origen has undertaken not to import and distribute any brand of single malt Scotch whisky and other alcoholic beverages that is imported and distributed by the Target Group (such undertaking to subsist and be effective for so long as the Company is listed on the SGX-ST and Teo Kok Woon and/or his Associates (save for siblings who are financially independent of him and not accustomed to act on his instructions and are not subject to the Non-

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Compete Undertaking) are either a Director or Controlling Shareholder of the Company or an employee of the Enlarged Group), the Proposed Board is of the view that there are no conflicts of interests arising from Teo Kok Woon's interest in Origen.

(c) Duncan Taylor Scotch Whisky Ltd

Duncan Taylor Scotch Whisky Ltd is a company incorporated in the United Kingdom whose current principal business activity is that of an independent bottler of Scotch whisky. Teo Kok Woon is a director of Duncan Taylor & Company Holdings Limited, the parent company of Duncan Taylor Scotch Whisky Ltd and he has an indirect interest in Duncan Taylor Scotch Whisky Ltd of 13.0%.

In view that (1) Duncan Taylor Scotch Whisky Ltd is not in the business of operating pubs and bars; (2) Duncan Taylor Scotch Whisky Ltd is not in the business of the import and distribution of spirits, wines and liquors in Singapore; (3) Duncan Taylor Scotch Whisky Ltd operates in a different country; and (4) Teo Kok Woon is purely an investor with no controlling interests in Duncan Taylor Scotch Whisky Ltd and no executive role in the management of Duncan Taylor Scotch Whisky Ltd, the Proposed Board is of the view that there are no conflicts of interests arising from Teo Kok Woon's interest in Duncan Taylor Scotch Whisky Ltd.

(d) In-house bars in hotels owned by Teo Kok Woon and his Associates

Teo Kok Woon has indirect interests (through Goodearth Realty Private Limited and Tambusu Group Holdings Ltd) in companies that own hotels in Australia, New Zealand and the United Kingdom. The shareholders of Goodearth Realty Private Limited are mainly Teo Kok Woon (48.3%) and his mother, Yeo Gek Lang Susie (51.7%). Tambusu Group Holdings Ltd is wholly-owned by Teo Kok Woon. These hotels are managed by international hotel management groups, save for two hotels in Cairns. These hotels may have in-house bars which are ancillary amenities provided to their hotel guests.

In view that (1) the in-house bars are ancillary amenities provided to hotel guests and not stand-alone pubs and bars; (2) the in-house bars operate in different countries from the Target Group; and (3) Teo Kok Woon does not have any executive role in the management of the in-house bars, the Proposed Board is of the view that there are no conflicts of interests arising from Teo Kok Woon's interest in the in-house bars.

Teo Kok Woon's siblings, Teo Soo Swan and Teo Cheng Woon, have interests in companies that own hotels in Malaysia and Australia. These hotels are managed by international hotel management groups, save for two hotels in Perth. These hotels may have in-house bars which are ancillary amenities provided to their hotel guests.

In view that (1) Teo Soo Swan and Teo Cheng Woon manage their respective business interests and investments independently of Teo Kok Woon and are financially independent of Teo Kok Woon and are not accustomed to acting on the instructions of Teo Kok Woon, (2) the in-house bars are ancillary amenities provided to hotel guests and not stand-alone pubs and bars; and (3) the in-house bars operate in different countries from the Target Group, the Proposed Board is of the view that there are no conflicts of interests arising from Teo Kok Woon's siblings' interests in the in-house bars.

22. CORPORATE GOVERNANCE

22.1 Board Practices

The Proposed Board recognises the importance of corporate governance to Shareholders and maintaining high standards of accountability to our Shareholders. The Proposed Board will use best efforts to implement the good practices recommended in the Code of Corporate Governance 2018, which will apply in respect of financial years commencing from 1 January 2019.

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Upon completion of the Proposed Transactions, the Proposed Director will be appointed. The Proposed Board will then comprise one Non-Executive Chairman and Independent Director, one Chief Executive Officer and Executive Director, one Non-Executive Non-Independent Director and one Non-Executive Independent Director, whose offices will expire in accordance with the provisions of the New Constitution. As such, the composition of the Proposed Board upon Completion will be in compliance with the Code of Corporate Governance 2018 when it comes into force on 1 January 2019.

The Proposed Board will have overall responsibility for the corporate governance of the Enlarged Group so as to protect and enhance long-term shareholder value. It will set the overall strategy for the Enlarged Group and supervise executive management and monitor their performance. Apart from its statutory responsibilities, the Proposed Board will be responsible for:

- (a) reviewing the financial performance and condition of the Enlarged Group;
- (b) approving the Enlarged Group's strategic plans, key operational initiatives, major investment and funding decisions; and
- (c) identifying principal risks of the Enlarged Group's business and ensuring the implementation of appropriate systems to manage the risks.

The Proposed Board will hold half-yearly meetings every year, with additional meetings for particular matters convened when necessary. The Proposed Board shall also periodically review the internal control and risk management systems of the Enlarged Group to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

The Proposed Board will continue to implement a policy of providing full disclosure of material corporate information as commercially appropriate through press announcements, press releases and Shareholders' circulars as well as through the interim and annual financial results announcements.

The Proposed Board has noted that no material internal control weaknesses have been raised by the external auditors in the course of their audit of the financial statements of the Company and Target Group for FY2015, FY2016 and FY2017 which would cause them to modify the opinion expressed in their audit reports.

The Proposed Board will be expected, in the course of carrying out its duties, to act in good faith, provide insights and consider at all times, the interests of the Company.

All other matters will be delegated to various committees whose actions will be monitored by the Proposed Board. These committees include the Nominating Committee, the Remuneration Committee, and the Audit Committee. Each committee operates within clearly defined terms of reference and functional procedures. Please refer to the sections entitled "Nominating Committee", "Remuneration Committee" and "Audit Committee" of this Circular.

22.2 Nominating Committee

The Nominating Committee comprises Tan Dah Ching (Non-Executive Independent Director), Teo Kok Woon (Non-Executive Non-Independent Director) and Dr Yu Lai Boon (Non-Executive Chairman and Independent Director). The chairman of the Nominating Committee is Tan Dah Ching.

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The Nominating Committee is responsible for, *inter alia*, the following functions:

- (a) develop and maintain a formal and transparent process for the selection, appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board, and make recommendations to the Board on the appointment and re-appointment of Directors (including alternate Directors, if any), taking into consideration each Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, his performance as an Independent Director;
- (b) review succession plans for the Directors, in particular, the appointment and/or replacement of the Chairman, Chief Executive Officer and key management personnel;
- (c) ensure that all Directors submit themselves for re-nomination and re-election at least once every three years;
- (d) determine the composition of the Board, taking into account the future requirements of the Enlarged Group, the number of Independent Directors required under the Catalist Rules, as well as the need for Directors who, as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge, and other considerations as set out in the Catalist Rules and the Code of Corporate Governance 2018, and set the objectives for achieving Board diversity and review the progress towards achieving these objectives;
- (e) determine on an annual basis, and as and when circumstances require, whether or not a Director is independent having regard to the Code of Corporate Governance 2018 and any other salient factors;
- (f) in respect of a Director who has multiple board representations on various companies, if any, review and decide, on an annual basis (or more frequently as the Nominating Committee deems fit), whether such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments, and establish guidelines on what a reasonable and maximum number of directorships and principal commitments for each Director (or type of Director) shall be;
- (g) review training and professional development programmes for the Board and the Directors, including ensuring that first-time directors with no prior experience as a director of a listed issuer on the SGX-ST undertake training as prescribed by the Catalist Rules;
- (h) assess whether each Director is able to and has been adequately carrying out his duties as a Director; and
- (i) ensure that new Directors are aware of their duties and obligations.

In addition, the Nominating Committee will develop a process for evaluating the performance of the Board, its Board committees and Directors and recommend for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board committee separately, as well as the contribution by the Chairman and each individual Director to the Board. The evaluation should consider the Board's composition (balance of skills, experience, independence, knowledge, and diversity), Board practices and conduct, and how the Board as a whole adds value to the Company. The Nominating Committee shall consider the use of peer comparisons and other objective third party benchmarks. These performance criteria shall not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus shall be on the Board to justify this decision. The evaluation of individual Director's performance shall aim to assess whether each Director is willing and able to constructively challenge and contribute effectively to the Board, and

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demonstrate commitment to his roles on the Board (including the roles of the Chairman of the Board and chairman of a Board committee). The Chairman shall act on the results of the performance evaluation and, in consultation with the Nominating Committee, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

Each member of the Nominating Committee shall abstain from deliberating and voting on resolutions in respect of the assessment of his performance or independence or re-nomination as a Director of the Company. 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.

22.3 Remuneration Committee

The Remuneration Committee comprises Dr Yu Lai Boon (Non-Executive Chairman and Independent Director), Tan Dah Ching (Non-Executive Independent Director) and Teo Kok Woon (Non-Executive Non-Independent Director). The chairman of the Remuneration Committee is Dr Yu Lai Boon.

The Remuneration Committee will be responsible for, *inter alia*, the following functions:

- (a) review and recommend to the Board for approval a framework of remuneration for the Directors and key management personnel as well as the specific remuneration packages for each Executive Director and key management personnel, ensuring that a significant and appropriate proportion of the remuneration is structured so as to link rewards to corporate and individual performance. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments shall be covered, with the aim to be fair and avoid rewarding poor performance;
- (b) review annually the remuneration, bonuses, pay increase and/or promotions of employees who are related to the Directors or Substantial Shareholders of the Company to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities, and review and approve any new employment of related employees and the proposed terms of their employment;
- (c) review the Company's obligations arising in the event of termination of service contracts entered into between the Company and the Executive Directors or key management personnel, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly generous;
- (d) if necessary, seek expert advice within and/or outside the Company on remuneration matters, ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;
- (e) perform an annual review of the remuneration packages in order to maintain their attractiveness to retain and motivate the Directors and key management personnel, and to align the interests of the Directors and key management personnel with the interests of the Shareholders and other stakeholders and promote the long-term success of the Company; and
- (f) ensure that the remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

Each member of the Remuneration Committee shall abstain from reviewing, deliberating and voting on any resolution in respect of his remuneration package or that of any employees who are related to him.

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22.4 Audit Committee

The Audit Committee comprises Dr Yu Lai Boon (Non-Executive Chairman and Independent Director), Tan Dah Ching (Non-Executive Independent Director) and Teo Kok Woon (Non-Executive Non-Independent Director). The chairman of the Audit Committee is Dr Yu Lai Boon.

The Non-Executive Independent Directors do not have any existing business or professional relationship of a material nature with the Target Group, the Proposed Board or Substantial Shareholders of the Enlarged Group.

The Audit Committee will assist the Proposed Board in discharging their responsibility to safeguard the assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that management creates and maintains an effective control environment in the Company following completion of the Proposed Acquisition. The Audit Committee will provide a channel of communication between the Proposed Board, the management and the external auditors and internal auditors of the Enlarged Group on matters relating to audit following completion of the Proposed Acquisition. The Group Chief Financial Officer will also be reporting directly to the Audit Committee on the Enlarged Group's financial matters.

In particular, the Audit Committee will meet at least half-yearly, following completion of the Proposed Acquisition, to perform the following functions:

- (a) review the audit plans and scope of work of the external auditors and internal auditors, the results of the external and internal auditors' review and evaluation of the system of internal controls, and their management letters on the internal controls and the management's response, and monitor the implementation of the internal control recommendations made by the external and internal auditors;
- (b) review and report to the Board at least annually the adequacy and effectiveness of the Enlarged Group's risk management systems and internal controls addressing financial, operational, compliance and information technology risks (such review to be carried out internally or with the assistance of any competent third parties) and discuss issues and concerns, if any, prior to the incorporation of the Board's comments in the annual report;
- (c) review the adequacy, effectiveness, independence, scope and results of the external audit and the Enlarged Group's internal audit function;
- (d) make recommendations to the Board on establishing an adequate, effective and independent internal audit function (which can be in-house or outsourced to a reputable accounting/auditing firm or corporation), and ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;
- (e) review the interim financial results and annual consolidated financial statements and the external auditors' report on the annual consolidated financial statements, and review and discuss any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with Singapore financial reporting standards as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from the audits, to ensure the integrity of the financial statements of the Enlarged Group and any announcements relating to the Enlarged Group's financial performance, before submission to the Board for approval;
- (f) meet with the external auditors, and with the internal auditors, in each case without the presence of the management, at least annually;

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- (g) review and discuss with the external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Enlarged Group's operating results or financial position and the management's response;
- (h) review and ensure the co-ordination among the internal auditors, external auditors and the management, including assistance given by the management to the auditors;
- (i) consider the independence and objectivity of the external auditors, taking into account the non-audit services provided by the external auditors and the fees paid for such non-audit services, if any;
- (j) review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules, and approve interested person transactions where the value thereof amount to 3.0% or more of the latest audited NTA of the Enlarged Group (either individually or as part of a series or are aggregated with other transactions involving the same interested person during the same financial year), or any agreement or arrangement with an interested person that is not in the ordinary course of business of the Enlarged Group, prior to the Enlarged Group's entry into the transaction, agreement or arrangement;
- (k) make recommendations to the Board on the proposals to the Shareholders with regard to the appointment, re-appointment and removal of external auditors, and the remuneration and terms of engagement of the external auditors;
- (l) review overseas expansions undertaken by the Enlarged Group into new markets in respect of the terms and structure of investments and compliance with relevant laws and regulations;
- (m) review and approve the Enlarged Group's hedging policy (if any), and conduct periodic reviews of the hedging policy, together with the foreign exchange transactions and hedging activities undertaken by the Enlarged Group;
- (n) review the Enlarged Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- (o) review any potential conflicts of interests and set out a framework to resolve or mitigate such potential conflicts of interests, and monitor compliance with such framework;
- (p) establish and review the policy and arrangements by which employees of the Enlarged Group or any other persons may safely raise concerns about possible improprieties in financial reporting or other matters and ensure that there are arrangements in place for independent investigation of such concerns and appropriate follow-up actions in relation thereto, and ensure that the Enlarged Group publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- (q) review the assurance from the Chief Executive Officer and Group Chief Financial Officer on the financial records and financial statements;
- (r) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- (s) monitor whether the terms of the Non-Compete Undertaking provided to the Company have been complied with;

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- (t) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any); and
- (u) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Enlarged Group's operating results and/or financial position. Each member of the Audit Committee shall abstain from reviewing and deliberating on any transactions or voting on any resolutions in respect of matters in which he is interested.

The Audit Committee after having (i) interviewed Ng Kim Chew, the proposed Group Chief Financial Officer of the Enlarged Group; (ii) considered his qualifications and past working experience as the Group Chief Financial Officer of the Company; (iii) considered his past audit and accounting related experience; (iv) considered his demonstration of the requisite competency in finance-related matters in connection with the Proposed Acquisition; (v) observed his abilities, familiarity and diligence in relation to the financial matters, internal controls and financial information of the Target Group; (vi) considered the improvement in internal controls with his assistance during the internal control review conducted by the internal auditors; and (vii) considered the absence of negative feedback from the representatives of the internal auditors and Ernst & Young LLP, is of the view that Ng Kim Chew is suitable for the position of the proposed Group Chief Financial Officer of the Enlarged Group. After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the members of the Audit Committee to cause them to believe that Ng Kim Chew (the proposed Group Chief Financial Officer of the Enlarged Group) does not have the competence, character and integrity expected of a chief financial officer of a listed company.

Internal Controls

In connection with the Proposed Acquisition, the Company had engaged internal auditors to review the adequacy and effectiveness of the Target Group's material internal controls. The Audit Committee has held discussions with the proposed Group Chief Financial Officer of the Enlarged Group the internal auditors, as well as Ernst & Young LLP, in relation to the Target Group's internal controls. The Proposed Board has noted that no material control weaknesses have been raised by the Independent Auditors which would cause them to modify the opinions expressed in their audit reports of the Target Group for FY2015, FY2016 and FY2017. The Proposed Board also noted that the internal auditors have confirmed that they are satisfied that the management of the Target Group has adequately addressed all points raised in relation to the Target Group's internal control weaknesses.

Following Completion, the Audit Committee will monitor and review the implementation of the Independent Auditors' recommendations for any outstanding internal control weaknesses and continually review the adequacy and effectiveness of the internal controls within the Enlarged Group.

Based on the foregoing, the Proposed Board, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of the Audit Committee, is of the opinion that the internal controls of the Target Group (including financial, operational, compliance and information technology controls) and risk management systems, including the implementation of recommendations for any outstanding non-material internal control weaknesses, are adequate and effective.

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Following Completion, the internal controls of the Company and the Target Group will be harmonised. The Audit Committee will establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent, to ensure that the Enlarged Group's internal controls are adequate and effective to mitigate material risks of the Enlarged Group.

Upon the completion of a risk management and internal control audit, the Proposed Board shall make the appropriate disclosures via SGXNet of any material or price-sensitive weaknesses in the Enlarged Group's risk management or internal controls, and also announce any follow-up actions to be taken by the Proposed Board.

Past non-compliance with laws and regulations

As set out in the section entitled "Risk Factors" of this Circular, the Target Group had in the past not complied with certain laws and regulations, such as the Employment Act, the Companies Act and the Copyright Act. Further to the completion of the remedial actions taken by the Target Group to address the non-compliance, the Target Group will be in compliance with the relevant laws and regulations. The Target Group has taken or will be taking the necessary measures to prevent the recurrence of non-compliance, including:

- (a) the implementation of relevant processes and procedures to strengthen its financial reporting process and procedures and increasing resources of the finance team. This includes the involvement of the proposed Group Chief Financial Officer, Ng Kim Chew, in the internal control procedures for the review of, *inter alia*, statutory submissions;
- (b) the proposed Group Chief Financial Officer, Ng Kim Chew, will assist to ensure that the Enlarged Group complies with the necessary corporate and regulatory requirements;
- (c) the Enlarged Group will appoint an external corporate secretarial firm to assist the Enlarged Group in its continuing listing obligations relating to board meetings, annual general meetings, annual reports, announcements, compliance with the Code of Corporate Governance 2018 and general compliance; and
- (d) when necessary, the Enlarged Group will engage external professionals, including legal advisers, to render professional advice as to compliance with relevant requirements, as applicable to the Enlarged Group from time to time.

After Completion, the Enlarged Group will undertake an annual internal audit of its internal controls to continue to ensure that the Enlarged Group's internal controls are adequate and effective to mitigate material risks of the Enlarged Group, including controls relating to compliance.

23. OPINION AND ADVICE OF THE IFA

RHT Capital has been appointed as the IFA to the Unaffected Directors in relation to the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution. A copy of the IFA Letter is reproduced in Appendix A of this Circular and Shareholders' attention is drawn to it. Shareholders are advised to read and consider carefully the opinion and advice of the IFA and the recommendation of the Unaffected Directors.

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The following is an extract from Section 8 of the IFA Letter and should be read by Shareholders in conjunction with, and in the full context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

“8. OUR OPINION

In arriving at our recommendation in respect of the Proposed Acquisition and the Proposed Whitewash Resolution, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (i) *Rationale for and benefit of the Proposed Acquisition;*
- (ii) *Independent Valuation of the Target Group and the Whisky Stock Valuation:*
 - (a) *The Independent Valuation of the Target Group of S\$19.4 million as at the Valuation Date represents the Purchase Consideration for the Proposed Acquisition; and*
 - (b) *The Whisky Stock Valuation was determined to be S\$1.5 million as at the Valuation Date.*
- (iii) *RNTA of the Target Group:*
 - (a) *The RNTA of the Target Group is approximately S\$4.8 million taking into consideration the revaluation surplus of the inventories of the Target Group based on the Whisky Stock Valuation and the waiver of shareholders' loan amounting to approximately S\$1.5 million by the relevant Vendors; and*
 - (b) *The P/RNTA ratio of the Target Group is 4.1 times.*
- (iv) *Financial assessment of the Purchase Consideration for the Proposed Acquisition:*
 - (a) *the PE ratio of the Target Group implied by the Purchase Consideration of 13.3 times is within the range and below the mean and median of the PE ratios of the Comparable Companies;*
 - (b) *the EV/EBITDA ratio of the Target Group implied by the Purchase Consideration of 9.7 times is within the range and above the mean and median of the EV/EBITDA ratios of the Comparable Companies; and*
 - (c) *the P/NTA ratio of the Target Group implied by the Purchase Consideration of 8.0 times is not within the range of the P/NTA ratios of the Comparable Companies while the P/RNTA ratio of the Target Group implied by the Purchase Consideration of 4.1 times is within the range and above the mean and median of the P/NTA ratios of the Comparable Companies.*
- (v) *Financial assessment of the Pre-Consolidation Issue Price of the Consideration Shares:*

Market Statistics

- (a) *the Pre-Consolidation Issue Price represents a premium of 66.7%, 66.7%, 42.9% and 30.4% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Announcement respectively;*

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- (b) *the Pre-Consolidation Issue Price represents a premium of 57.9% over the VWAP of the Shares on 23 August 2018, being the last trading date of the Shares prior to the Announcement;*
- (c) *the Pre-Consolidation Issue Price represents a premium of 87.5% over the VWAP of the Shares after the Announcement and up to the Latest Practicable Date;*
- (d) *the Pre-Consolidation Issue Price represents a premium of 172.7% to the VWAP of the Shares of S\$0.011 as at 2 November 2018, being the last market day the Shares were traded as at the Latest Practicable Date;*
- (e) *the Pre-Consolidation Issue Price represents a premium of 114.3% over the last traded Share price of S\$0.014 as at 2 November 2018, being the last market day the Shares were traded as at the Latest Practicable Date;*
- (f) *during the period from 1 September 2017 up to the Announcement Date, the Shares were traded on 48 market days or 18.4% of the total market days. The total number of Shares traded during this period was approximately 8.6 million Shares with an average daily trading volume of 0.18 million Shares, representing 0.1% of the free float; and*
- (g) *during the period after the Announcement and up to the Latest Practicable Date, the Shares were traded on 4 market days or 5.3% of the total market days. The total number of Shares traded during this period was approximately 0.3 million Shares with an average daily trading volume of 0.07 million Shares, representing 0.1% of the free float.*

NTA per Share of the Company

The Pre-Consolidation Issue Price of S\$0.03 represents a premium of approximately 30.4% and 50.0% over the Company's NTA per Share of S\$0.023 as at 30 June 2018 and S\$0.020 as at 30 November 2018 respectively.

Vis-à-vis Recent RTO Transactions

- (a) *the Pre-Consolidation Issue Price of S\$0.03 represents a premium of 57.9% over the VWAP of the Shares prior to the Announcement, which is within the range and above the mean and median of the Recent RTO Transactions; and*
 - (b) *the Pre-Consolidation Issue Price of S\$0.03 is 1.5 times over the NTA per Share as at 30 November 2018, which is within the range and below the mean and median of the Recent RTO Transactions.*
- (vi) *Financial effects of the Proposed Acquisition;*
 - (vii) *The maximum potential dilution in shareholdings of Independent Shareholders from 71.6% to 19.4%; and*
 - (viii) *Other relevant considerations in relation to the Proposed Acquisition:*
 - (a) *Inter-conditionality of the resolutions for the Proposed Acquisition and the Proposed Whitewash Resolution;*
 - (b) *Current status of the Company;*
 - (c) *Future prospects of the Target Group;*

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- (d) *Risks of the Target Group;*
- (e) *Undertaking by the Undertaking Shareholder;*
- (f) *Moratorium period for the Consideration Shares; and*
- (g) *No change in single largest shareholder.*

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that:

- (i) ***the Proposed Acquisition, as an Interested Person Transaction, is, on balance, on normal commercial terms and is not prejudicial to the interest of the Company and the Independent Shareholders; and***
- (ii) ***the Proposed Whitewash Resolution, in the context of the Proposed Acquisition, is, on balance, fair and reasonable and is not prejudicial to the interests of Independent Shareholders. Accordingly, we advise the Independent Directors to recommend that the Independent Shareholders vote in favour of the Proposed Whitewash Resolution.***

We wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the SPA, and we do not warrant the merits of the Proposed Acquisition and the Proposed Whitewash Resolution. Furthermore, we were not involved in the legal and financial due diligence that were conducted by the Company and its advisers on the Target Group.”

24. AUDIT COMMITTEE STATEMENT

Save that Teo Kok Woon, the Non-Executive Non-Independent Director and an existing Controlling Shareholder of the Company, is one of the Vendors, the members of the Audit Committee do not have any interests in the Proposed Acquisition and are accordingly deemed to be independent for the purposes of the Proposed Acquisition.

The Audit Committee having reviewed, *inter alia*, the rationale for, the terms and conditions and the financial effects of the Proposed Acquisition and the Proposed Whitewash Resolution, and having considered the opinion and advice of the IFA in relation to the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution, is of the opinion that the Proposed Acquisition as an Interested Person Transaction is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders.

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25. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders in the issued and paid-up share capital of the Company as recorded in the Register of Directors' Shareholdings pursuant to Section 164 of the Companies Act and the Register of Substantial Shareholders pursuant to Section 88 of the Companies Act are as follows:

Directors	Direct interest		Deemed interest	
	No. of Shares	%	No. of Shares	%
Dr Yu Lai Boon	–	–	–	–
Tan Dah Ching	–	–	–	–
Teo Kok Woon ⁽¹⁾	–	–	68,250,728	28.4
Substantial shareholders (who are not directors)				
Cockpit International Pte. Ltd. ⁽¹⁾	60,567,262	25.2	–	–
Yeo Gek Lang Susie ⁽²⁾	–	–	60,567,262	25.2
Goodearth Realty Private Limited ⁽²⁾	–	–	60,567,262	25.2
Lye Chee Fei Anthony ⁽³⁾	13,082,400	5.4	26,846,400	11.2
Khoo Bee Leng Joanna ⁽³⁾	26,846,400	11.2	13,082,400	5.4

Notes:

- (1) Teo Kok Woon is deemed to be interested in 60,567,262 Shares held by Cockpit International Pte. Ltd. and 7,683,466 Shares held by UOB Kay Hian Private Limited as nominee of Teo Kok Woon, pursuant to Section 4 of the SFA.
- (2) 60,567,262 Shares are held in the name of Cockpit International Pte. Ltd. and Yeo Gek Lang Susie and Goodearth Realty Private Limited are deemed to be interested, pursuant to Section 4 of the SFA.
- (3) Lye Chee Fei Anthony is deemed to be interested in 26,846,400 Shares held by his wife, Khoo Beng Leng Joanna. Khoo Bee Leng, Joanna is deemed to be interested in 13,082,400 Shares held by her husband, Lye Chee Fei Anthony.

Teo Kok Woon, our Non-Executive Non-Independent Director and an existing Controlling Shareholder of the Company, is one of the Vendors. Cockpit International Pte. Ltd., Yeo Gek Lang Susie and Goodearth Realty Private Limited are Associates of Teo Kok Woon.

Save as disclosed above, none of the Directors or Substantial Shareholders has any interest, whether direct or indirect, in the Proposed Transactions.

26. RECOMMENDATION OF THE DIRECTORS

Having considered and reviewed, amongst other things, the terms of the SPA, the rationale for and the financial effects of the Proposed Transactions, the opinion and advice of the IFA in relation to the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution, the risk factors and other investment considerations, and all other relevant facts set out in this Circular, the Directors (save for Teo Kok Woon in respect of Resolutions 1 to 5) are of the opinion that all the resolutions as set out in the section entitled "Notice of Extraordinary General Meeting" of this Circular are in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of all the aforesaid resolutions.

Teo Kok Woon has abstained from making any recommendation to the Shareholders in respect of Resolutions 1 to 5 which are inter-conditional.

LETTER TO SHAREHOLDERS

27. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which have been set out in the section entitled “Notice of Extraordinary General Meeting” of this Circular, will be held at 1 Irving Place #08-10, The Commerze @ Irving, Singapore 369546 on 25 January 2019 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the resolutions (with or without modifications) set out in the notice of the EGM.

28. INTER-CONDITIONALITY

Shareholders should note that the passing of Resolutions 1 to 5 as set out in the Notice of EGM are inter-conditional, in view that the Proposed Share Consolidation, the proposed issue and allotment of the Consideration Shares, the Proposed Whitewash Resolution and the proposed appointment of the Proposed Director are to be undertaken in connection with the Proposed Acquisition and for the Completion thereof. This means that if any one of these resolutions is not approved, the other resolutions would not be duly passed.

Resolution 6 is not contingent upon the passing of any of the other resolutions.

29. ABSTENTION FROM VOTING

Teo Kok Woon will, and will ensure that his Associates (including Cockpit International Pte. Ltd., the Controlling Shareholder of the Company) will, abstain from voting at the EGM on Resolutions 1 to 5. In addition, Teo Kok Woon will, and will procure his Associates to, decline appointment as proxies for voting at the EGM in respect of such resolutions, unless specific instructions have been given in the Proxy Form on how the votes are to be cast for the resolutions. The Company shall disregard any votes cast on Resolutions 1 to 5 by Teo Kok Woon or any of his Associates.

In accordance with the conditions of the SIC, Teo Kok Woon and Chua Khoo Hui, parties acting in concert with them, as well as parties not independent of them or the Proposed Acquisition will abstain from voting at the EGM on the Proposed Whitewash Resolution. In addition, they will decline appointment as proxies for voting at the EGM in respect of the Proposed Whitewash Resolution, unless specific instructions have been given in the Proxy Form on how the votes are to be cast for the resolution. The Company shall disregard any votes cast on the Proposed Whitewash Resolution by them.

30. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 51 Changi Business Park Central 2, #04-05 The Signature, Singapore 486066, no later than 3.00 p.m. on 23 January 2019. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.

31. NO MATERIAL EFFECT ON FINANCIAL POSITION

Save as disclosed in this Circular and all public announcements made by the Company, the Proposed Board is not aware of any event which has occurred since 30 June 2018 (being the end of the period covered by the “Audited Combined Financial Statements of the Target Group for the Financial Years Ended 31 December 2015, 2016 and 2017” attached as Appendix C of this Circular and the “Unaudited Interim Condensed Combined Financial Statements of the Target Group for the Six-Month Period Ended 30 June 2018” attached as Appendix D of this Circular), which may have a material effect on the financial position and results of the Target Group.

LETTER TO SHAREHOLDERS

32. RESPONSIBILITY STATEMENTS OF THE PROPOSED BOARD AND THE VENDORS

The Proposed Board collectively and individually accepts full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions and the Company, and the Proposed Board is not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Proposed Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

The Vendors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions and the Company, and the Vendors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Vendors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

33. RESPONSIBILITY STATEMENT OF THE FINANCIAL ADVISER AND SPONSOR

To the best of the knowledge and belief of the Financial Adviser and Sponsor, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions and the Enlarged Group, and the Financial Adviser and Sponsor is not aware of any facts the omission of which would make any statement in this Circular misleading.

34. MISCELLANEOUS

34.1 Consents

- (a) Ernst & Young LLP, the Reporting Accountants to the Enlarged Group and Independent Auditor to the Company and the Target Group, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the Report on Unaudited Pro Forma Consolidated Financial Statements of the Enlarged Group for the Financial Year Ended 31 December 2017, the Six-Month Period Ended 30 June 2018, the Audited Combined Financial Statements of the Target Group for the Financial Years Ended 31 December 2015, 2016 and 2017, the Unaudited Interim Condensed Combined Financial Statements of the Target Group for the Six-Month Period Ended 30 June 2018 and its name and all references thereto in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.
- (b) RHT Capital, the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the Letter from RHT Capital Pte. Ltd. to the Unaffected Directors of TSH Corporation Limited and its name and all references thereto in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.
- (c) SAC Capital, the Financial Adviser and Sponsor, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and references thereto in the form and context in which they are included in this Circular and to act in such respective capacity in relation to this Circular.

LETTER TO SHAREHOLDERS

- (d) AVA Associates Limited, the Business Valuer of the Target Group, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the Business Valuation Report and its name and all references thereto in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.
- (e) Vincent Lim & Associates LLC, the Legal Adviser to the Company in relation to the Proposed Acquisition, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

34.2 Documents Available for Inspection

The following documents may be inspected at the registered office of the Company during normal business hours for a period of six months from the date of this Circular:

- (a) the Existing Constitution and the New Constitution of the Company;
- (b) the IFA Letter, as set out in Appendix A of this Circular;
- (c) the Report on Unaudited Pro Forma Consolidated Financial Information of the Enlarged Group for the Financial Year Ended 31 December 2017 and the Six-Month Period Ended 30 June 2018, as set out in Appendix B of this Circular;
- (d) the Audited Combined Financial Statements of the Target Group for the Financial Years Ended 31 December 2015, 2016 and 2017, as set out in Appendix C of this Circular;
- (e) the Unaudited Interim Condensed Combined Financial Statements of the Target Group for the Six-Month Period Ended 30 June 2018, as set out in Appendix D of this Circular;
- (f) the material contracts referred to in the section entitled "Material Contracts of the Company" set out in Appendix F of this Circular;
- (g) the Service Agreement;
- (h) the Business Valuation Report; and
- (i) the letters of consent referred to in the section entitled "Consents" of this Circular.

35. ADDITIONAL INFORMATION

Please see Appendix F of this Circular for more information relating to the Company and the Target Group.

Yours faithfully
For and on behalf of TSH Corporation Limited

Dr Yu Lai Boon
Non-Executive Chairman and Independent Director

APPENDIX A: LETTER FROM RHT CAPITAL PTE. LTD. TO THE UNAFFECTED DIRECTORS OF TSH CORPORATION LIMITED

RHT CAPITAL PTE. LTD.
(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)
9 Raffles Place, #29-01
Republic Plaza Tower 1
Singapore 048619

31 December 2018

To: The Independent Directors of TSH Corporation Limited
(deemed to be independent in respect of the Proposed Acquisition and the Proposed Whitewash Resolution)

Dr Yu Lai Boon (Non-Executive Chairman and Independent Director)
Mr Tan Dah Ching (Non-Executive Independent Director)

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE IN RELATION TO:

- (I) THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SLOSHED! PTE. LTD. AS AN INTERESTED PERSON TRANSACTION; AND
- (II) THE PROPOSED WHITEWASH RESOLUTION IN RELATION TO THE PROPOSED ACQUISITION OF SLOSHED! PTE. LTD.

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 31 December 2018 issued by TSH Corporation Limited to shareholders of TSH Corporation Limited shall have the same meaning herein.

1. INTRODUCTION

On 28 February 2018, the directors (“**Directors**”) of TSH Corporation Limited (“**Company**”) announced, *inter alia*, that it had, on the same day, entered into a non-binding memorandum of understanding with Mr Teo Kok Woon, Mr Chua Khoon Hui and Mr Lim Kian Boon Charles (collectively, “**Vendors**”) for the proposed acquisition (“**Proposed Acquisition**”) of all the issued shares of the following Singapore incorporated companies which are in the business of operating pubs and bars and the import and distribution of spirits, wines and liquors:

- (i) TWS Pte. Ltd. (“**TWS**”), the sole proprietor of Quaich Bar and The Whisky Store;
- (ii) Planet Spirits Pte. Ltd. (“**Planet Spirits**”);
- (iii) The Other Room Pte. Ltd. (“**The Other Room**”);
- (iv) Quaich Pte. Ltd. (“**Quaich**”); and
- (v) Sloshed! Pte. Ltd. (“**Sloshed!**” or “**Target Company**”).

The Company had previously disposed of all of its operating businesses and its assets comprised of substantially cash and cash equivalents. Accordingly, the Company was deemed to be a cash company under Rule 1017 of the Listing Manual, Section B: Rules of the Catalyst (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Company had proposed to undertake the Proposed Acquisition to meet the requirements for a new listing under Rule 1017(2) of the Catalyst Rules. An independent valuation would be commissioned by the Company to determine the consideration for the Proposed Acquisition.

APPENDIX A: LETTER FROM RHT CAPITAL PTE. LTD. TO THE UNAFFECTED DIRECTORS OF TSH CORPORATION LIMITED

On 31 August 2018 (“**Announcement Date**”), the Company announced (“**Announcement**”) that it had entered into a conditional sale and purchase agreement (“**SPA**”) with the Vendors to purchase all the ordinary shares (“**Sale Shares**”) in the issued and paid-up capital of the Target Company held by the Vendors as at the completion of the Proposed Acquisition (“**Completion**”), on the terms and subject to the conditions contained in the SPA.

The Target Company is an investment holding company, holding:

- (i) 100.0% of the issued and paid-up capital of TWS which holds 100.0% of the issued and paid-up capital of Planet Spirits;
- (ii) 100.0% of the issued and paid-up capital of Quaich; and
- (iii) 20.0% of the issued and paid-up capital of Timber Malt Pte. Ltd. (“**Timber Malt**”).

Pursuant to an internal restructuring exercise (“**Restructuring Exercise**”), the Target Company will acquire:

- (i) 100.0% of the issued and paid-up capital of Planet Spirits from TWS;
- (ii) 100.0% of the issued and paid-up capital of The Other Room from Mr Teo Kok Woon; and
- (iii) 100.0% of the issued and paid-up capital of The Other Roof Pte. Ltd. (“**The Other Roof**”) from Mr Teo Kok Woon.

The completion of the Proposed Acquisition is conditional upon the completion of the Restructuring Exercise above.

The Target Company, its subsidiaries and its associated company (collectively, “**Target Group**”) are in the business of operating pubs and bars and in the import, export and distribution of spirits, wines and liquors. The Vendors are individuals who own the entire issued and paid-up share capital of the Target Company as at the date of the SPA and will own the entire issued and paid-up share capital of the Target Company as at the completion of the Restructuring Exercise. They are also the legal and beneficial owners of the Sale Shares.

The purchase consideration for the Sale Shares was first adjudged to be S\$18.8 million. However, the final consideration payable by the Company at Completion will be the market value of the Target Group as determined by an independent valuer, AVA Associates Limited (“**Independent Valuer**”) appointed by the Company (“**Independent Valuation**”). The purchase consideration for the Sale Shares will be equivalent to the Independent Valuation.

The purchase consideration for the Proposed Acquisition shall be satisfied in full by the allotment and issuance of new ordinary shares (“**Consideration Shares**”) in the issued and paid-up share capital of the Company (“**Shares**”). The Company would also undertake a proposed share consolidation of every twenty (20) existing ordinary shares in the capital of the Company held by shareholders of the Company (“**Shareholders**”) into one (1) consolidated ordinary share at a books closure date to be determined (“**Proposed Share Consolidation**”). The Consideration Shares will be issued at a pre-consolidation issue price of S\$0.03 (“**Pre-Consolidation Issue Price**”) for each Share to the Vendors or after adjusting for the Proposed Share Consolidation, at an issue price of S\$0.60 (“**Post-Consolidation Issue Price**”).

APPENDIX A: LETTER FROM RHT CAPITAL PTE. LTD. TO THE UNAFFECTED DIRECTORS OF TSH CORPORATION LIMITED

On 23 November 2018, the Company announced, *inter alia*, that:

- (i) it had, on 22 November 2018, entered into a supplemental agreement to the SPA (“**Supplemental Agreement**”) with the Vendors to include as a condition precedent for the Completion of the Proposed Acquisition the waiver by the relevant Vendors of a shareholders’ loan of S\$1,186,613.62 granted to the Target Company and a shareholders’ loan of S\$265,491.83 granted to The Other Room; and
- (ii) based on the Independent Valuation dated 22 November 2018 commissioned by the Company and carried out by the Independent Valuer, the purchase consideration for the Proposed Acquisition shall be S\$19.4 million (“**Purchase Consideration**”).

Accordingly, a total of 646,666,666 Consideration Shares on a pre-consolidation basis (or 32,333,333 Consideration Shares on a post-consolidation basis) would be issued to the Vendors in the following proportion below, pursuant to the shareholdings held by the Vendors in the Target Company:

Vendors	Purchase Consideration (\$'000)	No. of Consideration Shares (pre-consol)	No. of Consideration Shares (post-consol)	Percentage (%)
Mr Teo Kok Woon	14,997	499,887,592	24,994,380	77.3
Mr Chua Khoon Hui	3,900	130,004,323	6,500,216	20.1
Mr Lim Kian Boon Charles	503	16,774,751	838,737	2.6
Total	19,400	646,666,666	32,333,333	100.0

As at the Latest Practicable Date, the Company has an issued share capital comprising a total number of 240,443,565 Shares (or 12,022,178 Shares on a post-consolidation basis). Following the Completion of the Proposed Share Consolidation and the issuance of Consideration Shares to the Vendors, the Company would have an enlarged issued share capital comprising of 44,355,511 Shares (or 887,110,231 Shares on a pre-consolidation basis).

The Proposed Acquisition, if undertaken and completed, would be deemed as a reverse takeover (“**RTO**”) by the Full Sponsor, as defined in Chapter 10 of the Catalist Rules.

Mr Teo Kok Woon, who is one of the Vendors of the Sale Shares, is also a Non-Executive Non-Independent Director and an existing controlling shareholder of the Company, having a deemed interest in an aggregate of 68,250,728 Shares on a pre-consolidation basis (or 3,412,536 Shares on a post-consolidation basis), representing 28.4% of the issued Shares, with 60,567,262 Shares on a pre-consolidation basis (or 3,028,363 Shares on a post-consolidation basis) held via Cockpit International Pte. Ltd. (“**Cockpit International**”) and the remaining 7,683,466 Shares on a pre-consolidation basis (or 384,173 Shares on a post-consolidation basis) held through UOB Kay Hian Private Limited. Cockpit International is a wholly-owned subsidiary of Goodearth Realty Private Limited (“**Goodearth Realty**”) and the shareholders of Goodearth Realty include Mr Teo Kok Woon who holds 48.3% shareholding interest in Goodearth Realty and his mother, Madam Yeo Gek Lang Susie, who holds the remaining 51.7% shareholding interest in Goodearth Realty.

Accordingly, Mr Teo Kok Woon is deemed as an interested person (“**Interested Person**”) and the Proposed Acquisition is deemed to be an “interested person transaction” under Chapter 9 of the Catalist Rules (“**Interested Person Transaction**”).

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As the value of the Consideration Shares to be issued to Mr Teo Kok Woon for his portion of the Sale Shares is envisaged to exceed 5.0% of the Company's audited net tangible assets ("**NTA**") for the latest audited financial year, the Proposed Acquisition will be subjected to the approval of Shareholders who are independent of the Vendors ("**Independent Shareholders**") at an extraordinary general meeting ("**EGM**") of the Company to be convened.

In obtaining such approval, pursuant to Rule 919 of the Catalyst Rules, the Interested Person and their associates are required to abstain from voting on the resolution approving the Interested Person Transaction. An independent financial adviser ("**IFA**") is to be appointed to advise the directors of the Company who are deemed independent for the purposes of the Proposed Acquisition ("**Independent Directors**") on the Proposed Acquisition.

In addition, as the relative figures under Rules 1006(c) and 1006(d) exceed 100.0% of the bases as set out in Chapter 10 of the Catalyst Rules, the Proposed Acquisition is classified as a RTO by the Full Sponsor. As such, the Proposed Acquisition will also be subjected to Shareholders' approval at the same EGM above to be convened.

Pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**"), except with the consent of the Securities Industry Council ("**SIC**"), where (a) any person who acquires whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights in the Company; or (b) any person who together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights in the Company and such person, or any person acting in concert with him, acquires in any period of six (6) months, additional Shares carrying more than 1.0% voting rights ("**Mandatory Offer Threshold**"), he is required to make a mandatory general offer for all the Shares in the Company which he does not already own or control ("**Mandatory Offer**").

The SIC had on 5 December 2018 informed that it regards Mr Teo Kok Woon and Mr Chua Khoon Hui as concert parties with respect to the Company. For the avoidance of doubt, Mr Lim Kian Boon Charles is not regarded as a concert party with respect to the Company. As the Purchase Consideration for the Proposed Acquisition is to be satisfied in full by the allotment and issuance of the Consideration Shares, Mr Teo Kok Woon's and Mr Chua Khoon Hui's aggregate shareholding interest in the Company is envisaged to cross the Mandatory Offer Threshold, which would trigger an obligation by Mr Teo Kok Woon and Mr Chua Khoon Hui to make a Mandatory Offer under the Takeover Code for all the remaining Shares of the Company in issue not already owned or controlled by them and their concert parties, including Cockpit International, Goodearth Realty and Madam Yeo Gek Lang Susie, or agreed to be acquired by them arising from the allotment and issuance of the Consideration Shares.

Accordingly, the Company had sought and obtained from the SIC, a waiver of the obligation of Mr Teo Kok Woon and Mr Chua Khoon Hui to make a Mandatory Offer under the Code for all the Shares not owned or controlled by them and their concert parties as a result of the Proposed Acquisition ("**Whitewash Waiver**"), and the Company will be seeking the approval of shareholders who are independent of Mr Teo Kok Woon and Mr Chua Khoon Hui for the proposed whitewash resolution of the waiver of these Shareholders' rights to receive a Mandatory Offer ("**Proposed Whitewash Resolution**") at the same EGM to be convened. As Mr Lim Kian Boon Charles does not own any Shares as at the Latest Practicable Date, Shareholders who are independent of the Vendors for the purposes of the Proposed Acquisition and Shareholders who are independent of Mr Teo Kok Woon and Mr Chua Khoon Hui for the purposes of the Proposed Whitewash Resolution are the same set of Shareholders. For ease of reference, they are similarly defined as "**Independent Shareholders**" in this letter ("**Letter**").

The SIC's approval for the Whitewash Waiver is subject to the satisfaction of certain conditions as set out in Section 6 of the Circular, including, *inter alia*, (i) the approval of the Proposed Whitewash Resolution by majority of the Independent Shareholders voting by way of a poll to waive their rights to receive the Mandatory Offer from Mr Teo Kok Woon and Mr Chua Khoon Hui at the EGM; and (ii) the appointment of an IFA to advise the Independent Shareholders on the Proposed Whitewash Resolution.

APPENDIX A: LETTER FROM RHT CAPITAL PTE. LTD. TO THE UNAFFECTED DIRECTORS OF TSH CORPORATION LIMITED

Accordingly, RHT Capital Pte. Ltd. (“RHTC”) has been appointed by the Company as the IFA to the Independent Directors to provide an opinion on whether:

- (i) the Proposed Acquisition, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders; and
- (ii) the Proposed Whitewash Resolution, when considered in the context of the Proposed Acquisition, is fair and reasonable, and is not prejudicial to the interests of Independent Shareholders.

Save for Mr Teo Kok Woon, who will abstain from making any recommendations as a Director of the Company on the Proposed Acquisition as an Interested Person Transaction or on the Proposed Whitewash Resolution, the remaining Directors, namely, Dr Yu Lai Boon and Mr Tan Dah Ching, are the Independent Directors and will be making a recommendation on the relevant resolutions in relation to the Proposed Acquisition and the Proposed Whitewash Resolution.

This Letter is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and recommendation on the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution. This Letter forms part of the Circular to Shareholders which provides, *inter alia*, the details of the Proposed Acquisition and the Proposed Whitewash Resolution and the recommendations of the Independent Directors thereon.

The passing of the ordinary resolutions for the Proposed Acquisition and the Proposed Whitewash Resolution are inter-conditional upon each other. If either of these resolutions is not passed, the Company will not proceed with the Proposed Acquisition.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors in respect of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution. The purpose of this Letter is to provide an independent opinion on, whether:

- (i) the Proposed Acquisition, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders; and
- (ii) the Proposed Whitewash Resolution, when considered in the context of the Proposed Acquisition, is fair and reasonable, and is not prejudicial to the interests of Independent Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition and the Proposed Whitewash Resolution nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Acquisition and the Proposed Whitewash Resolution. We do not, by this Letter, warrant the merits of the Proposed Acquisition and/or the Proposed Whitewash Resolution, other than to form an opinion on the Proposed Acquisition as an Interested Person Transaction for the purposes of Chapter 9 of the Catalist Rules and express an opinion on the Proposed Whitewash Resolution.

APPENDIX A: LETTER FROM RHT CAPITAL PTE. LTD. TO THE UNAFFECTED DIRECTORS OF TSH CORPORATION LIMITED

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

In the course of our evaluation, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company and/or the Target Group. We have also relied on information provided and representations made by the Directors, Management and the Company’s advisers, including but not limited to its solicitors and/or auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the accuracy and reliability of the information.

We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular which relate to the Proposed Acquisition, the Proposed Whitewash Resolution, the Company and the Target Group are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the terms of the Proposed Acquisition and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company and/or the Target Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Target Group in connection with our opinion in this Letter.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Target Group (including without limitation, property, plant and equipment). We have, however, been furnished with valuation reports dated 22 November 2018 (“**Valuation Reports**”) setting out:

- (i) the Independent Valuation of the Target Group as at 30 June 2018 (“**Valuation Date**”); and
- (ii) a valuation of the whisky inventory held for sale as collector’s items (“**Collector’s Whisky Stock**”) held by Planet Spirits (“**Whisky Stock Valuation**”) as at the Valuation Date,

prepared by AVA Associates Limited, being the Independent Valuer appointed by the Company for the purposes of the Proposed Acquisition, on which we have placed sole reliance on for such valuation. The Valuation Reports are set out in Appendix E to the Circular.

We are not experts in the evaluation or appraisal of the assets concerned and we have made reference to Valuation Reports for such assets appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuations contained in the Valuation Reports or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements.

APPENDIX A: LETTER FROM RHT CAPITAL PTE. LTD. TO THE UNAFFECTED DIRECTORS OF TSH CORPORATION LIMITED

We will be relying on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company and/or the Target Group. We have not relied on any financial projections or forecasts in respect of the Company and/or the Target Group for the purpose of our evaluation of the Proposed Acquisition and/or the Proposed Whitewash Resolution.

Our opinion as set out in this Letter is based upon the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of 17 December 2018 ("**Latest Practicable Date**"). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Proposed Acquisition and/or the Proposed Whitewash Resolution which may be released by the Company after the Latest Practicable Date.

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

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

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders' resolution in relation to the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution at any time and in any manner without the prior written consent of RHTC in each specific case.

This Letter sets out, *inter alia*, our opinion on whether: (i) the Proposed Acquisition, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders; and (ii) the Proposed Whitewash Resolution, when considered in the context of the Proposed Acquisition, is fair and reasonable, and is not prejudicial to the interests of Independent Shareholders, and should be considered in the context of the entirety of this Letter and the Circular.

APPENDIX A: LETTER FROM RHT CAPITAL PTE. LTD. TO THE UNAFFECTED DIRECTORS OF TSH CORPORATION LIMITED

3. INFORMATION ON THE COMPANY

The Company was formerly known as TPA Strategic Holdings Limited (“**TPA**”) and was listed on SESDAQ of the SGX-ST in December 2000. TPA was an aviation product and services provider in Asia. On 20 February 2006, TPA entered into an agreement to dispose of certain subsidiaries and associated company, which was completed on 17 May 2006. Subsequently on 11 August 2006, the Company changed its name from TPA Strategic Holdings Limited to TSH Corporation Limited and became involved mainly in the business of provision of homeland security services and consumer electronic products.

On 25 August 2016, the Company completed the disposal of its freehold industrial land and building for a consideration of S\$16.1 million. On 31 August 2016, the Company announced that it had completed the disposal of Wow Technologies (Singapore) Pte. Ltd. and its subsidiaries, and Explomo Technical Services Pte Ltd. Following which, the Company had ceased to have any operating business and its assets comprised substantially cash. Accordingly, with effect from 31 August 2016, the Company was deemed as a cash company under the Catalist Rules of the SGX-ST.

On 21 August 2017, the Company announced that it had entered into a non-binding term sheet with Racecourse Road Properties Pty Ltd, Fifth Avenue Lifestyle Pty Ltd, Tambusu Pty Ltd and Stanley Street Projects Pty Ltd for the proposed acquisition of 100.0% of the rights and interests of four (4) freehold commercial properties located in Brisbane, Australia (“**Brisbane Properties Acquisition**”). Following which, the Company announced on 25 August 2017 that it had made an application to the SGX-ST to seek for an extension of time under Rule 1017(2) of the Catalist Rules to meet the requirements for a new listing. On 31 August 2017, the SGX-ST granted the Company an extension of three (3) months to comply with Rule 1017(2) of the Catalist Rules.

The Company further announced on 17 November 2017 that it had, on the same day, submitted an application to the SGX-ST to seek for a further extension of time to comply with Rule 1017(2) of the Catalist Rules to meet the requirements for a new listing. The Company subsequently announced on 20 November 2017 that it had entered into a supplemental agreement in respect of the Brisbane Properties Acquisition, pursuant to which the Company was granted an extension of time to enter into a definitive agreement in respect of the Brisbane Properties Acquisition by 28 February 2018. On 30 November 2017, the SGX-ST granted the Company a further extension of three (3) months to comply with Rule 1017(2) of the Catalist Rules.

Subsequently, the Company announced on 28 February 2018 that as it was unable to finalise and enter into a definitive agreement in respect of the Brisbane Properties Acquisition and the term sheet in respect of the Brisbane Properties Acquisition had ceased on 28 February 2018. The Company also announced on the same date that it had entered into a non-binding memorandum of understanding for the proposed acquisition of the Target Group and submitted an application to the SGX-ST to seek a third extension of time under Rule 1017(2) of the Catalist Rules for the Company to complete the Proposed Acquisition by 28 February 2019 to meet the requirements for a new listing. The SGX-ST granted the application for a third extension of time on 14 March 2018 and granted the Company a 6-month extension to enter into a definitive agreement for the Proposed Acquisition by 31 August 2018.

As set out in the Announcement, the Company had entered into the SPA for the Proposed Acquisition on 31 August 2018 and had announced that further to the execution of the SPA on 31 August 2018, the Company would be submitting an application to the SGX-ST to seek a further extension of time to complete the Proposed Acquisition by 28 February 2019 to meet the requirements for a new listing. The SGX-ST had advised on 20 September 2018 that it has no objection in granting the Company a 6-month further time extension to complete the Proposed Acquisition and exit from the cash company status by 28 February 2019.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 240,443,565 Shares. Based on the last transacted Share price of S\$0.014 and the outstanding Shares as at the Latest Practicable Date, the market capitalisation of the Company was approximately S\$3.4 million.

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3.1 Financial performance and position of the Company

Financial performance of the Company

The financial performance of the Company for the financial year ("FY") ended 31 December 2015, FY2016 and FY2017 and the six-month period ("1H") ended 30 June 2017 and 1H2018 are presented in the table below:

(S\$'000)	← Audited →			← Unaudited →	
	FY2015	FY2016	FY2017	1H2017	1H2018
Continuing Operations					
Revenue	24,751	–	–	–	–
Cost of sales	(23,289)	–	–	–	–
Gross Profit	1,462	–	–	–	–
Other income	538	548	58	31	27
General and administrative expenses	(2,201)	(1,625)	(611)	(208)	(218)
Selling and marketing expenses	(624)	(99)	–	–	–
Finance costs	(166)	(222)	(12)	–	–
Other operating income / (expenses)	792	(900)	1	1	–
(Loss) before exceptional items and taxation from continuing operations	(200) ⁽¹⁾	(2,297) ⁽¹⁾	(565) ⁽¹⁾	(176)	(191)
Exceptional items	(6,864)	7,184	–	–	–
(Loss) / profit before taxation from continuing operations	(7,064) ⁽¹⁾	4,887 ⁽¹⁾	(565) ⁽¹⁾	(176)	(191)
(Taxation) / tax credit	726	(868)	–	–	–
(Loss) / profit from continuing operations, net of tax	(6,338) ⁽¹⁾	4,019 ⁽¹⁾	(565) ⁽¹⁾	(176)	(191)
Discontinued Operations					
(Loss) / profit from discontinued operations, net of tax	39	(164)	–	–	–
(Loss) / profit for the year	(6,299)⁽¹⁾	3,855⁽¹⁾	(565)⁽¹⁾	(176)	(191)

Sources: Audited financial statements of the Company for FY2015, FY2016 and FY2017, and unaudited financial statements of the Company for 1H2017 and 1H2018

Note:

(1) Does not add up due to rounding.

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Review of operating results

FY2015 vs FY2016

Following the disposal of all the Company's operating subsidiaries in FY2016, there were no revenue and gross profit generated in FY2016.

General and administrative expenses decreased by S\$0.6 million or approximately 26.2% from S\$2.2 million in FY2015 to S\$1.6 million in FY2016 mainly due to the absence of expenses incurred by the operating subsidiaries which were disposed of during FY2016.

Similarly, selling and marketing expenses decreased by S\$0.5 million or approximately 84.1% from S\$0.6 million in FY2015 to S\$0.1 million in FY2016 due to the absence of expenses incurred by the operating subsidiaries which were disposed of during FY2016.

The Company reported a profit after taxation from continuing operations of S\$4.0 million in FY2016 despite the loss before exceptional items and taxation of S\$2.3 million due to the gain on disposal recognised as an exceptional item.

The exceptional items of S\$6.9 million in FY2015 were related mainly to:

- (i) the fair value loss on a held for trading financial asset of approximately S\$4.6 million which was marked to market value;
- (ii) loss on disposal of a property held for development of approximately S\$2.0 million which was sold without any development progress; and
- (iii) impairment of approximately S\$0.5 million of an available-for-sale financial asset (the equity investment in Unilink Development Limited ("**Unilink**"), a private company incorporated in Hong Kong), after marking down the carrying value to its possible recoverable value.

The loss after taxation from discontinued operations of S\$0.2 million in FY2016 comprised the impairment of goodwill and plant and equipment amounting to S\$2.1 million, offset by the net gain on disposal of S\$0.8 million and operating profit S\$1.1 million generated by the operating subsidiaries prior to their disposals.

FY2016 vs FY2017

Following completion of the disposal of all the Company's operating subsidiaries on 31 August 2016, the Company is deemed as a cash company under Rule 1017 of the Catalist Rules and generated no revenue.

Other income of S\$0.1 million in FY2017 was a result of a net gain on disposal of the Company's investment in unquoted shares of Unilink, a private company incorporated in Hong Kong.

The loss of S\$0.6 million in FY2017 was due mainly to general and administrative expenses and professional fees incurred for the Brisbane Properties Acquisition.

1H2017 vs 1H2018

Other income generated from 1H2017 and 1H2018 was a result of net gains on disposal recognised following the Company's disposal of its investment in unquoted shares of Unilink.

The losses of S\$0.2 million in 1H2017 and 1H2018 was due mainly to general and administrative expenses and professional fees incurred for the Brisbane Properties Acquisition and Proposed Acquisition respectively.

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Financial position of the Company

The financial position of the Company as at 30 June 2018 is as follows:

(S\$'000)	Unaudited
	As at 30 June 2018
Assets held for sale	-
Other receivables	20
Restricted deposit	4,279
Cash and bank balances	1,393
Total assets	5,692
Trade and other payables	245
Total liabilities	245
Share capital	259
Revenue reserve	5,188
Total equity	5,447

Source: Results announcement of the Company for 1H2018

Review of financial position

The assets of the Company as at 30 June 2018 comprised mainly restricted deposit of S\$4.3 million and cash and bank balances of S\$1.4 million, representing 75.2% and 24.5% of the total assets respectively.

The liabilities of the Company as at 30 June 2018 comprised only trade and other payables amounting to S\$0.2 million. The trade payables are non-interest bearing and the other payables due to a third party is unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

As at 30 June 2018, the NTA of the Company amounted to approximately S\$5.4 million.

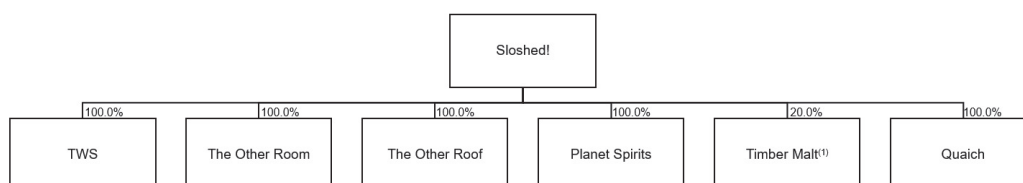
We wish to highlight to the Independent Directors that the above analysis is only for illustrative purposes and is not meant to be an indication of, or comment on the future profitability, growth prospects, financial positions and working capital sufficiency of the Company.

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4. INFORMATION ON THE TARGET GROUP

As mentioned in Paragraph 1 above, the Target Group is in the business of operating a multi-concept chain of pubs and bars and the import and distribution of spirits, wines and liquors, specialising in single malt Scotch whisky from boutique distilleries in Scotland.

Upon completion of the Restructuring Exercise, the group structure of the Target Group will be as follows:



Note:

- (1) The issued and paid-up share capital of Timber Malt is owned by Sloshed!, Wood & Wood Flooring Pte. Ltd., Thanit Apipatana, Hein Yan Lin and Krirk-Kij Pengphol in equal shares. Wood & Wood Flooring Pte. Ltd., Thanit Apipatana, Hein Yan Lin and Krirk-Kij Pengphol are unrelated third parties of the Target Group or the Company.

As at the Latest Practicable Date, the Target Group operates two whisky bars cum retail stores under the brand name “Quaich Bar”, a cocktail bar under the brand name “The Other Room”, a rooftop café bar under the brand name “The Other Roof” and a whisky-themed café under the brand name “The Copper Plate” in Singapore. The pubs and bars operated by the Target Group are as follows:

Name of outlet	Location	Concept	Opening Date
Quaich Bar	390A Havelock Road #01-09/10 Waterfront Plaza Singapore 169664	Whisky bar specialising in specialty single malt Scotch whisky	August 2007
Quaich Bar	30 Beach Road #01-16 South Beach Avenue Singapore 189763	Whisky bar specialising in specialty single malt Scotch whisky	September 2016
The Other Room	320 Orchard Road #01-05 Singapore Marriott Tang Plaza Hotel Singapore 238865	Speakeasy cocktail bar offering cask-finished spirits and cocktails	June 2016
The Other Roof	28 Ann Siang Road #04-01 Ann Siang House Singapore 069708	Rooftop café bar, specialising in tea spirits and tea-based cocktails	October 2018
The Copper Plate	167 Penang Road #01-01/02/03 Winsland House II Singapore 238462	Whisky-themed café bar	November 2018

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In addition to operating the above outlets, the Target Group imports a wide range of whisky, and apart from distributing to its own outlets, it also distributes these products to other pubs and bars, country clubs, hotels, restaurants, and corporate and individual consumers who purchase the products in bulk. The Target Group also purchases whisky in casks for bottling for sale to retail customers or for bulk sales. It also offers sourcing services to customers who are looking to acquire whisky from a particular label and of a specific maturity that might not be included in the Target Group's product portfolio and/or not readily available in the market.

Further information on the Target Group, including its history, business overview and key information can be found in Section 10 of the Circular.

4.1 Financial performance and position of the Target Group

The financial performance of the Target Group for FY2015, FY2016 and FY2017 and 1H2017 and 1H2018 are presented in the table below:

(S\$'000)	← Audited →			← Unaudited →	
	FY2015	FY2016	FY2017	1H2017	1H2018
Revenue	1,978	2,608	5,104	2,362	3,345
Cost of Sales	(828)	(986)	(1,436)	(936)	(1,157)
Gross Profit	1,150	1,622	3,668	1,426	2,188
Other income	66	64	251	141	118
Marketing and distribution expenses	(57)	(120)	(73)	(22)	(28)
Administrative expenses	(859)	(1,652)	(2,385)	(1,111)	(1,346)
Other expenses	(105)	(176)	(256)	(122)	(167)
Interest expense on borrowings	(1)	(15)	(15)	(7)	(2)
Share of results of associate	(5)	(4)	11	11	(2)
Profit / (loss) before tax	189	(281)	1,201	316	761
Income tax (expense) / benefit	(17)	74	(136)	(36)	(88)
Profit / (loss) for the year attributable to owners of the company	172	(207)	1,065	280	673

Sources: Audited combined financial statements of the Target Group for FY2015, FY2016 and FY2017, and the unaudited combined financial statements of the Target Group for 1H2018

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Review of operating results

FY2015 vs FY2016

Revenue increased by S\$0.6 million or approximately 31.9% from S\$2.0 million in FY2015 to S\$2.6 million in FY2016 mainly due to increased revenue generated from the opening of two new outlets “The Other Room” at Marriot Tang Plaza Hotel and “Quaich Bar” at South Beach Avenue which were opened in June 2016 and September 2016 respectively.

Cost of sales increased by S\$0.2 million or approximately 19.1% from S\$0.8 million in FY2015 to S\$1.0 million in FY2016 in tandem with the increase in revenue.

Other income comprised mainly commission income, sponsorship income, government grants received and net foreign exchange gain.

The increase in marketing and distribution expenses from FY2015 to FY2016 was mainly due to increased advertising and marketing expenses incurred for the launching promotion of two new outlets which commenced operations in FY2016.

Administrative expenses increased by S\$0.8 million or approximately 92.3% from S\$0.9 million in FY2015 to S\$1.7 million in FY2016 mainly due to increased staff costs arising from the increased number of staff employed and increased rental costs as a result of the opening of the two new outlets which commenced operations in FY2016.

Other expenses increased by S\$0.1 million or approximately 67.6% from S\$0.1 million in FY2015 to S\$0.2 million in FY2016 due to the increase in depreciation of plant and equipment attributed mainly to the two new outlets which commenced operations in FY2016, offset by the absence of an impairment of investment in an associate in FY2015.

Interest expense on borrowings increased as a result of increase in borrowings.

As a result of the above factors, the Target Group incurred a loss after tax of S\$0.2 million in FY2016, as compared to a profit after tax of S\$0.2 million in FY2015.

FY2016 vs FY2017

Revenue increased by S\$2.5 million or approximately 95.7% from S\$2.6 million in FY2016 to S\$5.1 million in FY2017 mainly due to the full year contributions of revenue generated from the two new outlets which had commenced operations only in the middle of FY2016.

Cost of sales increased by S\$0.4 million or approximately 45.6% from S\$1.0 million in FY2016 to S\$1.4 million in FY2017 in tandem with the increase in revenue.

Other income increased by S\$0.2 million from S\$0.1 million in FY2016 to S\$0.3 million in FY2017 due to an increase in commission income and net foreign exchange gain, partially offset by a reduction in sponsorship income.

The decrease in marketing and distribution expenses from FY2016 to FY2017 was mainly due to a reduction in advertising and marketing expenses for the two new outlets which commenced operations in FY2016.

Administrative expenses increased by S\$0.7 million or approximately 44.4% from S\$1.7 million in FY2016 to S\$2.4 million in FY2017 mainly due to increase in employee benefits expenses, rental expenses and other expenses attributed mainly to full year operations of the two outlets that commenced operations in FY2016.

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Other expenses increased by S\$0.1 million or approximately 45.5% from S\$0.2 million in FY2016 to S\$0.3 million in FY2017 due to the increase in depreciation of plant and equipment at the two outlets which commenced operations in FY2016, offset by the absence of plant and equipment written off in FY2016.

Interest expense on borrowings had decreased marginally as a result of decrease in borrowings in FY2017.

As a result of the above factors, the Target Group reversed the loss after tax of S\$0.2 million in FY2016 to a profit after tax of S\$1.1 million in FY2017.

1H2017 vs 1H2018

Revenue increased by S\$0.9 million or approximately 41.6% from S\$2.4 million in 1H2017 to S\$3.3 million in 1H2018 mainly due to the increase in customers patronising the Target Group's outlets.

Cost of sales increased by S\$0.3 million or approximately 23.6% from S\$0.9 million in 1H2017 to S\$1.2 million in 1H2018 in tandem with the increase in revenue.

Marketing and distribution expenses increased from 1H2017 to 1H2018 in tandem with the increase in revenue.

Administrative expenses increased by S\$0.2 million or approximately 21.2% from S\$1.1 million in 1H2017 to S\$1.3 million in 1H2018 increase in employee benefits expenses, rental expenses and other expenses attributed mainly to increased business activities.

Other expenses increased from 1H2017 to 1H2018 mainly due to professional fees incurred in relation to the Proposed Acquisition.

Interest expense on borrowings had decreased marginally as a result of decreased borrowings in 1H2018.

As a result of the above factors, the profit after tax increased by S\$0.4 million or approximately 140.7% from S\$0.3 million in 1H2017 to S\$0.7 million in 1H2018.

Please refer to Section 16 of the Circular for further details on the Management's discussion and analysis of the results of operations and financial condition of the Target Group.

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Financial position of the Target Group

The financial position of the Target Group as at 30 June 2018 is as follows:

(S\$'000)	Unaudited As at 30 June 2018
Plant and equipment	511
Other receivables	192
Investment in an associate	5
Deferred tax assets	31
Total non-current assets	739
Inventories	2,596
Trade and other receivables	574
Cash and cash equivalents	1,010
Total current assets	4,180
Total assets	4,919
Borrowings	50
Trade and other payables	2,203
Income tax payable	157
Total current liabilities	2,410
Provision for restoration costs	56
Deferred tax liabilities	15
Total non-current liabilities	71
Share capital	1
Foreign currency translation reserve	6
Retained earnings	2,431
Total equity	2,438
Total equity and liabilities	4,919
NTA as at 30 June 2018 (S\$'000)	2,438
Purchase Consideration (S\$'000)	19,400
Price-to-NTA ("P/NTA") ratio	8.0

Source: Unaudited combined financial statements of the Target Group for 1H2018

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Review of financial position

As at 30 June 2018

The assets of the Target Group as at 30 June 2018 comprised mainly: (i) inventories of S\$2.6 million; (ii) cash and cash equivalents of S\$1.0 million; and (iii) trade and other receivables of S\$0.6 million, representing 52.8%, 20.5% and 11.7% of the total assets respectively.

The inventories comprised mainly single malt Scotch whisky and other alcoholic beverages which are recognised at the lower of cost and net realisable value. The Collector's Whisky Stock of the Target Group is accounted for as inventories of the Target Group.

Trade and other receivables comprised mainly trade debtors, advances to suppliers and deposits for down payment paid for renovation works in connection with the setting up of a new establishment.

Trade receivables are unsecured, non-interest bearing and are generally on 1 to 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Amounts due from director-related companies and an associate are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

The liabilities of the Target Group as at 30 June 2018 comprised mainly trade and other payables of S\$2.2 million, representing 88.8% of the total liabilities. Trade and other payables comprised mainly trade payables, accrued operating expenses, GST payables and deferred revenue which related to advance payment from customers.

As at 30 June 2018, the NTA of the Target Group amounted to approximately S\$2.4 million.

We wish to highlight to the Independent Directors that the above analysis is only for illustrative purposes and is not meant to be an indication of, or comment on the Target Group's future profitability, growth prospects, financial positions and working capital sufficiency.

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5. INFORMATION ON THE PROPOSED ACQUISITION

5.1 Purchase Consideration

According to the terms of the SPA, the Purchase Consideration for the Sale Shares was first adjudged to be S\$18.8 million. However, the final consideration payable by the Company is based on the Independent Valuation of the Target Group as conducted by the Independent Valuer and the Purchase Consideration will be equivalent to the Independent Valuation.

Following the Independent Valuation conducted by the Independent Valuer, the Independent Valuer had valued the Target Group to be S\$19.4 million. Accordingly, the Purchase Consideration is S\$19.4 million, to be satisfied entirely by the issuance and allotment of 646,666,666 Consideration Shares on a pre-consolidation basis (or 32,333,333 Consideration Shares on a post-consolidation basis) to the Vendors at the Pre-Consolidation Issue Price of S\$0.03 for each Consideration Share. The Post-Consolidation Issue Price of S\$0.60 was arrived at after adjusting the Pre-Consolidation Issue Price of S\$0.03 per Consideration Share for the Proposed Share Consolidation.

The Consideration Shares, when issued and allotted, shall rank *pari passu* in all respects with the existing Shares. The Pre-Consolidation Issue Price of S\$0.03 per Consideration Share represents a premium of approximately 57.9% to the volume weighted average market price of S\$0.019 for each Share based on trades done on the SGX-ST on 23 August 2018, being the preceding market day during which the Shares were traded prior to the date of the SPA.

5.2 Conditions Precedent

The Completion is subject on the following conditions precedent, which has been set out in Section 2.5 of the Circular and is extracted and produced in italics below:

“2.5 Conditions precedent

Completion of the Proposed Acquisition shall be conditional upon, inter alia, the following conditions having been fulfilled or waived in writing:

- (a) the approval of the Board being obtained for the Proposed Acquisition and the transactions contemplated in the SPA;*
- (b) the completion of a due diligence exercise over the status, business, affairs, operations, condition and records of the Target Group and the results of the due diligence exercise being satisfactory to the Company in its sole and absolute discretion;*
- (c) the Vendors supplying, or procuring the Target Group or their employees, officers, agents or representatives to supply to the Company, all of the information (in such detail as may be satisfactory to the Company) requested by the Company from time to time in connection with the due diligence exercise referred to in paragraph (b) above before the Completion Date;*
- (d) the approval for the Proposed Acquisition as a very substantial acquisition or reverse takeover being granted by the SGX-ST and any other relevant authorities, and where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Vendors;*
- (e) the listing and quotation notice being obtained from the SGX-ST for the listing and quotation of the Consideration Shares on Catalist and not having been revoked or amended, and where such notice is subject to conditions which are required to be fulfilled on or before the Completion Date, they are so fulfilled;*

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- (f) *the SIC having granted the Vendors and their concert parties (if applicable) a waiver of their obligations to make a mandatory general offer (in accordance with the Code) for all the ordinary shares in the capital of the Company in issue not already owned, controlled or agreed to be acquired by the Vendors and their concert parties (if any) as a result of the allotment and issue of the Consideration Shares to the Vendors pursuant to Completion, subject to the approval by way of a poll by a majority of the Independent Shareholders of the Company present and voting at a general meeting of the Company to waive their rights to receive such mandatory general offer from the Vendors and their concert parties (the "Whitewash Waiver"), and where such waiver is subject to other conditions, such conditions being reasonably acceptable to the Company and the Vendors and their concert parties;*
- (g) *the IFA being of the opinion that (i) the purchase of the Sale Shares by the Company from Teo Kok Woon as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders, and (ii) the Whitewash Waiver is not prejudicial to the interests of the Shareholders other than the Vendors and their concert parties;*
- (h) *the approval of the Shareholders being obtained at the EGM for the Proposed Acquisition, the Proposed Whitewash Resolution, the Proposed Share Consolidation and the transactions contemplated in the SPA or otherwise required in connection with the Proposed Acquisition as a very substantial acquisition or reverse takeover;*
- (i) *the completion of the Restructuring Exercise;*
- (j) *there being no delisting of the existing shares of the Company from Catalist prior to the Completion Date;*
- (k) *all other consents and approvals required under any and all applicable laws for the Proposed Acquisition and to give effect to the transactions contemplated under the SPA (including, without limitation, such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which any of the Vendors is a party or by which any of the Vendors or their respective assets are bound) being obtained and where any consent or approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion; and*
- (l) *the shareholders' loan of S\$1,186,614 granted to Sloshed! and the shareholder's loan of S\$265,492 granted to The Other Room having been waived by the relevant Vendors.*

If any of the conditions precedent is not fulfilled or waived by mutual consent of the parties on or before Completion Date or such other date as the Company and the Vendors shall mutually agree in writing, the SPA shall, ipso facto, cease and determine and neither party shall have any claim against the other party for costs, damages, compensation or otherwise, save for any claim arising from an antecedent breach of the terms of the SPA. The Company will make an immediate announcement upon the fulfilment of the above conditions and if any condition is waived, as well as in the event that the SPA is terminated.

Completion is to take place on the date falling seven Business Days after all the conditions precedent set out above have been fulfilled (or if not fulfilled, are waived by the Company or the Vendors in accordance with the SPA) but in any event, no later than 28 February 2019 or such other date as the Company and the Vendors may agree in writing.

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The SIC had on 5 December 2018 informed that it regards Teo Kok Woon and Chua Khoon Hui as concert parties with respect to the Company and granted to Teo Kok Woon and Chua Khoon Hui a waiver of the obligation under Rule 14 of the Code to make a general offer for the Company as a result of the issue of the Consideration Shares to Teo Kok Woon and Chua Khoon Hui under the Proposed Acquisition, subject to certain conditions. Please see the section entitled “Conditional Waiver of the Mandatory General Offer Requirement by the SIC” of this Circular for more information on the conditions set out by the SIC in relation to such waiver.”

As at the Latest Practicable Date, all the above conditions precedent pursuant to the SPA has been met, save and except for the condition requiring approval of the majority of Independent Shareholders at the EGM to be convened for the Proposed Acquisition and the Proposed Whitewash Resolution.

5.3 Other salient terms

We note from Section 2.7 of the Circular that, Mr Lye Chee Fei Anthony (“**Undertaking Shareholder**”) a shareholder who holds direct and deemed interests in an aggregate of 39,928,800 Shares on a pre-consolidation basis (or 1,996,440 Shares on a post-consolidation basis), representing approximately 16.6% of the total issued Shares, has undertaken to the Company and the Full Sponsor that, *inter alia*, he shall, and he shall procure and ensure that his nominees shall vote in favour of all the resolutions proposed at the EGM to be convened with regards to the Proposed Acquisition.

In view that Mr Teo Kok Woon will be abstaining from voting on the resolutions in respect of the Proposed Acquisition, the Undertaking Shareholder’s shareholding interest in the Company will constitute 23.2% of the issued Shares held by Independent Shareholders.

6. THE PROPOSED WHITEWASH RESOLUTION

As set out in Paragraph 1 above, as at the Latest Practicable Date, Mr Teo Kok Woon is deemed interested in an aggregate of 68,250,728 Shares, representing approximately 28.4% of the total number of issued Shares. As at the Latest Practicable Date, Mr Chua Khoon Hui does not own any Shares in the Company.

Following completion of the Proposed Share Consolidation and the issuance of the Consideration Shares to the Vendors, it is envisaged that Mr Teo Kok Woon and Mr Chua Khoon Hui will hold direct and deemed interests in an aggregate of 34,907,132 Shares on a post-consolidation basis (equivalent to 698,142,640 Shares on a pre-consolidation basis), representing approximately 78.7% of the Company’s enlarged share capital.

Pursuant to the SIC’s ruling as set out in Paragraph 1 above, in view that Mr Teo Kok Woon and Mr Chua Khoon Hui are deemed as concert parties with respect to the Company, the above would cause Mr Teo Kok Woon’s and Mr Chua Khoon Hui’s shareholding to cross the Mandatory Offer Threshold, triggering an obligation by Mr Teo Kok Woon and Mr Chua Khoon Hui to make a Mandatory Offer under the Takeover Code for all the remaining Shares of the Company in issue not already owned or controlled by them and their concert parties or agreed to be acquired by them arising from the allotment and issuance of the Consideration Shares.

Accordingly, the Company had sought and obtained a Whitewash Waiver from the SIC to waive the obligation of Mr Teo Kok Woon and Mr Chua Khoon Hui to make a Mandatory Offer under the Code for all the Shares not owned or controlled by them and their concert parties as a result of the Proposed Acquisition.

The SIC had, on 5 December 2018, granted the Whitewash Waiver to Mr Teo Kok Woon and Mr Chua Khoon Hui, subject to the satisfaction of the following conditions:

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- (i) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Consideration Shares, a resolution by way of a poll to waive their rights to receive a general offer from Mr Teo Kok Woon and Mr Chua Khoon Hui;
- (ii) the Proposed Whitewash Resolution is separate from other resolutions;
- (iii) Mr Teo Kok Woon, Mr Chua Khoon Hui, parties acting in concert with them, as well as parties not independent of them or the Proposed Acquisition abstain from voting on the Proposed Whitewash Resolution;
- (iv) Mr Teo Kok Woon, Mr Chua Khoon Hui and their concert parties did not acquire or are not to acquire any shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):
 - (a) during the period between the Announcement of the Proposed Acquisition and the date Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (b) in the six (6) months prior to the Announcement of the Proposed Acquisition, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Acquisition;
- (v) the Company appoints an IFA to advise Independent Shareholders on the Proposed Whitewash Resolution;
- (vi) the Company sets out clearly in its Circular:
 - (a) details of the Proposed Acquisition, including the proposed issue of the Consideration Shares;
 - (b) the dilution effect to existing holders of voting rights of the Company upon the issue of the Consideration Shares;
 - (c) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by Mr Teo Kok Woon, Mr Chua Khoon Hui and their concert parties as at the Latest Practicable Date;
 - (d) the number and percentage of voting rights to be issued to Mr Teo Kok Woon and Mr Chua Khoon Hui as a result of the Proposed Acquisition;
 - (e) specific and prominent reference to the fact that the issue of the Consideration Shares will result in Mr Teo Kok Woon and Mr Chua Khoon Hui holding shares carrying over 49.0% of the voting rights of the Company and the fact that Mr Teo Kok Woon, Mr Chua Khoon Hui and their concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and
 - (f) specific and prominent reference to the fact that Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from Mr Teo Kok Woon and Mr Chua Khoon Hui at the highest price paid by Mr Teo Kok Woon, Mr Chua Khoon Hui and their concert parties for the Company's Shares in the past six (6) months preceding the commencement of the offer;
- (vii) the Circular states that the Whitewash Waiver granted by the SIC to Mr Teo Kok Woon, Mr Chua Khoon Hui from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated in sub-paragraphs (i) to (vi) above;

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- (viii) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and
- (ix) to rely on the Proposed Whitewash Resolution, the approval of the Proposed Whitewash Resolution must be obtained within three (3) months of the letter from the SIC on 5 December 2018 and the issue of the Consideration Shares to Mr Teo Kok Woon and Mr Chua Khoon Hui must be completed within three (3) months of the approval of the Proposed Whitewash Resolution.

As at the Latest Practicable Date, save and except for condition (i), all the above conditions imposed by the SIC have been satisfied.

In addition, we note that Mr Teo Kok Woon will abstain from making any recommendations on the Proposed Acquisition and the Proposed Whitewash Resolution to Independent Shareholders as a Director of the Company, as he is conflicted for both resolutions.

The Independent Shareholders are therefore asked to vote, on a poll, on the Proposed Whitewash Resolution set out as Ordinary Resolution 4 in the notice of EGM, included in the Circular.

The Independent Directors should advise the Independent Shareholders that:

- (a) **the issue of the Consideration Shares will result in Mr Teo Kok Woon and Mr Chua Khoon Hui holding Shares carrying over 49.0% of the voting rights of the Company and Mr Teo Kok Woon, Mr Chua Khoon Hui and their concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer;**
- (b) **by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer for their Shares from Mr Teo Kok Woon and Mr Chua Khoon Hui at the highest price paid by Mr Teo Kok Woon, Mr Chua Khoon Hui and their concert parties for the Shares in the six (6) months preceding the commencement of the offer; and**
- (c) **in the context of the Whitewash Waiver, the Proposed Acquisition is conditional upon them voting in favour of the Proposed Whitewash Resolution. In view of this, in the event that the Proposed Whitewash Resolution is not passed by the Independent Shareholders, the Proposed Acquisition will not take place.**

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7. EVALUATION OF THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION AND THE PROPOSED WHITEWASH RESOLUTION

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

- (i) Rationale for and benefit of the Proposed Acquisition;
- (ii) Independent Valuation of the Target Group and the Whisky Stock Valuation;
- (iii) Revalued net tangible asset (“**RNTA**”) of the Target Group;
- (iv) Financial assessment of the Purchase Consideration for the Proposed Acquisition;
- (v) Financial assessment of the Pre-Consolidation Issue Price of the Consideration Shares;
- (vi) Financial effects of the Proposed Acquisition;
- (vii) Dilution effect of the issuance of the Consideration Shares on the Independent Shareholders; and
- (viii) Other relevant considerations in relation to the Proposed Acquisition.

7.1 Rationale for and benefit of the Proposed Acquisition

The rationale for the Proposed Acquisition which has been set out in Section 2.3 of the Circular is extracted and reproduced in italics below:

“2.3 Rationale for and Benefit of the Proposed Acquisition

As announced by the Company on 31 August 2016, pursuant to the completion of the disposal of Wow Technologies (Singapore) Pte. Ltd. and its subsidiaries, and Explomo Technical Services Pte Ltd, the Company had ceased to have any operating business and its assets comprised substantially cash. Accordingly, with effect from 31 August 2016, the Company is deemed a cash company under Rule 1017 of the Catalist Rules.

Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Catalist if it is unable to meet the requirements for a new listing within 12 months from the date on which it becomes a “cash company”. The issuer may apply to the SGX-ST through its sponsor for a maximum six-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the six-month extension period.

The SGX-ST had previously on 31 August 2017 and 30 November 2017 granted to the Company extensions of time up to 28 February 2018 to enter into definitive agreement(s) to acquire businesses that meet the SGX-ST’s listing requirements for a new listing.

Further to the execution of the memorandum of understanding on 28 February 2018, the Company had applied to the SGX-ST to seek a further extension of time, and the SGX-ST had advised on 14 March 2018 that it had no objection in granting the Company a six-month extension to enter into a definitive agreement for the Proposed Acquisition by 31 August 2018, to meet the requirements for a new listing under Rule 1017(2) of the Catalist Rules.

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Further to the execution of the SPA on 31 August 2018, the Company had applied to the SGX-ST to seek a further extension of time to complete the Proposed Acquisition by 28 February 2019 to meet the requirements for a new listing. On 20 September 2018, the SGX-ST advised that it had no objections in granting the Company an extension of six months to complete the Proposed Acquisition and exit from its cash company status by 28 February 2019.

The Board believes that the Proposed Acquisition will provide the Company with operational and income generating businesses with growth prospects that would in turn enhance shareholder value, and meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules.”

7.2 Independent Valuation of the Target Group and the Whisky Stock Valuation

7.2.1 Independent Valuation of the Target Group

In connection with the Proposed Acquisition, the Company had commissioned AVA Associates Limited, the Independent Valuer to undertake an independent valuation of the Target Group, consisting of six entities, namely:

- (i) Planet Spirits;
- (ii) TWS;
- (iii) Quaich;
- (iv) The Other Room;
- (v) The Other Roof; and
- (vi) Sloshed!

as at the Valuation Date, 30 June 2018. In determining the Independent Valuation of the Target Group, the Independent Valuer had not considered the net book value of approximately \$5,375 of Sloshed!'s investment in Timber Malt as the Target Group intends to write off its investment in Timber Malt in due course.

In computing the Independent Valuation of the Target Group, the Independent Valuer had also excluded the shareholders' loan amounting to approximately S\$1.5 million which will be waived by the relevant Vendors.

The Independent Valuation of the Target Group was determined to be an aggregate of S\$19.4 million as at the Valuation Date, further details of which can be found in the Valuation Reports set out in Appendix E to the Circular.

7.2.1.1 Valuation basis

The Independent Valuer had valued the Target Group at market value, which is defined in the valuation report in relation to the Independent Valuation of the Target Group as follows: *“The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”*

The Independent Valuer had conducted the Independent Valuation in accordance with the International Valuation Standards (2017) issued by the International Valuation Standards Committee. The Independent Valuer had considered the historical and forecast financials of each of the companies in the Target Group as well as its prospects, and held discussions with the management of the Target Group regarding its history, nature, current operating conditions and future proposed operations of the Target Group.

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7.2.1.2 Valuation approach

Operating companies in the Target Group

The Independent Valuer had adopted the income approach in estimating the value of 100.0% equity interest in each of the operating companies in the Target Group, namely: (i) Planet Spirits; (ii) TWS; (iii) Quaich; and (iv) The Other Room.

The income approach focuses on the income-producing capability of a business or asset and measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date. The income approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be sensitive to certain inputs. It also presents a single scenario only.

Inter-company balances within the Target Group had been excluded from the calculations in determining the 100.0% of the equity interests of each of the respective companies in the Target Group. As mentioned above in Paragraph 7.2.1 of this Letter, the shareholders' loan amounting to approximately S\$1.5 million which will be waived by the relevant Vendors had been excluded in the calculations in determining the 100.0% of the equity interests of each of the respective companies in the Target Group.

The Independent Valuer had adopted the income approach for the market valuation of: (i) Planet Spirits; (ii) TWS; (iii) Quaich; and (iv) The Other Room due to the availability of relevant data pertaining to the historical financial and operating records of these companies. The Independent Valuer had utilised a discounted cash flow methodology to estimate the cash that is available, either for investment in new or existing business or for distribution to equity and debt holders of each of the companies.

The market value of the 100.0% equity interest of each of the companies had been derived based on its enterprise value, less debt and add cash and non-operating assets.

Non-operating companies in the Target Group

The Independent Valuer had adopted the cost approach in estimating the value of 100.0% equity interest for the remaining non-operating companies in the Target Group, namely: (i) The Other Roof; and (ii) Slashed!.

The cost approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognises that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

The value of 100.0% equity interest in Slashed! was determined to be its book value as at the Valuation Date of S\$0.1 million as it is an investment holding company with no active operations.

The Other Roof was set up recently only in March 2018 and did not had any business operations as at the Valuation Date. Accordingly, the Independent Valuer had attributed no valuation to the 100.0% equity interest in The Other Roof.

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The Independent Valuation of the Target Group was then derived at by adding the market value of each company in the Target Group. Based on the above, the Independent Valuer had assessed the market value of the operating companies within the Target Group to be as follows:

Entity	Valuation for 100.0% equity interest (S\$'000)
Planet Spirits	5,910 ⁽¹⁾
TWS	721
Quaich	5,848
The Other Room	6,839
The Other Roof	Nil
Sloshed!	129
Total	19,447
Total (Rounded)	19,400

Note:

- (1) Included in the market value of 100.0% equity interest of Planet Spirits of S\$5.9 million is the Whisky Stock Valuation of S\$1.5 million, further details of which are set out in Paragraph 7.2.2 below.

Accordingly, the Independent Valuation of the Target Group was determined to be S\$19.4 million. We note that the Independent Valuation of the Target Group as at 30 June 2018 also represents the Purchase Consideration for the Proposed Acquisition.

As a sanity check for the Independent Valuation of the Target Group, the Independent Valuer had utilised the market approach, which measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. Adjustments are made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis. The market approach validated the Independent Valuation of the Target Group.

The Directors and Management have confirmed to us that they have made due and careful enquires with respect to the assumptions and projections underlying the financial forecasts of the Target Group prepared by the Independent Valuer to value the Target Group.

We recommend the Independent Directors to advise the Independent Shareholders to read the Valuation Reports carefully, in particular the terms of reference, key assumptions and critical factors.

7.2.2 Whisky Stock Valuation

As set out above in Paragraph 4.1, we note that the inventories of the Target Group comprised mainly single malt Scotch whisky and other alcoholic beverages which are recognised at the lower of cost and net realisable value. We understand that the Collector's Whisky Stock comprises selected bottles of whisky classified as items held for sale as collector's items and are accounted for as inventories of the Target Group.

Planet Spirits had further classified the Collector's Whisky Stock under the category of "Collectors 1" which includes selected bottles of whisky stored in the office of Planet Spirits and "Collectors 2" which includes selected bottles of whisky consigned by Planet Spirits to Quaich and TWS. For the avoidance of doubt, the Collector's Whisky Stock classified under "Collectors 2" which are consigned to Quaich and TWS are still accounted for as inventories of the Target Group.

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The Independent Valuer had considered the Collector's Whisky Stock as a non-operating asset of the Target Group and had estimated the market value of the Collector's Whisky Stock independently to complete the Independent Valuation of the Target Group. For the avoidance of doubt, the Independent Valuer had not taken into account any possible sale of the Collector's Whisky Stock in computing the Independent Valuation of the Target Group. Accordingly, the market value of the Collector's Whisky Stock was assessed to be approximately S\$1.5 million, as opposed to its cost of purchase of approximately S\$0.6 million.

7.2.2.1 Valuation basis

The Independent Valuer had conducted the Whisky Stock Valuation in accordance with the International Valuation Standards (2017) issued by the International Valuation Standards Committee. The valuation procedures employed included the review of physical and economic conditions of the subject asset, an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the subject asset.

In the valuation of assets such as the Collector's Whisky Stock, the International Valuation Standards advocate valuation approaches in the order of market, income and cost approaches.

7.2.2.2 Valuation methodology

The Independent Valuer had adopted the market approach in estimating the value of the Collector's Whisky Stock as a secondary market for the Collector's Whisky Stock exists with quoted prices.

The market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised machinery and equipment relative of the market comparative, and is suitable for appraising assets for which there is an established used market. Verified market comparables are the best proof of transacted value as they reflect the dynamics of the secondary market. Factors such as the rarity, availability and desirability of particular types of whisky are vital consideration, as supply and demand is an influencing factor on the transactions.

The Independent Valuer had carried out an inspection of the Collector's Whisky Stock and found it to be properly stored in good condition. The prices of the Collector's Whisky Stock were sourced online as there are numerous online stores that sell similar bottles of whisky. In assessing the market value of the Collector's Whisky Stock, the Independent Valuer had selected the lowest available price quoted and included delivery charges for such bottles of whisky to Singapore.

For bottles of whisky in which no online quoted prices were found, the Independent Valuer had looked at past auction prices or auctions conducted by companies such as Sotheby's. In its valuation of the Collector's Whisky Stock, the Independent Valuer had relied on quoted prices of whiskies from online stores and online auctions from the following websites:

- (i) www.bonhams.com;
- (ii) www.htfw.com;
- (iii) whisky.auction;
- (iv) www.whisky-onlineauctions.com;
- (v) <http://www.just-whisky.co.uk>;
- (vi) www.whiskyauctioneer.com;
- (vii) www.whiskyshop.com;
- (viii) www.thewhiskyexchange.com; and

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(ix) www.whiskybase.com.

The Independent Valuer then applied an adjustment factor to account for inflation to arrive at an estimated market value for such bottles of whisky. The adjustment factor is derived based on the indices for whisky prices as prepared by Rare Whisky 101 Ltd, an entity which collates a valuation database of whiskies available online at www.rarewhisky101.com and provides consultancy and rare whisky brokerage services. We note that the Independent Valuer had also made references to several other online websites to obtain data on the market analysis of the market for whiskies.

In instances where there are no prices quoted from online stores or from auctions for the bottles of whisky, the Independent Valuer had applied an adjustment factor on the cost of the bottles of whisky with an inflation factor based on the on the indices for whisky prices to estimate its present market value.

7.2.2.3 Rare Whisky Stock Valuation uplift

The total valuation uplift of the Collector's Whisky Stock was approximately S\$0.9 million, representing 58.3% of the Whisky Stock Valuation. We noted that there were ten (10) types of rare whisky that contributed significantly to the valuation uplift in the market value of the Collector's Whisky Stock. A summary of these rare whiskies, together with the relevant benchmarks used to value the rare whiskies as well as their respective valuation uplift is detailed below:

No.	Rare whisky	Quantity	Independent Valuer's Website Benchmark	Valuation uplift (S\$'000)	Percentage of the valuation uplift over the Whisky Stock Valuation (%)
1.	Yamazaki 50 YO	1	— ⁽¹⁾	388	25.5
2.	Bowmore Fino 1964 crystal bottle 42.9%	3	www.whisky-onlineauctions.com	87	5.7
3.	Bowmore 40 YO 1955 42%	1	www.bonhams.com	31	2.0
4.	Bowmore Gold 44 YO 42.4%	2	www.just-whisky.co.uk	30	2.0
5.	Tomintoul 40YO 1977 Quaich Bar Exclusive Sherry Cask Strength, 49.9% abv	13	— ⁽²⁾	28	1.8
6.	Tomintoul 1977 Quaich 4.5L	2	— ⁽³⁾	25	1.6
7.	Bowmore 30 YO Sea Dragon 2012 release 48.9%	18	whisky.auction	22	1.4
8.	Loch Lomond 50	2	www.whiskybase.com	17	1.1
9.	Bowmore White 43YO 42.8%	1	www.whiskyauctioneer.com	15	1.0
10.	Bowmore White 43 YO 42.8% Bottle 188	1	www.whiskyauctioneer.com	15	1.0
	Other whiskies		—	231	15.2
Total			—	888⁽⁴⁾	58.3

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Notes:

- (1) The fair value of the single bottle of Yamazaki 50 YO was determined to be approximately S\$408,000 based on a bottle of Yamazaki 50-year-old single malt whisky that fetched US\$298,879 at Sotheby's Finest & Rarest sale in Hong Kong on 27 January 2018. The Independent Valuer had adopted the exchange rate as at the Valuation Date to determine the fair value of the Yamazaki 50 YO.
- (2) The fair value of the 13 bottles of the Tomintoul 40YO 1977 Quaich Bar Exclusive Sherry Cask Strength, 49.9% abv of S\$36,400 was determined based on the selling price of a bottle of the same whisky sold by the Target Group in 2017 for S\$2,800. There was no additional premium afforded for the unique nature of the whisky which was bottled exclusively for Quaich Bar owing to the good relationship between the Target Group and the distillery.
- (3) The fair value of the 2 bottles of the Tomintoul 1977 Quaich 4.5L of S\$17,000 was determined by applying a price multiple to the fair value of the Tomintoul 40YO 1977 Quaich Bar Exclusive Sherry Cask Strength, 49.9% abv of S\$2,800 a bottle as both whiskies are of the same type. The price multiple was applied to account for the difference in the size of the whisky. There was no additional premium afforded for the unique size of the larger 4.5L bottle.
- (4) Does not add up due to rounding.

7.3 RNTA of the Target Group

As at 30 June 2018, the assets of the Target Group comprised inventories of S\$2.6 million, representing 52.8% of the total assets. The inventories comprised mainly single malt Scotch whisky and other alcoholic beverages were recognised at the lower of cost and net realisable value.

Based on the Whisky Stock Valuation of S\$1.5 million as at the Valuation Date as determined by the Independent Valuer, we have computed the revaluation surplus of the inventories of the Target Group as follows:

Revalued asset	Book value as at 30 June 2018	Revaluation surplus	Revalued amount based on Whisky Stock Valuation as at the Valuation Date
	(S\$'000)	(S\$'000)	(S\$'000)
Inventories	2,596	888	3,484

In addition, pursuant to the terms of the SPA, we note that the shareholders' loan amounting to approximately S\$1.5 million will be waived by the relevant Vendors as a condition precedent for the Completion. Accordingly, we have considered the waiver of the shareholders' loan in our computation of the RNTA of the Target Group as at 30 June 2018.

Based on the above, the RNTA of the Target Group as at 30 June 2018 is as follows:

RNTA of the Target Group	(S\$'000)
NTA of the Target Group as at 30 June 2018	2,438
Add: Revaluation surplus in relation to the inventories of the Target Group	888
Add: Waiver of shareholders' loan	1,452
RNTA of the Target Group as at 30 June 2018	4,778
Price-to-RNTA ("P/RNTA") ratio based on the Purchase Consideration	4.1

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In respect of the above, we have sought the following confirmations from the Directors and Management, and they confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that, save as disclosed in this Letter:

- (i) there are no material differences between realisable values of the Target Group's assets and the respective book value as at 30 June 2018 which would have material impact on the NTA of the Target Group;
- (ii) there are no other contingent liabilities, bad or doubtful debts or material events which would likely have a material impact on the NTA of the Target Group as at the Latest Practicable Date;
- (iii) there are no litigation, claims or proceedings pending or threatened against the Target Group or of any fact which would give rise to any proceedings which might materially and adversely affect the financial position of the Target Group;
- (iv) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Target Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Target Group; and
- (v) save for the Restructuring Exercise and the opening of the new outlets by the Target Group, there are no material acquisitions or disposals of assets by the Target Group between 30 June 2018 and the Latest Practicable Date, and the Target Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Target Group's material assets or material change in the nature of the Target Group's business.

We wish to highlight to the Independent Directors that the above analysis is only for illustrative purposes and is not meant to be an indication of, or comment on the Target Group's future profitability, growth prospects, financial positions and working capital sufficiency.

7.4 Financial assessment of the Purchase Consideration for the Proposed Acquisition

In assessing the Purchase Consideration for the Proposed Acquisition, we have attempted to compare various valuations of the Target Group implied by the Purchase Consideration, which is based on the Business Valuation of the Target Group determined by the Independent Valuer, with comparable companies and are engaged in, *inter alia*, the business of operating pubs and bars and import, export and distribution of spirits, wines and liquors. However, we have not been able to find such companies listed on the SGX-ST. In view of the foregoing, we have expanded our comparison to include food and beverage companies listed on the SGX-ST ("**Comparable Companies**").

We have had discussions with the Management of the Company about the suitability and reasonableness of the selected Comparable Companies as comparisons with the Target Group. Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the selected listed companies. We make no representations or warranties, expressed or implied as to the accuracy or completeness of such information. The accounting policies of the Comparable Companies with respect to the values for which assets or the revenue and costs are recorded may differ from that of the Target Group.

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We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there are no companies listed on the SGX-ST or other stock exchanges which we may consider to be identical to the Target Group in terms of, *inter alia*, market capitalisation, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, accounting policies, track record, future prospects, market / industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Therefore, the comparison made with respect to the Comparable Companies merely serves as an illustrative market valuation of the Target Group as at the Latest Practicable Date.

In our evaluation, we have considered the following widely used valuation measures:

Valuation ratio	Description
Price-to-Earnings (“PE”)	<p>PE ratio or earnings multiple is the ratio of a company’s market capitalisation divided by the historical consolidated net profit attributable to shareholders.</p> <p>The PE ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses.</p> <p>The PE ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.</p> <p>As such, it is affected by the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and amortisation charges.</p>
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation (“EV/EBITDA”)	<p>EV refers to enterprise value which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.</p> <p>EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation and amortisation.</p> <p>The EV/EBITDA ratio illustrates the ratio of the market value of an entity’s business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA multiple is an earnings-based valuation methodology. The difference between EV/EBITDA and the PE ratio (described above) is that it does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p>
P/NTA	<p>NTA refers to consolidated net tangible assets, which is the total assets of a company less intangible assets (such as goodwill, patents and trademarks) and total liabilities.</p> <p>P/NTA refers to the ratio of a company’s share price divided by NTA per share. The P/NTA ratio represents an asset-based relative valuation which takes into consideration the book value or NTA backing of a company.</p> <p>The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net tangible assets of the company.</p>

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A brief description of the Comparable Companies is set out as follows:

Comparable Companies	Business Activity Description	Financial Year End
Breadtalk Group Limited ("Breadtalk")	Breadtalk is an investment holding company that engages in the provision of management services in the bakery, food, and restaurant businesses. The company, through its subsidiaries, manufactures and retails a variety of food, bakery, and confectionery products. The group also offers franchising opportunities and operates internationally.	31 Dec 2017
Koufu Group Limited ("Koufu")	Koufu operates as an investment holding company. The company, through its subsidiaries, owns and manages food and beverage outlets including food courts and stalls, coffee shops, hawker center, and commercial malls. The group also serves customers in Singapore and Macau.	31 Dec 2017
Kimly Limited ("Kimly")	Kimly operates and manages coffee shops and food courts. The company offers prepared foods and drinks for on-premise consumption. Kimly also serves customers in Singapore.	30 Sep 2018
Jumbo Group Limited ("Jumbo")	Jumbo is a seafood restaurant group offering multiple dining concepts catering to all types of consumers. The company offers restaurants in Singapore, China, and Japan.	30 Sep 2018
ABR Holdings Limited ("ABR")	ABR manufactures ice cream and operates Swensen's ice cream parlors and restaurants and other specialty restaurants. The company also manufactures and sells confectionery and pastry products, operates pubs, discotheques, and restaurants.	31 Dec 2017
Japan Foods Holding Ltd ("Japan Foods")	Japan Foods operates Japanese restaurants in Singapore, Malaysia, and Indonesia. The company franchises some of its restaurants in Malaysia and Indonesia, and serves fried rice and pan-fried noodles.	31 Mar 2018
No Signboard Holdings Ltd ("No Signboard")	No Signboard engages in restaurant business. The company, through its subsidiaries, operates a chain of seafood restaurants and distributes ready meals and beer. The company serves customers in Singapore.	30 Sep 2018
Neo Group Limited ("Neo Group")	Neo Group is a food catering group. Its services include daily meal delivery services, Halal-certified food as well as catering for last minute events or emergency orders.	31 Mar 2018

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Comparable Companies	Business Activity Description	Financial Year End
RE&S Holdings Limited ("RE&S")	RE&S offers multi-brand dining concepts catering to different types of consumers. The company provides customers with Japanese cuisine and dining experiences in Singapore and Malaysia.	30 Jun 2018
Katrina Group Ltd ("Katrina")	Katrina owns and operates restaurants. The company offers its products and services through company owned restaurants throughout Asia.	31 Dec 2017
Soup Restaurant Group Limited ("Soup Restaurant")	Soup Restaurant operates a chain of restaurants in Singapore.	31 Dec 2017
Tung Lok Restaurants (2000) Ltd ("Tung Lok")	Tung Lok owns and operates restaurants in Singapore. The company also operates a food processing facility to distribute dianxin and dianxin ingredients, festive food items and pastries to its restaurants for sale.	31 Mar 2018

Source: Bloomberg L.P.

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The valuation ratios of the Comparable Companies are based on their respective last traded share prices as at the Latest Practicable Date and are set out as follows:

Comparable Companies	Market Capitalisation (S\$'million)	PE ⁽¹⁾ (times)	EV/EBITDA ⁽²⁾ (times)	P/NTA ⁽³⁾ (times)
Breadtalk	481.6	42.5	8.6	2.8
Koufu	335.9	13.9	7.4	3.8
Kimly	277.2	11.1	7.6	3.5
Jumbo	250.1	22.7	10.6	3.9
ABR	156.8	37.2	12.2	2.0
Japan Foods	76.4	15.2	5.1	2.3
No Signboard	69.4	N.M. ⁽⁴⁾	5.0	3.2
Neo Group	65.6	14.3	9.7	3.6
RE&S	65.5	18.3	4.4	1.8
Katrina	46.3	64.8	10.8	3.4
Soup Restaurant	44.0	16.7	9.5	4.2
Tung Lok	40.1	N.M. ⁽⁴⁾	29.6 ⁽⁵⁾	2.7
High		64.8	29.6	4.2
Low		11.1	4.4	1.8
Mean		25.7	8.3	3.1
Median		16.7	8.6	3.3
Target Group	19.4	13.3	9.7	8.0
				(P/NTA implied by the Purchase Consideration as at 30 June 2018)
				4.1
				(P/RNTA implied by the Purchase Consideration as at 30 June 2018)

Sources: Bloomberg L.P., annual reports and announcements of the Comparable Companies, and RHTC calculations

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Notes:

- (1) The PE ratios of the Comparable Companies are calculated based on their respective published latest full year earnings or trailing twelve (12) months (“T12M”) earnings, where applicable, as at the Latest Practicable Date. In respect of the Target Group, its PE ratio is calculated based on the Purchase Consideration of S\$19.4 million and the Target Group’s consolidated T12M earnings of S\$1.5 million for the period ended 30 June 2018.
- (2) The EV/EBITDA ratios of the Comparable Companies are calculated based on their respective published latest full year EBITDA and balance sheet items or their T12M EBITDA and interim balance sheet items, where applicable, as at the Latest Practicable Date. In respect of the Target Group, its EV/EBITDA ratio is calculated based on its T12M EBITDA of S\$1.9 million for the period ended 30 June 2018. The Target Group’s EV of S\$18.4 million is calculated based on the Purchase Consideration of S\$19.4 million, add debt of S\$0.1 million and less cash and cash equivalents of S\$1.0 million.
- (3) The P/NTA ratios of the Comparable Companies are calculated based on their respective NTA values as set out in their latest published financial statements as at the Latest Practicable Date. In respect of the Target Group, its P/NTA ratio is calculated based on its NTA of S\$2.4 million and its P/RNTA ratio is calculated based on its RNTA of S\$4.8 million, as set out in Paragraph 7.3 of this Letter.
- (4) N.M. denotes not meaningful as No Signboard and Tung Lok are loss-making.
- (5) The EV/EBITDA ratio of Tung Lok has not been included in the calculation of the mean and median of the EV/EBITDA ratio as it is a statistical outlier.

Based on the above, we observe that:

- (a) the PE ratio of the Target Group implied by the Purchase Consideration of 13.3 times is within the range and below the mean and median of the PE ratios of the Comparable Companies;
- (b) the EV/EBITDA ratio of the Target Group implied by the Purchase Consideration of 9.7 times is within the range and above the mean and median of the EV/EBITDA ratios of the Comparable Companies; and
- (c) the P/NTA ratio of the Target Group implied by the Purchase Consideration of 8.0 times is not within the range of the P/NTA ratios of the Comparable Companies while the P/RNTA ratio of the Target Group implied by the Purchase Consideration of 4.1 times is within the range and above the mean and median of the P/NTA ratios of the Comparable Companies.

7.5 Financial assessment of the Pre-Consolidation Issue Price of the Consideration Shares

The Purchase Consideration is to be satisfied by the issuance and allotment of 32,333,333 Consideration Shares on a post-consolidation basis to the Vendors at the Post-Consolidation Issue Price of S\$0.60 (or 646,666,666 Consideration Shares on a pre-consolidation basis at the Pre-Consolidation Issue Price of S\$0.03).

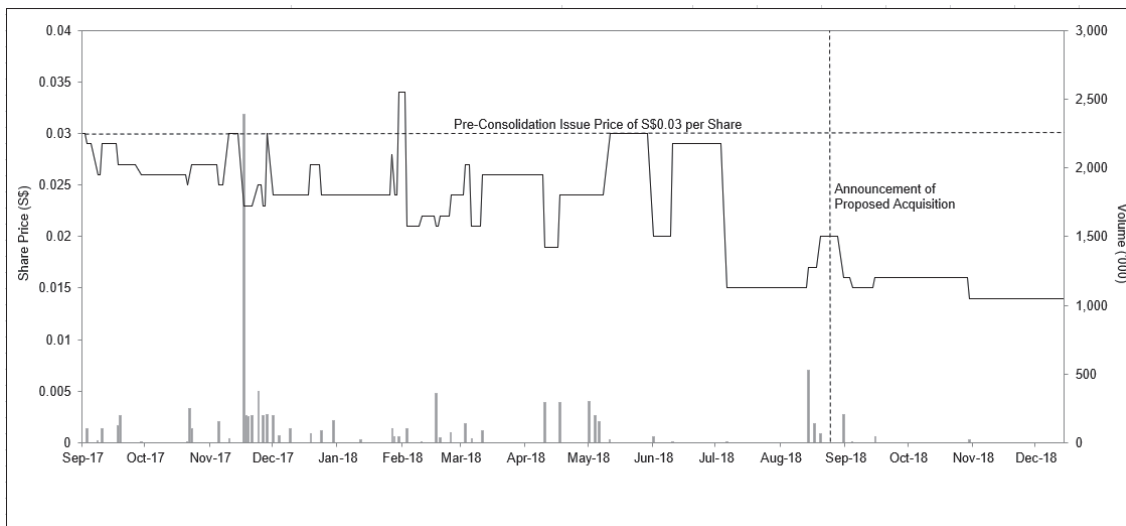
In assessing the Pre-Consolidation Issue Price of the Consideration Shares, we have computed market statistics on the historical market quotation and trading activity of Shares and also compared the Pre-Consolidation Issue Price of the Consideration Shares with statistics from other reverse take-over transactions in the recent two years that were completed by companies listed on the SGX-ST (“Recent RTO Transactions”).

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7.5.1 Market Statistics

We set out below a historical chart on the prices and trading volume of the Shares for the period commencing from 1 September 2017 (being 1 year prior to the Announcement) and ending on the Latest Practicable Date (“**Period Under Review**”).

Price and traded volume of the Shares for the Period Under Review



Source: Bloomberg L.P.

We note that the Share price had traded within a range of S\$0.014 to S\$0.034 during the Period Under Review and is on a decreasing trend.

On 20 November 2017, following the Company’s announcement that it had entered into a supplemental agreement in respect of the Brisbane Properties Acquisition, the trading volume of the Shares for the day spiked to approximately 2.4 million Shares.

The Pre-Consolidation Issue Price per Consideration Share represents a premium of approximately 57.9% over the volume weighted average market price of S\$0.019 for each Share based on trades done on the SGX-ST on 23 August 2018, being the preceding market day during which the Shares were traded prior to the Announcement Date.

We note that following the release of the Announcement, the Share price had decreased. The Pre-Consolidation Issue Price represents a premium of 114.3% over the Share price of S\$0.014 as at the Latest Practicable Date.

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

Reference period	VWAP ⁽¹⁾	Premium of the Pre-Consolidation Issue Price over VWAP	Lowest transacted price	Highest transacted price	Average daily trading volume ⁽²⁾	Average daily trading volume as a percentage of free float ⁽³⁾
	(S\$)	(%)	(S\$)	(S\$)	('000)	(%)
Prior to the Announcement						
1-month	0.018	66.7	0.017	0.020	246	0.2
3-month	0.018	66.7	0.015	0.029	133	0.1
6-month	0.021	42.9	0.015	0.030	154	0.1
1-year	0.023	30.4	0.015	0.043	179	0.1
23 August 2018, being the last trading date of the Shares prior to the Announcement	0.019	57.9	0.019	0.020	69	0.1
After the Announcement and up to the Latest Practicable Date						
After the Announcement and prior to the Latest Practicable Date	0.016	87.5	0.010	0.018	67	0.1
2 November 2018, being the last market day the Shares were last traded as at the Latest Practicable Date	0.011	172.7	0.010	0.014	20	0.0

Source: Bloomberg L.P.

Notes:

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from Bloomberg L.P..
- (2) The average daily trading volume of the Shares was computed based on the total volume of Shares traded during the relevant periods, divided by the number of days that were open for trading (excluding public holidays and days with full day trading halts on the Shares) during that period.
- (3) Free float refers to the Shares other than those held by the Directors, and substantial Shareholders of the Company and amounts to approximately 124.6 million Shares, representing approximately 51.8% of the issued Shares as disclosed in the Company's annual report for FY2017.

Based on the above, we observe that:

- (a) the Pre-Consolidation Issue Price represents a premium of 66.7%, 66.7%, 42.9% and 30.4% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Announcement respectively;
- (b) the Pre-Consolidation Issue Price represents a premium of 57.9% over the VWAP of the Shares on 23 August 2018, being the last trading date of the Shares prior to the Announcement;
- (c) the Pre-Consolidation Issue Price represents a premium of 87.5% over the VWAP of the Shares after the Announcement and up to the Latest Practicable Date;
- (d) the Pre-Consolidation Issue Price represents a premium of 172.7% to the VWAP if the Shares of S\$0.011 as at 2 November 2018, being the last market day the Shares were traded as at the Latest Practicable Date;
- (e) during the period from 1 September 2017 up to the Announcement Date, the Shares were traded on 48 market days or 18.4% of the total market days. The total number of Shares traded during this period was approximately 8.6 million Shares with an average daily trading volume of 0.18 million Shares, representing 0.1% of the free float; and

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- (f) during the period after the Announcement and up to the Latest Practicable Date, the Shares were traded on 4 market days or 5.3% of the total market days. The total number of Shares traded during this period was approximately 0.3 million Shares with an average daily trading volume of 0.07 million Shares, representing 0.1% of the free float.

Independent Directors should note that the market price performance of the Shares may be due to various market factors, the individual factors of which may not be easily isolated and identified with certainty. As such, Independent Directors should note that the past trading performance of the Shares should not be relied upon as a promise of its future trading performance.

7.5.2 NTA per Share of the Company

As set out in Paragraph 3.1 above, we note that the NTA of the Company comprises mainly restricted deposit and cash and bank balances. Based on the NTA of the Company of S\$5.4 million as at 30 June 2018 and based on 240,443,565 outstanding Shares as at the Latest Practicable Date, the NTA per Share of the Company as at 30 June 2018 is approximately S\$0.023.

Based on the Company's announcement on the monthly valuation of assets and utilisation of cash for November 2018, we note that the NTA of the Company as at 30 November 2018 is S\$4.9 million and based on 240,443,565 outstanding shares in the Company as at the Latest Practicable Date, the NTA per Share of the Company is approximately S\$0.020.

Accordingly, we note that the Pre-Consolidation Issue Price of S\$0.03 represents a premium of approximately 30.4% and 50.0% over the Company's NTA per Share of S\$0.023 as at 30 June 2018 and S\$0.020 as at 30 November 2018 respectively.

The above computation and analysis is meant as an illustration and it does not necessary mean or imply that the net realisable value of the Company is as stated above. It also does not imply that the assets or properties of the Company can be disposed of at the estimated value indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated by the NTA and is realisable or distributable to the Shareholders.

7.5.3 Financial assessment of the Pre-Consolidation Issue Price of the Consideration Shares *vis-à-vis* Recent RTO Transactions

We set out below a list of valuation statistics implied by the respective issue prices of the Recent RTO Transactions. We have compared the premium of the Pre-Consolidation Issue Price of the Consideration Shares over its last transacted Share price prior to the Announcement and over the NTA per Share of the Company.

We wish to highlight that the list of companies set out in the Recent RTO Transactions may not be directly comparable with the Target Group in terms of, *inter alia*, market capitalisation, composition of business activities, scale of business operations, risk profile, asset base, accounting policies, track record, future prospects, market / industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Therefore, the comparison made with respect to the Recent RTO Transactions are for illustrative purposes only.

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Company	Date of circular	Premium / (Discount) of issue price over / (to) last transacted price of VWAP prior to announcement (%)	Issue price over NTA per share (times)
VGO Corporation Limited (now known as Hatten Land Limited)	29 Dec 2016	153.9	13.1 ⁽¹⁾
LH Group Limited (now known as Pacific Star Development Limited)	30 Dec 2016	40.4	0.6
Terratech Group Limited (now known as Capital World Limited)	29 Mar 2017	37.3	4.9
Changjiang Fertilizer Holdings Limited (now known as Olive Tree Estates Limited)	15 Nov 2017	(72.2)	N.M ⁽²⁾
SHC Capital Asia Limited (now known as Memories Group Limited)	20 Nov 2017	(67.6)	2.2
China Bearing Singapore Ltd. (now known as Silkroad Nickel Ltd.)	31 May 2018	202.1	1.8
High		202.1	13.1
Low		(72.2)	0.6
Mean		49.0	2.4
Median		38.9	2.0
Pre-Consolidation Issue Price of the Purchase Consideration		57.9	1.5⁽³⁾

Sources: Respective announcements and circulars extracted from SGX-ST's website and RHTC calculations

Notes:

- (1) The issue price over NTA per share of VGO Corporation Limited has been excluded from the mean and median computations as it is a statistical outlier.
- (2) N.M. denotes not meaningful as the company was in a net tangible liability position.
- (3) Based on the Company's NTA per Share as at 30 November 2018.

Based on the above, we observe that:

- (a) the Pre-Consolidation Issue Price of S\$0.03 represents a premium of 57.9% over the VWAP of the Shares prior to the Announcement, which is within the range and above the mean and median of the Recent RTO Transactions; and
- (b) the Pre-Consolidation Issue Price of S\$0.03 is 1.5 times over the NTA per Share as at 30 November 2018, which is within the range and below the mean and median of the Recent RTO Transactions.

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7.6 Financial effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition which has been set out in Section 9 of the Circular are extracted and reproduced in italics below for your easy reference:

“9. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

9.1 Bases and Assumptions

The financial effects of the Proposed Transactions on the Enlarged Group are presented herein solely for illustrative purposes only. The objective is to illustrate what the historical information might have been had the Proposed Transactions been completed at an earlier date. However, such information is not necessarily indicative of the actual results of the operations or the related effects on the financial position that would have been attained had the Proposed Transactions been completed at such an earlier date. Given that the financial effects presented below are pro forma in nature and only for illustrative purposes, it does not necessarily represent the actual financial position and/or results of the Enlarged Group immediately after the completion of the Proposed Transactions.

The pro forma financial effects in this section have been prepared based on the audited financial statements of the Company for the financial year ended FY2017 and the audited combined financial statements of the Target Group for the financial year ended FY2017.

For the purposes of illustration, the financial effects of the Proposed Transactions are computed based on, inter alia, the following assumptions:

- (a) the financial effects of the Proposed Transactions on the earnings and EPS of the Enlarged Group are computed assuming that the Proposed Share Consolidation and the Proposed Acquisition were completed on 1 January 2017;*
- (b) the financial effects of the Proposed Transactions on the NTA and gearing of the Enlarged Group are computed assuming that the Proposed Share Consolidation and the Proposed Acquisition were completed on 31 December 2017;*
- (c) the Purchase Consideration of S\$19,400,000 shall be satisfied by the allotment and issue of 32,333,333 Consideration Shares at the Issue Price;*
- (d) the Proposed Share Consolidation involves the consolidation of every twenty (20) existing Shares into one (1) Consolidated Share;*
- (e) the costs relating to the Proposed Transactions amount to approximately S\$1.33 million; and*

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- (f) *the net loss attributable to owners of the parent after the Proposed Share Consolidation and the Proposed Acquisition includes a gain on reverse takeover of approximately S\$1.79 million as set out in the Report on Unaudited Pro Forma Consolidated Financial Statements of the Enlarged Group for the Financial Year Ended 31 December 2017 and Six-Month Period Ended 30 June 2018. This amount represents the difference between the effective consideration transferred, which is determined based on the number of outstanding Shares of 240,443,565 prior to the Proposed Share Consolidation and the Proposed Acquisition multiplied by S\$0.016 per Share, being the last traded price of the Shares on the SGX-ST on 28 September 2018, and the fair value of net identifiable assets acquired and liabilities assumed of the Company as at 31 December 2017, amounting to approximately S\$5.6 million. On Completion, the deemed consideration of the Proposed Acquisition, for accounting purposes, will be calculated based on the fair market value of each Consolidated Share as at the date of Completion. As the actual goodwill as a result of the Proposed Acquisition will have to be determined at Completion, the actual goodwill could be materially different from the assumption used above. Any goodwill arising from the Proposed Acquisition will be accounted for in accordance with the accounting policies of the Company.*

9.2 Financial effects on issued and paid-up share capital

	<i>Before Proposed Transaction</i>	<i>After Proposed Transaction</i>
<i>Number of Shares</i>	240,443,565	44,355,511
<i>Issue and paid-up share capital (S\$'000)</i>	259	3,848

9.3 Financial effects on NTA and NTA per Share

	<i>Before Proposed Transaction</i>	<i>After Proposed Transaction</i>
<i>NTA as at 31 December 2017 (S\$'000)</i>	5,638	7,524
<i>Number of Shares in issue</i>	240,443,565	44,355,511
<i>NTA per Share as at 31 December 2017 (cents)</i>	2.34	16.96

9.4 Financial effects on earnings and EPS

	<i>Before Proposed Transaction</i>	<i>After Proposed Transaction</i>
<i>Net (loss)/profit attributable to owners of the parent for FY2017 (S\$'000)</i>	(565)	961
<i>Weighted average number of Shares – basic/diluted</i>	240,443,565	44,355,511
<i>EPS for FY2017 – basic/diluted (cents)</i>	(0.24)	2.17

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9.5 Financial effects on gearing

	<i>Before Proposed Transaction</i>	<i>After Proposed Transaction</i>
<i>Total borrowings as at 31 December 2017 (S\$'000)</i>	-	100
<i>Total shareholders' equity as at 31 December 2017 (S\$'000)</i>	5,638	7,524
<i>Gearing ratio</i>	<i>Not applicable</i>	<i>1.33%</i>

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7.7 Dilution effect of the issuance of the Consideration Shares on the Independent Shareholders

As at the Latest Practicable Date, Mr Teo Kok Woon and Mr Chua Khooon Hui holds direct and deemed interests in an aggregate of 68,250,728 Shares on a pre-consolidation basis (or 3,412,536 Shares on a post-consolidation basis), representing approximately 28.4% of the total number of issued Shares. The remaining Shares amounting to approximately 71.6% of the total number of issued Shares are held by Independent Shareholders.

Following issuance of the Consideration Shares to the Vendors, Independent Shareholders will suffer a dilution in their shareholdings in the Company from 71.6% to 19.4% of the total number of issued Shares in the enlarged group comprising the Company and the Target Group (“**Enlarged Group**”) as highlighted in the table below.

Number of Shares	Before the Proposed Acquisition		Issuance of the Consideration Shares	Upon Completion of the Proposed Acquisition		
	(pre-consol)	(post-consol)		(pre-consol)	(post-consol)	(%)
Mr Teo Kok Woon ⁽¹⁾	68,250,728	3,412,536	24,994,380	568,138,320	28,406,916	64.0
Mr Chua Khooon Hui	–	–	6,500,216	130,004,323	6,500,216	14.7
Mr Lim Kian Boon Charles	–	–	838,737	16,774,751	838,737	1.9
Independent Shareholders	172,192,837	8,609,642	–	172,192,837	8,609,642	19.4
Total	240,443,565	12,022,178	32,333,333	887,110,231	44,355,511	100.0

Note:

- (1) Mr Teo Kok Woon is deemed interested in an aggregate of 68,250,728 Shares on a pre-consolidation basis (or 3,412,536 Shares on a post-consolidation basis), representing 28.4% of the issued Shares, with 60,567,262 Shares on a pre-consolidation basis (or 3,028,363 Shares on a post-consolidation basis) held via Cockpit International and the remaining 7,683,466 Shares on a pre-consolidation basis (or 384,173 Shares on a post-consolidation basis) held through UOB Kay Hian Private Limited.

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7.8 Other relevant considerations in relation to the Proposed Acquisition and the Proposed Whitewash Resolution

7.8.1 Inter-conditionality of the resolutions for the Proposed Acquisition and the Proposed Whitewash Resolution

It is pertinent to note that the resolutions for the Proposed Acquisition and the Proposed Whitewash Resolution are inter-conditional. Accordingly, in the event that either of the resolution is not approved, the other resolution will not be passed.

7.8.2 Current status of the Company

The Company has been deemed as a cash company under Rule 1017 of the Catalist Rules as at 31 August 2016. Pursuant to Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the official list of issuers on the Catalist Board of the SGX-ST if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company.

As set out in Paragraph 3 of this Letter, the SGX-ST had granted the Company an extension of time to comply with Rule 1017(2) of the Catalist Rules for a total of four (4) times since the Company was deemed a cash company on 31 August 2016. The latest extension granted by the SGX-ST on 20 September 2018 had granted the Company an extension of time till 28 February 2019 to complete the Proposed Acquisition and exit from its cash company status. Accordingly, upon Completion, the Company will no longer be deemed as a cash company.

There is no certainty that the SGX-ST would continue to grant the Company an extension or extensions of time in the future to satisfy the SGX-ST's requirements for a new listing. In the event that the Company is unable to satisfy the SGX-ST's requirements for a new listing despite the extensions granted, no further extension may be granted and the Company may be delisted.

7.8.3 Future prospects of the Target Group

Upon Completion, the Enlarged Group will be in the business of operating pubs and bars and import, export and distribution of single malt Scotch whisky, spirits, wines and liquors.

The Company believes that there is growth potential in engaging in the business of operating pubs and bars in Singapore as the entertainment culture continues to grow. Growing consumer affluence is expected to lead to a rise in demand for premium spirits, wines and liquors at these pubs and bars. As highlighted in Section 18.1 of the Circular, forecasts compiled by Statista had indicated that the sale of spirits (including whisky and other alcoholic beverages but excluding beer and wine) is expected to grow annually by a compound annual growth rate ("CAGR") of 4.4% between 2018 to 2021 in Singapore.

As increasing number of consumers seek a higher standard of quality in their work and lifestyle and increase their willingness to spend on lifestyle and leisure, the Company believes that this will fuel demand for premium single malt Scotch whisky, spirits, wines, liquors and other alcoholic beverages offered at the Target Group's outlets.

In 2017 and 2018, Singapore has observed growth in its tourism and hospitality industry. As the Singapore government continues to position Singapore as an international financial and business centre in this region and continues to undertake initiatives to promote local tourism which is expected to lead to further increases in tourist arrivals and business travellers to Singapore, this will provide growth in consumer demand in the Target Group's business as tourists and business travellers make up a significant portion of the Target Group's customers.

In addition, there has been a general increase in the prices of whisky due to a supply crunch, where distilleries do not have enough of the distillate maturing in casks. Whisky has also faced rising demand and increased consumption due to higher awareness and more discerning consumer tastes.

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Amidst the backdrop of increasing consumer affluence and rising prices and demand for whisky, the Target Group intends to expand further in Singapore and open new outlets to strengthen its market presence. The Target Group also intends to make progress in new regional markets, such as Myanmar, Cambodia, Vietnam and Malaysia. The Target Group may also consider expanding the business through acquisitions, joint ventures or strategic alliances with parties who create synergistic values with its existing businesses to strengthen its market position, expand its network, as well as expand into new businesses complementary to its current businesses.

Further details on the prospects, trend information, strategy and future plans of the Target Group are set out in Section 18 of the Circular.

7.8.4 Risks of the Target Group

Upon Completion, all risk factors relating to the business of the Target Group, which has been set out in Section 13 of the Circular, will be relevant to the Enlarged Group. This includes risks relating to:

- (i) the Target Group's business and industry such as, *inter alia*, changes in government regulations, changes in economic and social conditions which may affect consumer spending, preferences and lifestyle trends, and the Target Group's exposure to price fluctuations of spirits, wines and liquors; and
- (ii) other relevant risk factors relating to the Enlarged Group.

Shareholders should note that if any of the following considerations and uncertainties develops into actual events, the business, financial condition or results of operations of the Enlarged Group could be materially and adversely affected.

7.8.5 Undertaking by the Undertaking Shareholder

We note that the Undertaking Shareholder, who is a controlling shareholder of the Company and holds direct and indirect interests amounting to an aggregate of 39,928,800 Shares on a pre-consolidation basis (or 1,996,440 Shares on a post-consolidation basis), representing approximately 23.2% of the issued Shares held by Independent Shareholders, had undertaken to the Company that he shall procure and ensure that his nominees shall vote in favour of all resolutions which are proposed at the EGM, in respect of his shareholdings in the Company.

7.8.6 Moratorium period for the Consideration Shares

The Vendors will be receiving Shares in the Company as the Purchase Consideration will be satisfied fully through the issuance of Consideration Shares. Pursuant to which, each of the Vendors had irrevocably and unconditionally undertaken not to sell, transfer, realise or otherwise dispose of: (a) any part of his interest, whether direct or deemed, in the Shares of the Company immediately after Completion during the period commencing from the date of Completion and ending on the date falling six months after the listing of the Consideration Shares; and (b) 50.0% of his interest, whether direct or deemed, in the Shares of the Company immediately after Completion during the period commencing from the date of Completion and ending on the date falling twelve months after the listing of the Consideration Shares.

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7.8.7 No change in single largest shareholder

As set out above in our Letter, Mr Teo Kok Woon is currently the single largest shareholder of the Company and owns 68,250,728 Shares on a pre-consolidation basis (or 3,412,536 Shares on a post-consolidation basis), representing approximately 28.4% of the total number of issued Shares as at the Latest Practicable Date. Following completion of the Proposed Share Consolidation and issuance of the Consideration Shares to the Vendors, Mr Teo Kok Woon will own 28,406,916 Shares on a post-consolidation basis (or 568,138,320 Shares on a pre-consolidation basis), representing approximately 64.0% of the Company's enlarged share capital, and remain as the single largest shareholder of the Company. Accordingly, we noted that there will be no change in the single largest shareholder of the Company after Completion.

Mr Teo Kok Woon is presently the Non-Executive Non-Independent Director of the Company and is not involved in the management of day-to-day operations of the Company. He was never involved in the management of the Company as prior to the Company's disposal of its operating subsidiaries on 31 August 2016, the management of the Company and its operating subsidiaries was overseen by the Undertaking Shareholder, who was also the former group chief executive officer and managing director of the Company. Following the disposal of the Company's operating subsidiaries on 31 August 2016, the Undertaking Shareholder resigned from his positions on 31 October 2016 but had remained as an executive director of the Company. He subsequently resigned as an executive director of the Company on 19 May 2017.

Following Completion, the Enlarged Group will be managed by Mr Chua Khoon Hui, who will be appointed as the Chief Executive Officer and Executive Director of the Company. He is also a Vendor and will be a substantial Shareholder of the Company following Completion. Mr Teo Kok Woon will remain as the Non-Executive Non-Independent Director of the Company and will not be involved in the management of day-to-day operations of the Enlarged Group.

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8. OUR OPINION

In arriving at our recommendation in respect of the Proposed Acquisition and the Proposed Whitewash Resolution, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (i) Rationale for and benefit of the Proposed Acquisition;
- (ii) Independent Valuation of the Target Group and the Whisky Stock Valuation:
 - (a) The Independent Valuation of the Target Group of S\$19.4 million as at the Valuation Date represents the Purchase Consideration for the Proposed Acquisition; and
 - (b) The Whisky Stock Valuation was determined to be S\$1.5 million as at the Valuation Date.
- (iii) RNTA of the Target Group:
 - (a) The RNTA of the Target Group is approximately S\$4.8 million taking into consideration the revaluation surplus of the inventories of the Target Group based on the Whisky Stock Valuation and the waiver of shareholders' loan amounting to approximately S\$1.5 million by the relevant Vendors; and
 - (b) The P/RNTA ratio of the Target Group is 4.1 times.
- (iv) Financial assessment of the Purchase Consideration for the Proposed Acquisition:
 - (a) the PE ratio of the Target Group implied by the Purchase Consideration of 13.3 times is within the range and below the mean and median of the PE ratios of the Comparable Companies;
 - (b) the EV/EBITDA ratio of the Target Group implied by the Purchase Consideration of 9.7 times is within the range and above the mean and median of the EV/EBITDA ratios of the Comparable Companies; and
 - (c) the P/NTA ratio of the Target Group implied by the Purchase Consideration of 8.0 times is not within the range of the P/NTA ratios of the Comparable Companies while the P/RNTA ratio of the Target Group implied by the Purchase Consideration of 4.1 times is within the range and above the mean and median of the P/NTA ratios of the Comparable Companies.
- (v) Financial assessment of the Pre-Consolidation Issue Price of the Consideration Shares:

Market Statistics

- (a) the Pre-Consolidation Issue Price represents a premium of 66.7%, 66.7%, 42.9% and 30.4% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Announcement respectively;
- (b) the Pre-Consolidation Issue Price represents a premium of 57.9% over the VWAP of the Shares on 23 August 2018, being the last trading date of the Shares prior to the Announcement;
- (c) the Pre-Consolidation Issue Price represents a premium of 87.5% over the VWAP of the Shares after the Announcement and up to the Latest Practicable Date;

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- (d) the Pre-Consolidation Issue Price represents a premium of 172.7% to the VWAP of the Shares of S\$0.011 as at 2 November 2018, being the last market day the Shares were traded as at the Latest Practicable Date;
- (e) the Pre-Consolidation Issue Price represents a premium of 114.3% over the last traded Share price of S\$0.014 as at 2 November 2018, being the last market day the Shares were traded as at the Latest Practicable Date;
- (f) during the period from 1 September 2017 up to the Announcement Date, the Shares were traded on 48 market days or 18.4% of the total market days. The total number of Shares traded during this period was approximately 8.6 million Shares with an average daily trading volume of 0.18 million Shares, representing 0.1% of the free float; and
- (g) during the period after the Announcement and up to the Latest Practicable Date, the Shares were traded on 4 market days or 5.3% of the total market days. The total number of Shares traded during this period was approximately 0.3 million Shares with an average daily trading volume of 0.07 million Shares, representing 0.1% of the free float.

NTA per Share of the Company

The Pre-Consolidation Issue Price of S\$0.03 represents a premium of approximately 30.4% and 50.0% over the Company's NTA per Share of S\$0.023 as at 30 June 2018 and S\$0.020 as at 30 November 2018 respectively.

Vis-à-vis Recent RTO Transactions

- (a) the Pre-Consolidation Issue Price of S\$0.03 represents a premium of 57.9% over the VWAP of the Shares prior to the Announcement, which is within the range and above the mean and median of the Recent RTO Transactions; and
 - (b) the Pre-Consolidation Issue Price of S\$0.03 is 1.5 times over the NTA per Share as at 30 November 2018, which is within the range and below the mean and median of the Recent RTO Transactions.
- (vi) Financial effects of the Proposed Acquisition;
 - (vii) The maximum potential dilution in shareholdings of Independent Shareholders from 71.6% to 19.4%; and
 - (viii) Other relevant considerations in relation to the Proposed Acquisition:
 - (a) Inter-conditionality of the resolutions for the Proposed Acquisition and the Proposed Whitewash Resolution;
 - (b) Current status of the Company;
 - (c) Future prospects of the Target Group;
 - (d) Risks of the Target Group;
 - (e) Undertaking by the Undertaking Shareholder;
 - (f) Moratorium period for the Consideration Shares; and
 - (g) No change in single largest shareholder.

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Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that:

- (i) **the Proposed Acquisition, as an Interested Person Transaction, is, on balance, on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders; and**
- (ii) **the Proposed Whitewash Resolution, in the context of the Proposed Acquisition, is, on balance, fair and reasonable and is not prejudicial to the interests of Independent Shareholders. Accordingly, we advise the Independent Directors to recommend that the Independent Shareholders vote in favour of the Proposed Whitewash Resolution.**

We wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the SPA, and we do not warrant the merits of the Proposed Acquisition and the Proposed Whitewash Resolution. Furthermore, we were not involved in the legal and financial due diligence that were conducted by the Company and its advisers on the Target Group.

We have prepared this Letter for the use of the Independent Directors in connection with and for the purposes of their consideration of the Proposed Acquisition and the Proposed Whitewash Resolution. The recommendation made by them to the Independent Shareholders in relation to the Proposed Acquisition and the Proposed Whitewash Resolution shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM at any time and in any manner without prior written consent of RHTC in each specific case.

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

Yours sincerely
For and on behalf of
RHT CAPITAL PTE. LTD.

Khong Choun Mun
Chief Executive Officer

Mah How Soon
Managing Director

**APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

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INDEPENDENT AUDITOR'S REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF TSH CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

The Board of Directors
TSH Corporation Limited
51 Changi Business Park Central 2
The Signature #04-05
Singapore 486066

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of TSH Corporation Limited (the "Company") and Sloshed! Pte. Ltd. ("Sloshed!") and its subsidiaries (collectively, the "Target Group", and together with the Company, the "Enlarged Group") by management in connection with the Company's proposed acquisition of the entire issued and paid-up share capital of Sloshed! (the "Proposed Acquisition").

The pro forma financial information consists of the pro forma consolidated statements of financial position as at 31 December 2017 and 30 June 2018, the pro forma consolidated statements of comprehensive income for the financial year ended 31 December 2017 and the six-month period ended 30 June 2018, the pro forma consolidated statements of cash flows for the financial year ended 31 December 2017 and the six-month period ended 30 June 2018, and related notes as set out in pages B-5 to B-25 of the Circular issued by the Company. The applicable criteria on the basis of which management has compiled the pro forma financial information are described in Note 3.

The pro forma financial information has been compiled by management to illustrate the impact of the events set out in Note 2 on the Enlarged Group's financial position as at 31 December 2017 and 30 June 2018 as if the events had taken place on 31 December 2017 and 30 June 2018, respectively; and its financial performance and cash flows for the financial year ended 31 December 2017 and the six-month period ended 30 June 2018 as if the events had taken place on 1 January 2017.

As part of this process, information about the Enlarged Group's financial position, financial performance and cash flows has been extracted by management from the following:

- (a) Audited financial statements of the Company for the financial year ended 31 December 2017, on which an audit report has been published;
- (b) Audited combined financial statements of the Target Group for the financial years ended 31 December 2015, 2016 and 2017, on which an audit report has been included within the Circular;
- (c) Unaudited interim financial statements of the Company for the six-month period ended 30 June 2018, on which no review report has been published; and
- (d) Unaudited interim condensed combined financial statements of the Target Group for the six-month period ended 30 June 2018, on which a review report has been included within the Circular.

Management's Responsibility for the Pro Forma Financial Information

Management is responsible for compiling the pro forma financial information on the basis as described in Note 3.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

INDEPENDENT AUDITOR'S REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF TSH CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (CONT'D)

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply *Singapore Standard on Quality Control 1* and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 management on the basis as described in Note 3.

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 practitioner plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the pro forma financial information on the basis as described in Note 3.

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 a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction on 1 January 2017 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 management in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- (i) The related pro forma adjustments give appropriate effect to those criteria; and
- (ii) The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the Enlarged Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

INDEPENDENT AUDITOR'S REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF TSH CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (CONT'D)

Auditor's Responsibilities (cont'd)

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,

- (e) The unaudited pro forma consolidated financial information has been compiled:
 - (i) in a manner consistent with the accounting policies adopted by the Enlarged Group, which are in accordance with Singapore Financial Reporting Standards;
 - (ii) on the basis of the applicable criteria stated in Note 3 to the pro forma consolidated financial information; and
- (f) 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 pro forma financial information.

Restriction on Distribution and Use

This report has been prepared solely for inclusion in the Circular of the Company to be issued in connection with the Company's proposed acquisition of the entire issued share capital of Sloshed!, being a reverse takeover.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

31 December 2018

Partner-in-charge: Terry Wee Hiang Bing

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

(Amounts expressed in Singapore Dollars)

	6 months ended 30.6.2018	Year ended 31.12.2017
	\$	\$
Revenue	3,344,993	5,103,665
Cost of sales	(1,156,570)	(1,435,722)
Gross profit	2,188,423	3,667,943
Other income	144,432	2,100,383
Marketing and distribution expenses	(27,882)	(73,284)
Administrative expenses	(1,525,882)	(2,849,291)
Other expenses	(117,686)	(1,745,377)
Interest expense on borrowings	(2,304)	(14,417)
Share of results of associate	(2,331)	10,914
Profit before tax	656,770	1,096,871
Income tax expense	(87,617)	(135,755)
Profit for the year attributable to owners of the Company	569,153	961,116
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	1,813	5,019
Total comprehensive income for the year attributable to owners of the Company	570,966	966,135

The accompanying accounting policies and explanatory notes form an integral part of the unaudited pro forma combined financial information.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 AND 30 JUNE 2018

(Amounts expressed in Singapore Dollars)

	30.6.2018	31.12.2017
	\$	\$
ASSETS		
Non-current assets		
Plant and equipment	511,002	615,810
Other receivables	191,848	137,624
Investment in an associate	5,375	5,893
Deferred tax assets	31,341	58,553
	<u>739,566</u>	<u>817,880</u>
Current assets		
Assets held for sale	–	952,640
Inventories	2,596,075	2,564,982
Trade and other receivables	535,598	565,916
Restricted cash	4,278,826	3,397,546
Cash and cash equivalents	1,073,565	1,129,136
	<u>8,484,064</u>	<u>8,610,220</u>
Total assets	<u>9,223,630</u>	<u>9,428,100</u>
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	850,748	1,635,255
Borrowings	50,000	100,000
Income tax payable	157,266	98,195
	<u>1,058,014</u>	<u>1,833,450</u>
Net current assets	<u>7,426,050</u>	<u>6,776,770</u>
Non-current liabilities		
Provision for restoration costs	55,535	55,535
Deferred tax liabilities	15,503	15,503
	<u>71,038</u>	<u>71,038</u>
Total liabilities	<u>1,129,052</u>	<u>1,904,488</u>
Net assets	<u>8,094,578</u>	<u>7,523,612</u>

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 AND 30 JUNE 2018 (CONT'D)

(Amounts expressed in Singapore Dollars)

	30.6.2018	31.12.2017
	\$	\$
Equity attributable to owners of the Company		
Share capital	3,848,099	3,848,099
Deemed capital contribution from shareholders	1,452,106	1,452,106
Foreign currency translation reserve	5,916	4,103
Retained earnings	2,788,457	2,219,304
Total equity	8,094,578	7,523,612
Total equity and liabilities	9,223,630	9,428,100

The accompanying accounting policies and explanatory notes form an integral part of the unaudited pro forma combined financial information.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

(Amounts expressed in Singapore Dollars)

	6 months ended 30.6.2018	Year ended 31.12.2017
	\$	\$
Operating activities		
Profit before tax	656,770	1,096,871
Adjustments for:		
Depreciation of plant and equipment	125,703	243,695
Gain on disposal of assets held for sale	(26,560)	(52,688)
Bad debts written off	–	12,252
Interest expense on borrowings	2,304	14,417
Interest income	–	(3,104)
Share of results of an associate	2,331	(10,914)
Negative goodwill in relation to the Proposed Acquisition	–	(1,791,019)
Professional fees in relation to the Proposed Acquisition	–	1,330,000
Overprovision of professional fees in respect of previously contemplated reverse acquisition	(15,958)	–
Operating cash flows before changes in working capital	744,590	839,510
<u>Changes in working capital</u>		
Increase in inventories	(31,093)	(598,209)
Decrease/(increase) in trade and other receivables	(23,906)	(258,323)
(Decrease)/increase in trade and other payables	(248,549)	137,613
Cash flows from operations	441,042	120,591
Interest paid	(2,304)	(14,417)
Interest received	–	3,104
Income taxes paid	(1,334)	(16,274)
Net cash flows from operating activities	437,404	93,004
Investing activities		
Purchase of plant and equipment	(20,895)	(55,594)
Net proceeds from disposal of assets held for sale	979,200	2,077,048
Professional fees in relation to the Proposed Acquisition	–	(1,330,000)
Net cash flows from investing activities	958,305	691,454

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (CONT'D)

(Amounts expressed in Singapore Dollars)

	6 months ended 30.6.2018 \$	Year ended 31.12.2017 \$
Financing activities		
Repayment of loans and borrowings	(50,000)	(200,000)
Increase/(decrease) in amounts due to shareholders	(520,000)	148,000
Placement of restricted deposit	(881,280)	(1,867,543)
Net cash flows used in financing activities	(1,451,280)	(1,919,543)
Net decrease in cash and cash equivalents	(55,571)	(1,135,085)
Cash and cash equivalents at beginning of the period/year	1,129,136	2,264,221
Cash and cash equivalents at end of the period/year	1,073,565	1,129,136

The accompanying accounting policies and explanatory notes form an integral part of the unaudited pro forma combined financial information.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

(Amounts expressed in Singapore Dollars)

	Unaudited Financial Statements of the Company 30.6.2018	Pro Forma Adjustments relating to the Target Group⁽¹⁾ 30.6.2018	Other Pro Forma Adjustments⁽²⁾	Unaudited Pro Forma Consolidated Statement of Comprehensive Income 30.6.2018
	\$	\$	\$	\$
Revenue	–	3,344,993	–	3,344,993
Cost of sales	–	(1,156,570)	–	(1,156,570)
Gross profit	–	2,188,423	–	2,188,423
Other income	26,560	117,872	–	144,432
Marketing and distribution expenses	–	(27,882)	–	(27,882)
Administrative expenses	(180,113)	(1,345,769)	–	(1,525,882)
Other expenses	(37,412)	(166,774)	86,500	(117,686)
Interest expense on borrowings	–	(2,304)	–	(2,304)
Share of results of associate	–	(2,331)	–	(2,331)
(Loss)/profit before tax	(190,965)	761,235	86,500	656,770
Income tax expense	–	(87,617)	–	(87,617)
(Loss)/profit for the year attributable to owners of the Company	(190,965)	673,618	86,500	569,153
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation	–	1,813	–	1,813
Total comprehensive income for the year attributable to owners of the Company	(190,965)	675,431	86,500	570,966

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 JUNE 2018 (CONT'D)

Note to the Pro Forma Adjustments:

- (1) The pro forma adjustments relate to the unaudited interim combined statement of comprehensive income of Slosed! Pte. Ltd. ("Slosed!") and its subsidiaries (collectively, the "Target Group") for the six-month period ended 30 June 2018.
- (2) The pro forma adjustments relate to the reversal of professional fees accrued during the six-month period ended 30 June 2018 in relation to the Company's proposed acquisition of the entire issued share capital of Slosed! (the "Proposed Acquisition"), which amounted to \$86,500, and which are deemed to have been incurred as of 1 January 2017.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

(Amounts expressed in Singapore Dollars)

	Audited Financial Statements of the Company 31.12.2017	Pro Forma Adjustments relating to the Target Group⁽³⁾ 31.12.2017	Other Pro Forma Adjustments⁽⁴⁾	Unaudited Pro Forma Consolidated Statement of Comprehensive Income 31.12.2017
	\$	\$	\$	\$
Revenue	–	5,103,665	–	5,103,665
Cost of sales	–	(1,435,722)	–	(1,435,722)
Gross profit	–	3,667,943	–	3,667,943
Other income	58,313	251,051	1,791,019	2,100,383
Marketing and distribution expenses	–	(73,284)	–	(73,284)
Administrative expenses	(464,110)	(2,385,181)	–	(2,849,291)
Other expenses	(159,430)	(255,947)	(1,330,000)	(1,745,377)
Interest expense on borrowings	–	(14,417)	–	(14,417)
Share of results of associate	–	10,914	–	10,914
(Loss)/profit before tax	(565,227)	1,201,079	461,019	1,096,871
Income tax expense	–	(135,755)	–	(135,755)
(Loss)/profit for the year attributable to owners of the Company	(565,227)	1,065,324	461,019	961,116
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation	–	5,019	–	5,019
Total comprehensive income for the year attributable to owners of the Company	(565,227)	1,070,343	461,019	966,135

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Note to the Pro Forma Adjustments:

- (3) The pro forma adjustments relate to the audited combined statement of comprehensive income of the Target Group for the financial year ended 31 December 2017.
- (4) The pro forma adjustments relate to the effects of the Proposed Acquisition, with a resultant negative goodwill of \$1,791,019, and total estimated professional fees in relation to the Proposed Acquisition amounting to \$1,330,000.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

(Amounts expressed in Singapore Dollars)

	Unaudited Financial Statements of the Company 30.6.2018 \$	Pro Forma Adjustments relating to the Target Group⁽⁵⁾ 30.6.2018 \$	Other Pro Forma Adjustments⁽⁶⁾	Unaudited Pro Forma Consolidated Statement of Financial Position 30.6.2018 \$
ASSETS				
Non-current assets				
Plant and equipment	–	511,002	–	511,002
Other receivables	–	191,848	–	191,848
Investment in an associate	–	5,375	–	5,375
Deferred tax assets	–	31,341	–	31,341
	–	739,566	–	739,566
Current assets				
Inventories	–	2,596,075	–	2,596,075
Trade and other receivables	19,962	574,360	(58,724)	535,598
Restricted cash	4,278,826	–	–	4,278,826
Cash and cash equivalents	1,393,689	1,009,876	(1,330,000)	1,073,565
	5,692,477	4,180,311	(1,388,724)	8,484,064
Total assets	5,692,477	4,919,877	(1,388,724)	9,223,630
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	245,325	2,202,752	(1,597,329)	850,748
Borrowings	–	50,000	–	50,000
Income tax payable	–	157,266	–	157,266
	245,325	2,410,018	(1,597,329)	1,058,014
Net current assets	5,447,152	1,770,293	208,605	7,426,050
Non-current liabilities				
Provision for restoration costs	–	55,535	–	55,535
Deferred tax liabilities	–	15,503	–	15,503
	–	71,038	–	71,038
Total liabilities	245,325	2,481,056	(1,597,329)	1,129,052
Net assets	5,447,152	2,438,821	208,605	8,094,578

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018 (CONT'D)

(Amounts expressed in Singapore Dollars)

	Unaudited Financial Statements of the Company 30.6.2018	Pro Forma Adjustments relating to the Target Group⁽⁵⁾ 30.6.2018	Other Pro Forma Adjustments⁽⁶⁾	Unaudited Pro Forma Consolidated Statement of Financial Position 30.6.2018
	\$	\$	\$	\$
Equity attributable to owners of the Company				
Share capital	258,805	1,002	3,588,292	3,848,099
Deemed capital contribution from shareholders	–	–	1,452,106	1,452,106
Foreign currency translation reserve	–	5,916	–	5,916
Retained earnings	5,188,347	2,431,903	(4,831,793)	2,788,457
Total equity	5,447,152	2,438,821	208,605	8,094,578
Total equity and liabilities	5,692,477	4,919,877	(1,388,724)	9,223,630

Notes to the Pro Forma Adjustments:

- ⁽⁵⁾ The pro forma adjustments relate to the unaudited combined statement of financial position of the Target Group as at 30 June 2018.
- ⁽⁶⁾ The pro forma adjustments relate to (i) the waiver of amounts due to shareholders of \$1,452,106, net of amounts due from companies related to a shareholder of \$58,724, and (ii) the effects of the Proposed Acquisition, including the resultant negative goodwill of \$1,791,019, and total estimated professional fees in relation to the Proposed Acquisition amounting to \$1,330,000, which are deemed to have been incurred and settled in cash.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(Amounts expressed in Singapore Dollars)

	Audited Financial Statements of the Company 31.12.2017	Pro Forma Adjustments relating to the Target Group⁽⁷⁾ 31.12.2017	Other Pro Forma Adjustments⁽⁸⁾	Unaudited Pro Forma Consolidated Statement of Financial Position 31.12.2017
	\$	\$	\$	\$
ASSETS				
Non-current assets				
Plant and equipment	–	615,810	–	615,810
Other receivables	–	137,624	–	137,624
Investment in an associate	–	5,893	–	5,893
Deferred tax assets	–	58,553	–	58,553
	–	817,880	–	817,880
Current assets				
Assets held for sale	952,640	–	–	952,640
Inventories	–	2,564,982	–	2,564,982
Trade and other receivables	27,217	597,423	(58,724)	565,916
Restricted cash	3,397,546	–	–	3,397,546
Cash and cash equivalents	1,580,707	878,429	(1,330,000)	1,129,136
	5,958,110	4,040,834	(1,388,724)	8,610,220
Total assets	5,958,110	4,858,714	(1,388,724)	9,428,100
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	319,994	2,826,091	(1,510,830)	1,635,255
Borrowings	–	100,000	–	100,000
Income tax payable	–	98,195	–	98,195
	319,994	3,024,286	(1,510,830)	1,833,450
Net current assets	5,638,116	1,016,548	122,106	6,776,770
Non-current liabilities				
Provision for restoration costs	–	55,535	–	55,535
Deferred tax liabilities	–	15,503	–	15,503
	–	71,038	–	71,038
Total liabilities	319,994	3,095,324	(1,510,830)	1,904,488
Net assets	5,638,116	1,763,390	122,106	7,523,612

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

(Amounts expressed in Singapore Dollars)

	Audited Financial Statements of the Company 31.12.2017	Pro Forma Adjustments relating to the Target Group⁽⁷⁾ 31.12.2017	Other Pro Forma Adjustments⁽⁶⁾	Unaudited Pro Forma Consolidated Statement of Financial Position 31.12.2017
	\$	\$	\$	\$
Equity attributable to owners of the Company				
Share capital	258,805	1,002	3,588,292	3,848,099
Deemed capital contribution from shareholders	–	–	1,452,106	1,452,106
Foreign currency translation reserve	–	4,103	–	4,103
Retained earnings	5,379,311	1,758,285	(4,918,292)	2,219,304
Total equity	5,638,116	1,763,390	122,106	7,523,612
Total equity and liabilities	5,958,110	4,858,714	(1,388,724)	9,428,100

Notes to the Pro Forma Adjustments:

⁽⁶⁾ The pro forma adjustments relate to the audited combined statement of financial position of the Target Group as at 31 December 2017.

⁽⁷⁾ The pro forma adjustments relate to (i) the waiver of amounts due to shareholders of \$1,452,106, net of amounts due from companies related to a shareholder of \$58,724, and (ii) the effects of the Proposed Acquisition, including the resultant negative goodwill of \$1,791,019, and total estimated professional fees in relation to the Proposed Acquisition amounting to \$1,330,000, which are deemed to have been incurred and settled in cash.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

(Amounts expressed in Singapore Dollars)

	Audited Financial Statements of the Company 30.6.2018 \$	Pro Forma Adjustments relating to the Target Group⁽⁹⁾ 30.6.2018 \$	Other Pro Forma Adjustments⁽¹⁰⁾ \$	Unaudited Pro Forma Consolidated Statement of Cash Flows 30.6.2018 \$
Operating activities				
(Loss)/profit before tax	(190,965)	761,235	86,500	656,770
Adjustments for:				
Depreciation of plant and equipment	–	125,703	–	125,703
Gain on disposal of asset held for sale	(26,560)	–	–	(26,560)
Interest expense on borrowings	–	2,304	–	2,304
Share of results of an associate	–	2,331	–	2,331
Professional fees in relation to the Proposed Acquisition	53,500	33,000	(86,500)	–
Overprovision of professional fees in respect of previously contemplated reverse acquisition	(15,958)	–	–	(15,958)
Operating cash flows before changes in working capital	(179,983)	924,573	–	744,590
<u>Changes in working capital</u>				
Increase in inventories	–	(31,093)	–	(31,093)
Increase in trade and other receivables	7,255	(31,161)	–	(23,906)
(Decrease)/increase in trade and other payables	(112,210)	(136,339)	–	(248,549)
Cash flows generated from/(used in) operations	(284,938)	725,980	–	441,042
Interest paid	–	(2,304)	–	(2,304)
Income taxes paid	–	(1,334)	–	(1,334)
Net cash flows (used in)/generated from operating activities	(284,938)	722,342	–	437,404
Investing activities				
Purchase of plant and equipment	–	(20,895)	–	(20,895)
Net proceeds from disposal of assets held for sale	979,200	–	–	979,200
Net cash flows generated from/(used in) investing activities	979,200	(20,895)	–	958,305

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (CONT'D)

(Amounts expressed in Singapore Dollars)

	Audited Financial Statements of the Company 30.6.2018 \$	Pro Forma Adjustments relating to the Target Group⁽⁹⁾ 30.6.2018 \$	Other Pro Forma Adjustments⁽¹⁰⁾ \$	Unaudited Pro Forma Consolidated Statement of Cash Flows 30.6.2018 \$
Financing activities				
Repayment of loans and borrowings	–	(50,000)	–	(50,000)
Decrease in amounts due to shareholders	–	(520,000)	–	(520,000)
Placement of restricted deposit	(881,280)	–	–	(881,280)
Net cash flows used in financing activities	(881,280)	(570,000)	–	(1,451,280)
Net (decrease)/increase in cash and cash equivalents	(187,018)	131,447	–	(55,571)
Cash and cash equivalents at beginning of the year	1,580,707	878,429	(1,330,000)	1,129,136
Cash and cash equivalents at end of the year	1,393,689	1,009,876	(1,330,000)	1,073,565

Note to the Pro Forma Adjustments:

- ⁽⁹⁾ The pro forma adjustments relate to the unaudited combined statement of cash flows of the Target Group for the six-month period ended 30 June 2018.
- ⁽¹⁰⁾ The pro forma adjustments relate to the reversal of professional fees accrued during the six-month period ended 30 June 2018 in relation to the Proposed Acquisition, which amounted to \$86,500. Total estimated professional fees in relation to the Proposed Acquisition amount to \$1,330,000, which are deemed to have been incurred and settled in cash as of 1 January 2017.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

(Amounts expressed in Singapore Dollars)

	Audited Financial Statements of the Company 31.12.2017 \$	Pro Forma Adjustments relating to the Target Group⁽¹¹⁾ 31.12.2017 \$	Other Pro Forma Adjustments⁽¹²⁾ \$	Unaudited Pro Forma Consolidated Statement of Cash Flows 31.12.2017 \$
Operating activities				
(Loss)/profit before tax	(565,227)	1,201,079	461,019	1,096,871
Adjustments for:				
Depreciation of plant and equipment	–	243,695	–	243,695
Gain on disposal of assets held for sale	(52,688)	–	–	(52,688)
Bad debts written off	–	12,252	–	12,252
Interest expense on borrowings	–	14,417	–	14,417
Interest income	(3,104)	–	–	(3,104)
Share of results of an associate	–	(10,914)	–	(10,914)
Negative goodwill in relation to the Proposed Acquisition	–	–	(1,791,019)	(1,791,019)
Professional fees in relation to the Proposed Acquisition	–	–	1,330,000	1,330,000
Operating cash flows before changes in working capital				
	(621,019)	1,460,529	–	839,510
<u>Changes in working capital</u>				
Increase in inventories	–	(598,209)	–	(598,209)
Increase in trade and other receivables	(2,379)	(314,668)	–	(258,323)
(Decrease)/increase in trade and other payables	(65,963)	262,300	–	137,613
Cash flows (used in)/generated from operations				
	(689,361)	809,952	–	120,591
Interest paid	–	(14,417)	–	(14,417)
Interest received	3,104	–	–	3,104
Income taxes paid	–	(16,274)	–	(16,274)
Net cash flows (used in)/generated from operating activities				
	(686,257)	779,261	–	93,004
Investing activities				
Purchase of plant and equipment	–	(55,594)	–	(55,594)
Net proceeds from disposal of assets held for sale	2,077,048	–	–	2,077,048
Professional fees in relation to the Proposed Acquisition	–	–	(1,330,000)	(1,330,000)
Net cash flows generated from/(used in) investing activities				
	2,077,048	(55,594)	(1,330,000)	691,454

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

(Amounts expressed in Singapore Dollars)

	Audited Financial Statements of the Company 31.12.2017 \$	Pro Forma Adjustments relating to the Target Group⁽¹¹⁾ 31.12.2017 \$	Other Pro Forma Adjustments⁽¹²⁾ \$	Unaudited Pro Forma Consolidated Statement of Cash Flows 31.12.2017 \$
Financing activities				
Repayment of loans and borrowings	–	(200,000)	–	(200,000)
Increase in amounts due to shareholders	–	148,000	–	148,000
Placement of restricted deposit	(1,867,543)	–	–	(1,867,543)
Net cash flows used in financing activities	(1,867,543)	(52,000)	–	(1,919,543)
Net (decrease)/increase in cash and cash equivalents	(476,752)	671,667	(1,330,000)	(1,135,085)
Cash and cash equivalents at beginning of the year	2,057,459	206,762	–	2,264,221
Cash and cash equivalents at end of the year	1,580,707	878,429	(1,330,000)	1,129,136

Note to the Pro Forma Adjustments:

- (11) The pro forma adjustments relate to the audited combined statement of cash flows of the Target Group for the financial year ended 31 December 2017.
- (12) The pro forma adjustments relate to the effects of the Proposed Acquisition, including the resultant negative goodwill of \$1,791,019, and total estimated professional fees in relation to the Proposed Acquisition amounting to \$1,330,000, which are deemed to have been incurred and settled in cash as of 1 January 2017.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

1. Corporate information

TSH Corporation Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist of the SGX-ST. The registered office and principal place of business is located at 51 Changi Business Park, The Signature #04-05, Singapore 486066. The principal activity of the Company is that of investment holding.

Sloshed! Pte. Ltd. ("Sloshed!") is a private limited liability company incorporated and domiciled in Singapore. The registered office and principal place of business of Sloshed! is located at 271 Bukit Timah Road #04-13, Balmoral Plaza, Singapore 259708.

The principal activity of Sloshed! is investment holding. The principal activities of its subsidiaries and associate are disclosed in Note 13 and Note 14, respectively, to the audited combined financial statements of the Target Group for the financial years ended 31 December 2015, 2016 and 2017 as included in Appendix C of the Circular.

2. Significant events

The unaudited pro forma consolidated financial information has been prepared for inclusion in the Circular to shareholders of the Company in connection with the proposed acquisition of the entire issued share capital of Sloshed! (the "Proposed Acquisition"). The enlarged group of companies comprising the Company and Sloshed! and its subsidiaries (the "Target Group"), following the completion of the Proposed Acquisition, is collectively known as the Enlarged Group.

The unaudited pro forma consolidated financial information of the Enlarged Group, because of their nature, are not necessarily indicative of the financial position and of the financial performance that would have been attained had the significant events actually occurred earlier. Save as disclosed in this report, management, for the purpose of preparing this set of unaudited pro forma consolidated financial information of the Enlarged Group, have not considered the effects of other events.

Save for the following significant events discussed below, the directors, as at the date of this report, are not aware of other significant events subsequent to 30 June 2018 that would have a significant effect on the Enlarged Group's financial statements.

(a) The Proposed Acquisition

On 31 August 2018, the Board announced that the Company had entered into a Sale and Purchase Agreement with Teo Kok Woon ("TKW"), Chua Khoo Hui and Lim Kian Boon Charles (collectively, the "Vendors") to acquire the entire issued share capital of Sloshed! for an aggregate purchase consideration of \$18,800,000, provided that the final purchase consideration payable by the Company at completion shall be the market value of the Target Group as determined by an independent business valuer appointed by the Company, which shall be satisfied in full by the issue and allotment of new shares in the capital of the Company to the Vendors at \$0.03 per share.

A share consolidation of every 20 shares into one consolidated share (the "Share Consolidation") is expected to take place concurrent with the Proposed Acquisition.

On 23 November 2018, following the independent valuation conducted by AVA Associates Limited, the Board announced that the purchase consideration shall be \$19,400,000, which will be satisfied entirely by the issue and allotment to the Vendors of 32,333,333 ordinary shares of the Company at \$0.60 per share, pursuant to the Share Consolidation.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

2. Significant events (cont'd)

(a) The Proposed Acquisition (cont'd)

The Proposed Acquisition would result in a reverse takeover of the Company.

Directly attributable costs related to the Proposed Acquisition is estimated to amount to \$1,330,000.

(b) Waiver of amounts due to shareholders (the "Waiver")

On 14 December 2018, the Vendors agreed in writing to waiver amounts due to shareholders of \$1,452,106, comprising net amounts owing by the Target Group to the Vendors and companies related to the Vendors as at 30 June 2018.

3. Basis of preparation of the unaudited pro forma consolidated financial information

(a) The unaudited pro forma consolidated financial information of the Enlarged Group pursuant to the Proposed Acquisition set out in this report is expressed in Singapore Dollars (SGD or \$) except as otherwise indicated. The financial information has been prepared for illustrative purposes only. It has been prepared based on certain assumptions and after making certain adjustments to show what:

- (i) the unaudited pro forma consolidated statements of comprehensive income of the Enlarged Group for the financial year ended 31 December 2017 and the six-month period ended 30 June 2018 would have been if the Enlarged Group structure pursuant to the Proposed Acquisition as described in Note 2 had been in place since 1 January 2017;
- (ii) the unaudited pro forma consolidated statements of financial position of the Enlarged Group as at 31 December 2017 and 30 June 2018 would have been if the Enlarged Group structure pursuant to the Proposed Acquisition as described in Note 2 had been in place on those dates; and
- (iii) the unaudited pro forma consolidated statements of cash flows of the Enlarged Group for the financial year ended 31 December 2017 and the six-month period ended 30 June 2018 would have been if the Enlarged Group structure pursuant to the Proposed Acquisition as described in Note 2 had been in place since 1 January 2017.

The objective of the unaudited pro forma consolidated financial information of the Enlarged Group is to show what the historical financial information would have been had the Enlarged Group structure pursuant to the Proposed Acquisition existed since 1 January 2017. However, the unaudited pro forma consolidated financial information of the Enlarged Group is not necessarily indicative of the financial performance or related effects on the financial position that would have been obtained had the Enlarged Group structure pursuant to the Proposed Acquisition actually existed earlier.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

3. Basis of preparation of the unaudited pro forma consolidated financial information (cont'd)

(b) In presenting the unaudited pro forma consolidated financial information of the Enlarged Group, the following key assumptions and adjustments were taken into account:

(i) The Proposed Acquisition

The issuance of 32,333,333 new ordinary shares at \$0.60 per share in connection with the Proposed Acquisition would result in the Vendors holding a controlling interest in the enlarged share capital of the Company. In accordance with SFRS(I) 3 *Business Combinations*, the acquisition of Sloshed! by the Company is accounted for as a reverse acquisition wherein Sloshed! is deemed to be the accounting acquirer and the Company the accounting acquiree.

The consideration transferred for the Proposed Acquisition is measured using the quoted market price of TSH's shares on the date of acquisition, multiplied by the 32,333,333 shares expected to be issued. The fair value per share is assumed to be \$0.32 per share, based on the quoted market price of TSH's shares as of 28 September 2018 of \$0.016, as adjusted for the Share Consolidation.

Directly attributable costs related to the Proposed Acquisition is assumed to be \$1,330,000.

(ii) The Waiver

The Waiver would result in a deemed capital contribution from shareholders amounting to \$1,452,106.

(c) The unaudited pro forma consolidated financial information of the Enlarged Group is based on the following:

(i) the audited financial statements of the Company for the financial year ended 31 December 2017, which have been prepared in accordance with Singapore Financial Reporting Standards ("FRS");

(ii) the unaudited interim financial statements of the Company for the six-month period ended 30 June 2018, which have been prepared in accordance with FRS;

(iii) the audited combined financial statements of the Target Group for the financial year ended 31 December 2017, which have been prepared in accordance with FRS; and

(iv) the unaudited interim condensed combined financial statements of the Target Group for the six-month period ended 30 June 2018, which have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The audited financial statements of the Company and the audited combined financial statements of the Target Group for the financial year ended 31 December 2017 were audited by Ernst & Young LLP, Public Accountants and Chartered Accountants, Singapore. The independent auditor's reports of the aforementioned audited financial statements were not subject to any qualification.

APPENDIX B: REPORT ON UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

4. Significant accounting policies

The unaudited pro forma consolidated financial information is prepared using the same accounting policies as the audited financial statements of the Company for the financial year ended 31 December 2017, and the audited combined financial statements of the Target Group for the financial year ended 31 December 2017 as disclosed in Note 2 to the audited combined financial statements of the Target Group for the financial years ended 31 December 2015, 2016 and 2017 as included in Appendix C of the Circular.

**APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET
GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

Company Registration No. 201323150W

Sloshed! Pte. Ltd. and its Subsidiaries

Audited Combined Statements
For the financial years ended 31 December 2015, 2016 and 2017

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

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APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

Directors' statement

For the financial years ended 31 December 2015, 2016 and 2017

In the opinion of the directors,

- (i) the accompanying combined financial statements of Sloshed! Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group") are drawn up so as to give a true and fair view of the combined financial positions of the Group as at 31 December 2015, 2016 and 2017, and of the combined financial performance, combined changes in equity and combined cash flows for the financial years ended 31 December 2015, 2016 and 2017; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Chua Khooon Hui
Director

Teo Kok Woon
Director

Singapore
31 December 2018

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

Independent auditor's report in relation to the audited combined financial statements of Sloshed! Pte. Ltd. and its subsidiaries For the financial years ended 31 December 2015, 2016 and 2017

The Board of Directors
Sloshed! Pte. Ltd.
271 Bukit Timah Road
#04-13 Balmoral Plaza
Singapore 259708

Report on the audit of the financial statements

Opinion

We have audited the accompanying combined financial statements of Sloshed! Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the combined statements of financial position of the Group as at 31 December 2015, 2016 and 2017, and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for each of the financial years ended 31 December 2015, 2016 and 2017, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages C-7 to C-44.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with the Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the combined financial positions of the Group as at 31 December 2015, 2016 and 2017, and of the combined financial performance, combined changes in equity and combined cash flows of the Group for each of the financial years ended 31 December 2015, 2016 and 2017.

Basis for opinion

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

Responsibilities of management and directors for the combined financial statements

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

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

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

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

Independent auditor's report in relation to the audited combined financial statements of Sloshed! Pte. Ltd. and its subsidiaries For the financial years ended 31 December 2015, 2016 and 2017

Auditor's responsibilities for the audit of the combined financial statements

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

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

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

**Independent auditor's report in relation to the audited combined financial statements of Sloshed! Pte. Ltd. and its subsidiaries
For the financial years ended 31 December 2015, 2016 and 2017**

Restriction on distribution and use

This report is made solely to you as a body and for the inclusion in the Circular of TSH Corporation Limited ("TSH") to be issued in connection with TSH's proposed acquisition of the entire issued share capital of the Company, being a reverse takeover.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

31 December 2018

Partner-in-charge: Terry Wee Hiang Bing

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

**Combined statements of comprehensive income
For the financial years ended 31 December 2015, 2016 and 2017**

	Note	2015 \$	2016 \$	2017 \$
Revenue	4	1,977,744	2,607,965	5,103,665
Cost of sales		(827,547)	(985,573)	(1,435,722)
Gross profit		1,150,197	1,622,392	3,667,943
Other income	5	66,040	63,944	251,051
Marketing and distribution expenses		(57,073)	(119,638)	(73,284)
Administrative expenses		(859,410)	(1,651,763)	(2,385,181)
Other expenses	6	(105,420)	(175,868)	(255,947)
Interest expense on borrowings		(407)	(15,123)	(14,417)
Share of results of associate		(5,489)	(4,439)	10,914
Profit/(loss) before tax	7	188,438	(280,495)	1,201,079
Income tax (expense)/benefit	10	(16,925)	73,991	(135,755)
Profit/(loss) for the year attributable to owners of the Company		171,513	(206,504)	1,065,324
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation		(5,875)	1,554	5,019
Total comprehensive income for the year attributable to owners of the Company		165,638	(204,950)	1,070,343
Earnings per share (cents per share)				
Basic and diluted	11	N/A	N/A	N/A

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

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

**Combined statements of financial position
As at 31 December 2015, 2016 and 2017**

	Note	2015 \$	2016 \$	2017 \$
ASSETS				
Non-current assets				
Plant and equipment	12	50,721	803,911	615,810
Other receivables	16	–	131,729	137,624
Investment in an associate	14	3,739	855	5,893
Deferred tax assets	10(c)	–	89,075	58,553
		54,460	1,025,570	817,880
Current assets				
Inventories	15	1,591,956	1,966,773	2,564,982
Trade and other receivables	16	313,526	300,903	597,423
Cash and cash equivalents	17	216,210	206,762	878,429
		2,121,692	2,474,438	4,040,834
Total assets		2,176,152	3,500,008	4,858,714
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	18	1,174,978	2,415,790	2,826,091
Borrowings	19	49,999	300,000	100,000
Income tax payable		13,300	16,277	98,195
		1,238,277	2,732,067	3,024,286
Net current assets/(liabilities)		883,415	(257,629)	1,016,548
Non-current liabilities				
Provision for restoration costs	20	20,760	55,535	55,535
Deferred tax liabilities	10(c)	8,224	8,465	15,503
		28,984	64,000	71,038
Total liabilities		1,267,261	2,796,067	3,095,324
Net assets		908,891	703,941	1,763,390
Equity attributable to owners of the Company				
Share capital	21	1,002	1,002	1,002
Foreign currency translation reserve	22	8,424	9,978	4,103
Retained earnings		899,465	692,961	1,758,285
Total equity		908,891	703,941	1,763,390
Total equity and liabilities		2,176,152	3,500,008	4,858,714

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

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

**Combined statements of changes in equity
For the financial years ended 31 December 2015, 2016 and 2017**

	Attributable to owners of the Company			
	Share capital (Note 21) \$	Foreign currency translation reserve (Note 22) \$	Retained earnings \$	Total equity \$
At 1 January 2015	1,000	3,405	727,952	732,357
Profit for the year	–	–	171,513	171,513
Foreign currency translation	–	5,019	–	5,019
Adjustment arising from the Restructuring Exercise (Note 1.2)	2	–	–	2
At 31 December 2015 and 1 January 2016	1,002	8,424	899,465	908,891
Loss for the year	–	–	(206,504)	(206,504)
Foreign currency translation	–	1,554	–	1,554
At 31 December 2016 and 1 January 2017	1,002	9,978	692,961	703,941
Profit for the year	–	–	1,065,324	1,065,324
Foreign currency translation	–	(5,875)	–	(5,875)
Balance at 31 December 2017	1,002	4,103	1,758,285	1,763,390

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

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

**Combined statements of cash flows
For the financial years ended 31 December 2015, 2016 and 2017**

	Note	2015 \$	2016 \$	2017 \$
Operating activities				
Profit/(loss) before tax		188,438	(280,495)	1,201,079
Adjustments for:				
Depreciation of plant and equipment	12	25,216	148,918	243,695
Plant and equipment written off	6	–	17,725	–
Bad debts written off	6	3,847	9,225	12,252
Interest expense on borrowings		407	15,123	14,417
Impairment of investment in an associate	14	76,304	–	–
Share of results of an associate		5,489	4,439	(10,914)
Operating cash flows before changes in working capital		299,701	(85,065)	1,460,529
<u>Changes in working capital</u>				
Increase in inventories		(64,285)	(374,817)	(598,209)
Decrease/(increase) in trade and other receivables		(250,028)	(128,330)	(314,668)
(Decrease)/increase in trade and other payables		28,606	260,815	262,300
Cash flows generated from/(used in) operations		13,994	(327,397)	809,952
Interest paid		(407)	(15,123)	(14,417)
Income taxes paid		(26,647)	(11,869)	(16,274)
Net cash flows (used in)/generated from operating activities		(13,060)	(354,389)	779,261
Investing activity				
Purchase of plant and equipment, representing net cash flows used in investing activity	A	(1,021)	(885,058)	(55,594)

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

**Combined statements of cash flows
For the financial years ended 31 December 2015, 2016 and 2017**

	Note	2015	2016	2017
		\$	\$	\$
Financing activities				
Proceeds from loans and borrowings		49,999	300,000	–
Repayment of loans and borrowings		–	(49,999)	(200,000)
Increase in amounts due to shareholders		–	979,998	148,000
Issuance of ordinary shares by subsidiary under common control		2	–	–
Net cash flows generated from/(used in) financing activities		50,001	1,229,999	(52,000)
Net increase/(decrease) in cash and cash equivalents		35,920	(9,448)	671,667
Cash and cash equivalents at beginning of the year		180,290	216,210	206,762
Cash and cash equivalents at end of the year	17	216,210	206,762	878,429
Note to the combined statements of cash flows				
A. Plant and equipment				
Current year additions to plant and equipment	12	2,521	919,833	55,594
Less: Provision for restoration costs included in "Renovations"	20	(1,500)	(34,775)	–
Net cash outflow for purchase of plant and equipment		1,021	885,058	55,594

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

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

Notes to the combined financial statements For the financial years ended 31 December 2015, 2016 and 2017

1. Corporate information

1.1 *The Company*

Sloshed! Pte. Ltd. (the "Company") is a private limited liability company incorporated and domiciled in Singapore.

The registered office and principal place of business of the Company is located at 271 Bukit Timah Road #04-13, Balmoral Plaza, Singapore 259708.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associate are disclosed in Note 13 and Note 14 to the combined financial statements respectively.

1.2 *The Restructuring Exercise*

The Group undertook the transaction described below as part of a corporate reorganisation (the "Restructuring Exercise") implemented in preparation for its listing on the Singapore Exchange Securities Trading Limited by way of a reverse acquisition of TSH Corporation Limited, the effects of which have been included in the combined financial statements of the Group for the financial years ended 31 December 2015, 2016 and 2017:

Acquisition of The Other Room Pte. Ltd. ("The Other Room")

The Other Room was incorporated on 8 December 2015. On 20 December 2018, the Company acquired 100% of the issued and paid-up capital of The Other Room of \$2, comprising the 2 ordinary shares, from Teo Kok Woon ("TKW") for a total consideration of \$2, which was satisfied by the issuance and allotment of 542 ordinary shares of the Company to TKW.

Prior to the Restructuring Exercise and since the incorporation of The Other Room, The Other Room was controlled by TKW. Pursuant to the completion of the Restructuring Exercise, The Other Room became a wholly-owned subsidiary of the Company.

In accordance with Recommended Accounting Practice 12, Merger Accounting for Common Control Combinations for financial statements prepared under Part IX of the Fifth Schedule to the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, where the combining business or entities have been under common control but have not formed a legal group as at the end of the group's latest reporting period, the financial statements of the entities or businesses may, if meaningful, be presented on a combined basis provided that the common control combination under which the legal group is formed is completed before the date of approval of the combined financial statements by the director.

The above Restructuring Exercise is considered to be a business combination involving entities under common control and is accounted for by applying the pooling of interests method. Accordingly, the assets and liabilities of The Other Room have been included in the combined financial statements at their carrying amounts. Although the Restructuring Exercise occurred in December 2018, the combined financial statements present the financial position and financial performance as if the businesses had always been combined since the beginning of the earliest period presented.

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Sloshed! Pte. Ltd. and its Subsidiaries

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For the financial years ended 31 December 2015, 2016 and 2017

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The combined financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The combined financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The combined financial statements are presented in Singapore dollars ("SGD" or "\$") except when otherwise indicated.

Convergence with International Financial Reporting Standards

For annual financial periods beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Standards (International) ("SFRS (I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS (I) on 1 January 2018.

The Group has performed an assessment on the impact of adopting SFRS (I). Other than the impact on adoption of SFRS (I) 9, the Group expects that adoption of SFRS (I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS (I) 9 will be similar to the impact on adoption of FRS 109 as disclosed in Note 2.3.

Reconciliation between FRS and SFRS (I)

In line with the requirements of the Amendment of Part IX of Fifth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) (Amendment) Regulations 2017, the Group is required to present a reconciliation of its net assets and net profit after tax for the financial year ended 31 December 2017 prepared in accordance with FRS to SFRS (I).

Other than the effects of the adoption of new standards that are effective for the financial year beginning 1 January 2018, the Group has assessed that there is no material reconciliation required to its net assets and net profit after tax for the financial year ended 31 December 2017 and accordingly, no such reconciliation has been presented.

2.2 *Changes in accounting policies*

The accounting policies have been consistently applied by the Group during the financial years ended 31 December 2015, 2016 and 2017 except that during the financial years ended 31 December 2015, 2016 and 2017, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015, 2016 and 2017 respectively. The adoption of these standards did not have any effect on the financial performance or position of the Group.

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2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
Improvements to FRSs (December 2016)	
- Amendments to FRS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2018
INT FRS 122 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
INT FRS 123 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to FRS 28 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Improvements to FRSs (March 2016)	
- Amendments to FRS 103 <i>Business Combinations</i>	1 January 2019
- Amendments to FRS 12 <i>Income Taxes</i>	1 January 2019
- Amendments to FRS 23 <i>Borrowing Costs</i>	1 January 2019
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Except for FRS 109 and FRS 116, the director expects that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 116 are described below.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior period's information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109 in 2018.

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2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 109 Financial Instruments (cont'd)

Impairment

FRS 109 requires the Group to record expected credit losses on all of its trade receivables either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect a material impact to the financial statements upon application of the expected credit loss model.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increases in total assets and total liabilities, tax, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The combined financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the combined financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

In addition to accounting for the Restructuring Exercise by applying the pooling of interest method of accounting (Note 1.2), all other acquisitions are accounted for using the acquisition method.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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For the financial years ended 31 December 2015, 2016 and 2017

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

(c) Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

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2. Summary of significant accounting policies (cont'd)

2.5 *Foreign currency*

The financial statements are presented in Singapore dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.6 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Equipment	– 3 to 5 years
Furniture and fittings	– 5 years
Bar and kitchenware	– 2 years
Renovations	– 3 to 5 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

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2. Summary of significant accounting policies (cont'd)

2.7 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2.9 *Associate*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investment in associate using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the operations of the associate. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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2. Summary of significant accounting policies (cont'd)

2.9 Associate (cont'd)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate is prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs.

Subsequent measurement

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

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2. Summary of significant accounting policies (cont'd)

2.10 *Financial instruments (cont'd)*

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.11 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

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For the financial years ended 31 December 2015, 2016 and 2017

2. Summary of significant accounting policies (cont'd)

2.11 *Impairment of financial assets (cont'd)*

Financial assets carried at amortised cost (cont'd)

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand.

2.13 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete or slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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2. Summary of significant accounting policies (cont'd)

2.15 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the grant relates to income, the government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss, under "Other income".

2.16 *Borrowing costs*

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 *Employee benefits*

(a) *Defined contribution plan*

The Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.18 *Leases – as lessee*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.19 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with the delivery and acceptance of the goods sold and billings of food and beverages to customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

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2. Summary of significant accounting policies (cont'd)

2.19 Revenue (cont'd)

(b) Commission income

Commission income is recognised upon delivery of goods on behalf of a supplier to the customers.

(c) Sponsorship income

Sponsorship income is recognised when the rights to receive payment has been established, which is determined based on the Group's purchases made.

2.20 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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2. Summary of significant accounting policies (cont'd)

2.20 Taxes (cont'd)

(b) Deferred tax (cont'd)

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.21 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

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For the financial years ended 31 December 2015, 2016 and 2017

3. Significant accounting judgements and estimates

The preparation of the Group's combined financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value ("NRV").

NRV in respect of inventories is assessed based on the best available facts and circumstances as the end of each reporting period, including but not limited to, the physical conditions of the inventories, their expected market selling prices and estimated costs to be incurred for their sale. The carrying amounts of the Group's inventories at the end of each reporting period are disclosed in Note 15 to the financial statements.

4. Revenue

Revenue represents sale of food and beverages less any discounts or allowances.

5. Other income

	2015	2016	2017
	\$	\$	\$
Commission income	1,121	4,000	174,623
Sponsorship income	27,617	35,234	7,602
Government grants	36,981	23,001	28,929
Net foreign exchange gain	–	1,709	39,306
Others	321	–	591
	66,040	63,944	251,051

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

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5. Other income (cont'd)

Commission income relates to income received for arranging direct sales from suppliers to the customers, and is recognised upon delivery of goods to the customers.

Government grants include the Special Employment Credit and Wage Credit Scheme. The Special Employment Credit was introduced by the Singapore Government to support employers as well as to raise the employability of older low-wage Singaporeans. The Wage Credit Scheme was introduced to help businesses adjust to rising wage costs in a tight labour market with the objective to allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees.

6. Other expenses

	Note	2015	2016	2017
		\$	\$	\$
Bad debts written off		3,847	9,225	12,252
Impairment of investment in an associate	14	76,304	–	–
Depreciation of plant and equipment	12	25,216	148,918	243,695
Plant and equipment written off	12	–	17,725	–
Net foreign exchange loss		53	–	–
		105,420	175,868	255,947

7. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Note	2015	2016	2017
		\$	\$	\$
Depreciation of plant and equipment	12	25,216	148,918	243,695
Employee benefits expense	8	490,677	830,109	1,154,166
Inventories recognised as an expense in cost of sales	15	827,547	985,573	1,435,722
Rental expense on operating leases:				
- Fixed rental		175,230	380,290	643,523
- Contingent rental		–	10,036	24,793
Transportation charges		42,217	58,022	106,913
Entertainment expenses		34,983	25,204	45,904
Bank charges		32,590	55,159	108,090

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8. Employee benefits

	2015 \$	2016 \$	2017 \$
Employee benefits expense (including directors):			
Salaries and bonuses	428,003	720,911	1,046,144
Central Provident Fund contributions	62,674	93,595	105,085
Other short term benefits	–	15,603	2,937
	490,677	830,109	1,154,166

Included in employee benefits expense for the financial year ended 31 December 2017 is employees' remuneration amounting to \$191,360 (2016: \$142,610; 2015: \$126,230) paid to relatives of a director of the Group's subsidiaries.

9. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	2015 \$	2016 \$	2017 \$
Sale of goods to associate	6,922	–	–
Sale of goods to director-related companies	23,891	13,929	14,824
Purchase of goods from director-related companies	7,326	5,751	25,513
Commission paid to associate	–	–	29,140
	–	–	29,140

(b) Compensation of key management personnel

	2015 \$	2016 \$	2017 \$
Salaries and bonuses	84,000	98,000	103,000
Central Provident Fund contributions	14,280	16,660	17,870
	98,280	114,660	120,870
<i>Comprise amounts paid to:</i>			
Director of the Group's subsidiaries	98,280	114,660	120,870
	98,280	114,660	120,870

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10. Income tax

(a) Income tax expense/(benefit)

The major components of income tax expense/(benefit) for the financial years ended 31 December 2015, 2016 and 2017 are:

	2015	2016	2017
	\$	\$	\$
<i>Current income tax</i>			
- Current income taxation	11,654	8,289	98,195
- Underprovision in respect of previous years	1,293	6,554	–
<i>Deferred income tax</i>			
- Origination and reversal of temporary differences	3,978	(88,834)	37,560
Income tax expense/(benefit) recognised in profit or loss	<u>16,925</u>	<u>(73,991)</u>	<u>135,755</u>

(b) Relationship between tax expense/(benefit) and accounting profit/(loss)

The reconciliations between tax expense/(benefit) and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 December 2015, 2016 and 2017 as follows:

	2015	2016	2017
	\$	\$	\$
Profit/(loss) before tax	<u>188,438</u>	<u>(280,495)</u>	<u>1,201,079</u>
Tax calculated at statutory tax rate of 17%	32,034	(47,684)	204,183
Adjustments:			
Non-deductible expenses	14,767	9,173	5,296
Effects of partial tax exemption and tax relief	(30,998)	(40,626)	(71,798)
Underprovision in respect of previous years	1,293	6,554	–
Share of results of associate	933	755	(1,855)
Others	(1,104)	(2,163)	(71)
Income tax expense/(benefit) recognised in profit or loss	<u>16,925</u>	<u>(73,991)</u>	<u>135,755</u>

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Sloshed! Pte. Ltd. and its Subsidiaries

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10. Income tax (cont'd)

(c) *Deferred income tax*

	2015	2016	2017
	\$	\$	\$
Balance at 1 January	4,246	8,224	(80,610)
Charged/(credited) to profit or loss	3,978	(88,834)	37,560
Balance at 31 December	<u>8,224</u>	<u>(80,610)</u>	<u>(43,050)</u>

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	Differences in depreciation
	\$
Deferred tax liabilities	
As at 1 January 2015	4,246
Charged to profit or loss	3,978
As at 31 December 2015 and 1 January 2016	<u>8,224</u>
Charged to profit or loss	27,497
As at 31 December 2016 and 1 January 2017	<u>35,721</u>
Credited to profit or loss	(475)
As at 31 December 2017	<u><u>35,245</u></u>
	Unutilised tax losses
	\$
Deferred tax assets	
As at 1 January 2015, 31 December 2015 and 1 January 2016	–
Credited to profit or loss	(116,331)
As at 31 December 2016 and 1 January 2017	<u>(116,331)</u>
Charged to profit or loss	38,033
As at 31 December 2017	<u><u>(78,295)</u></u>

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For the financial years ended 31 December 2015, 2016 and 2017

10. Income tax (cont'd)

(c) *Deferred income tax (cont'd)*

The Group's deferred tax assets and deferred tax liabilities within the same tax jurisdiction that are offset are as follows:

31 December 2016			
\$			
	Gross carrying amounts before offsetting	Gross amounts offset in the combined statement of financial position	Net amounts in the combined statement of financial position
Deferred tax assets	116,331	(27,256)	89,075
Deferred tax liabilities	35,721	(27,256)	8,465

31 December 2017			
\$			
	Gross carrying amounts before offsetting	Gross amounts offset in the combined statement of financial position	Net amounts in the combined statement of financial position
Deferred tax assets	78,295	(19,742)	58,553
Deferred tax liabilities	35,245	(19,742)	15,503

There was no offset of deferred tax assets and deferred tax liabilities as at 31 December 2015.

11. Earnings per share

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Restructuring Exercise and the presentation of the financial performance of the Group for the financial years ended 31 December 2015, 2016 and 2017 as disclosed in Note 1.2 above.

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For the financial years ended 31 December 2015, 2016 and 2017**

12. Plant and equipment

	Equipment \$	Furniture and fittings \$	Bar and kitchenware \$	Renovations \$	Total \$
Cost:					
At 1 January 2015	40,472	55,231	—	125,449	221,152
Additions	1,021	—	—	1,500	2,521
At 31 December 2015 and 1 January 2016	41,493	55,231	—	126,949	223,673
Additions	102,109	261,337	5,812	550,575	919,833
Write-offs	—	—	—	(65,295)	(65,295)
At 31 December 2016 and 1 January 2017	143,602	316,568	5,812	612,229	1,078,211
Additions	16,945	11,580	—	27,069	55,594
At 31 December 2017	160,547	328,148	5,812	639,298	1,133,805
Accumulated depreciation:					
At 1 January 2015	20,781	45,349	—	81,606	147,736
Depreciation charge for the year	8,590	3,400	—	13,226	25,216
As at 31 December 2015 and 1 January 2016	29,371	48,749	—	94,832	172,952
Depreciation charge for the year	21,250	23,909	679	103,080	148,918
Write-offs	—	—	—	(47,570)	(47,570)
At 31 December 2016 and 1 January 2017	50,621	72,658	679	150,342	274,300
Depreciation charge for the year	29,210	56,593	2,905	154,987	243,695
At 31 December 2017	79,831	129,251	3,584	305,329	517,995
Net carrying amount:					
At 31 December 2015	12,122	6,482	—	32,117	50,721
At 31 December 2016	92,981	243,910	5,133	461,887	803,911
At 31 December 2017	80,716	198,897	2,228	333,969	615,810

Restoration costs

Included in the Group's carrying amount of renovations is \$21,362 (2016: \$31,670, 2015: \$1,333) of provision for restoration costs.

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For the financial years ended 31 December 2015, 2016 and 2017

13. Investment in subsidiaries

The Company had the following subsidiaries as at 31 December:

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Proportion of ownership interest		
			2015 %	2016 %	2017 %
TWS Pte. Ltd.	Singapore	Pub operator	100	100	100
Quaich Pte. Ltd.	Singapore	Pub operator	–	100**	100
The Other Room Pte. Ltd.	Singapore	Pub operator	100*	100	100
Planet Spirits Pte. Ltd.	Singapore	Import, export and distribution of wine and liquor	100	100	100

* Incorporated during the financial year ended 31 December 2015.

** Incorporated during the financial year ended 31 December 2016.

All subsidiaries are audited by Ernst & Young LLP, Singapore.

14. Investment in an associate

	2015 \$	2016 \$	2017 \$
Investment at cost, including share of post-acquisition reserves	80,043	77,159	82,197
Less: Impairment loss	(76,304)	(76,304)	(76,304)
Net investment in an associate	3,739	855	5,893

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest		
			2015 %	2016 %	2017 %
Timber Malt Pte. Ltd.^	Singapore	Wholesale trade in alcoholic beverages	20	20	20

^ Audited by Chartered Accountants Singapore Auditors (CASA) Alliances.

The activities of the associate are strategic to the Group's activities.

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14. Investment in an associate (cont'd)

Information about the Group's investment in associate that is not individually material are as follows:

	2015	2016	2017
	\$	\$	\$
(Loss)/profit after tax, representing total comprehensive income	(27,447)	(22,194)	54,571

During the financial year ended 31 December 2015, the Group recorded an impairment loss of \$76,304 on its investment in an associate based on the recoverable amount of the investment.

15. Inventories

	2015	2016	2017
	\$	\$	\$
Trading goods comprising whisky and other liquor	1,591,956	1,966,773	2,564,982
Recognised in the combined statement of comprehensive income			
- Inventories recognised as cost of sales	827,547	985,573	1,435,722

There were no inventories written-down for the financial years ended 31 December 2015, 2016 and 2017.

16. Trade and other receivables

	Note	2015	2016	2017
		\$	\$	\$
Trade and other receivables (current)				
Trade receivables				
- Third parties		95,942	125,819	150,049
- Director-related companies		1,815	2,052	7,995
Advances to suppliers		157,347	36,577	335,094
Other receivables				
- Third parties		15,652	5,340	13,340
- Director-related companies		-	58,624	58,624
GST receivable		-	11,553	3,281
Prepayments		-	40,529	9,311
Deposits		42,770	20,409	19,729
		313,526	300,903	597,423

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16. Trade and other receivables (cont'd)

	Note	2015 \$	2016 \$	2017 \$
Other receivables (non-current)				
Deposits		–	131,729	130,449
Prepayments		–	–	7,175
		–	131,729	137,624
<hr/>				
Total trade and other receivables (current and non-current)		313,526	432,632	735,047
Add:				
Cash and cash equivalents	17	216,210	206,762	878,429
Less:				
Advances to suppliers		(157,347)	(36,577)	(335,094)
GST receivable		–	(11,553)	(3,281)
Prepayments		–	(40,529)	(16,486)
		372,389	550,735	1,258,615

Trade and other receivables are unsecured, non-interest bearing and are generally on 1 to 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

	2015 \$	2016 \$	2017 \$
Great Britain Pound	5,355	–	–

Amounts due from director-related companies

These amounts are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$150,049 (2016: \$125,819; 2015: \$95,942) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	2015 \$	2016 \$	2017 \$
Trade receivables past due but not impaired:			
- Lesser than 30 days	16,363	76,396	108,753
- 30 to 60 days	16,342	1,150	2,510
- 61 to 90 days	16,126	–	–
- Over 90 days	47,111	48,273	38,786
	95,942	125,819	150,049

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17. Cash and cash equivalents

	2015	2016	2017
	\$	\$	\$
Cash at banks and on hand	216,210	206,762	878,429

Cash at banks do not earn interest.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	2015	2016	2017
	\$	\$	\$
Great Britain Pound	95,236	6,020	24,215

18. Trade and other payables

	Note	2015	2016	2017
		\$	\$	\$
Trade payables				
- Third parties		18,005	147,176	226,909
- Director-related companies		–	1,551	3,616
Accrued operating expenses		51,298	160,197	260,138
Other payables				
- Third parties		–	701	2,532
- Director-related companies		–	2,520	3,973
GST payable		19,061	28,033	61,879
Advances from customers		–	9,000	52,432
Amounts due to shareholders		1,086,614	2,066,612	2,214,612
Total trade and other payables		1,174,978	2,415,790	2,826,091
Add:				
Borrowings	19	49,999	300,000	100,000
Less:				
GST payable		(19,061)	(28,033)	(61,879)
Advances from customers		–	(9,000)	(52,432)
Total financial liabilities carried at amortised cost		1,205,916	2,678,757	2,811,780

Trade and other payables are unsecured and non-interest bearing. Trade payables and other payables are generally on 30 days' terms.

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18. Trade and other payables (cont'd)

Trade and other payables denominated in foreign currencies at 31 December are as follows:

	2015	2016	2017
	\$	\$	\$
Great Britain Pound	–	88,845	163,754

Related party balances

Amounts due to director-related companies and shareholders are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

19. Borrowings

	2015	2016	2017
	\$	\$	\$
Short-term borrowings	49,999	300,000	100,000

Short-term borrowings are interest bearing at 6.18% to 6.52% (2016: 6.18% to 6.46%; 2015: 6.17% to 6.19%) per annum.

The short-term borrowings are secured by personal guarantees by directors of a subsidiary.

20. Provision for restoration costs

Movements in provision for restoration costs:

	2015	2016	2017
	\$	\$	\$
At 1 January	19,260	20,760	55,535
Additions	1,500	34,775	–
At 31 December	20,760	55,535	55,535

Provision for restoration costs relates to the estimated is the estimated costs to reinstate the Group's leased premises to their original state upon expiry of the leases.

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21. Share capital

	No. of shares	\$
At 1 January 2015	1,000	1,000
Adjustment arising from the Restructuring Exercise	542	2
At 31 December 2015, 2016 and 2017	1,542	1,002

Pursuant to the Restructuring Exercise disclosed in Note 1.2, the Company acquired 100% of the issued and paid-up capital of The Other Room of \$2 for a total consideration of \$2, which was satisfied by the issuance and allotment of 542 ordinary shares of the Company to TKW.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

22. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

23. Commitments

Operating lease commitments – as lessee

As at the end of the reporting period, the Group had lease commitments in respect of its office and bar outlet premises. Certain of the leases contain escalation clauses and provide for contingent rentals based on a percentage of sales derived. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to \$668,316 (2016: \$390,326, 2015: \$175,230).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	2015	2016	2017
	\$	\$	\$
Not later than one year	113,296	630,347	632,324
Later than one year but not later than five years	70,000	1,526,120	893,756
	183,296	2,156,467	1,526,080

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24. Segment information

Reportable segment

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the wholesale and retail sale of food and beverages businesses which form the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*. Management considers the aggregated wholesale and retail sale of food and beverages businesses as a single operating segment.

Geographical information

The Group operates in Singapore with revenue generated in Singapore. Accordingly, analysis of revenue and assets of the Group by geographical distribution has not been presented.

Information about major customers

During the financial year ended 31 December 2017, revenue from one major customer amounted to \$291,405, which contributed more than 5% of the Group's total revenue. Revenue from the remaining customers is spread over a broad base of customers.

During the financial years ended 31 December 2016 and 2015, there is no single major customer that contributed more than 5% of the Group's total revenue. The revenue is spread over a broad base of customers.

25. Fair value of assets and liabilities

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The carrying amount of financial assets and liabilities are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. Fair value of non-current deposits paid to landlords are not materially different from their carrying amounts. The Group does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

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25. Fair value of assets and liabilities (cont'd)

As at the end of the reporting periods, the Group does not have any financial instruments carried at fair value.

26. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. The Group does not hold or issue derivative financial instruments for speculative purposes.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Credit policies with guidelines on credit terms and limits set the basis for risk control. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, appropriate allowances are made for probable losses when necessary for identified debtors.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

Credit risk concentration profile

The Group has no significant concentration of credit risk. Trade receivables are spread over a broad base of customers and mainly relate to receivables from credit card sales. Credit risk with respect to trade receivables is minimal as the Group's revenue is mainly generated from cash and credit card sales.

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26. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash at banks are placed with reputable financial institutions with high credit ratings and no history of default. They are neither past due nor impaired.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade and other receivables).

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less \$	One to five years \$	Total \$
2015			
Financial assets:			
Trade and other receivables	156,179	–	156,179
Cash and cash equivalents	216,210	–	216,210
Total undiscounted financial assets	372,389	–	372,389
Financial liabilities:			
Trade and other payables	1,155,917	–	1,155,917
Borrowings	49,999	–	49,999
Total undiscounted financial liabilities	1,205,916	–	1,205,916
Total net undiscounted financial (liabilities)/assets	(833,527)	–	(833,527)

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

Notes to the financial statements

For the financial years ended 31 December 2015, 2016 and 2017

26. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	One year or less \$	One to five years \$	Total \$
2016			
Financial assets:			
Trade and other receivables	212,244	132,760	345,004
Cash and cash equivalents	206,762	–	206,762
Total undiscounted financial assets	419,006	132,760	551,766
Financial liabilities:			
Trade and other payables	2,378,757	–	2,378,757
Borrowings	300,000	–	300,000
Total undiscounted financial liabilities	2,678,757	–	2,678,757
Total net undiscounted financial (liabilities)/assets	(2,259,751)	132,760	(2,126,991)
2017			
Financial assets:			
Trade and other receivables	249,737	132,760	382,497
Cash and cash equivalents	878,429	–	878,429
Total undiscounted financial assets	1,128,166	132,760	1,260,926
Financial liabilities:			
Trade and other payables	2,711,780	–	2,711,780
Borrowings	100,000	–	100,000
Total undiscounted financial liabilities	2,811,780	–	2,811,780
Total net undiscounted financial (liabilities)/assets	(1,683,614)	132,760	(1,550,854)

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

Notes to the financial statements

For the financial years ended 31 December 2015, 2016 and 2017

26. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its borrowings. The Group's borrowings are at floating rates which are contractually repriced at intervals of three months or less from the end of the reporting period.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 basis points lower/higher with all other variables held constant, the Group's profit before tax for the financial years ended 31 December 2017 and 2015 would have been \$415 and \$207 higher/lower, respectively, and the Group's loss before tax for the financial year ended 31 December 2016 would have been \$1,245 lower/higher, arising mainly as a result of lower/higher interest expense on floating rate borrowings.

(d) Foreign currency risk

The Group has transactional currency exposures arising mainly from purchases that are denominated in Great Britain Pound ("GBP"). Approximately 67% (2016: 63%; 2015: 76%) of the Group's purchases are denominated in GBP whilst almost 100% (2016: 97%; 2015: 97%) of revenue are denominated in SGD. The Group's trade payable and trade receivable balances at the end of the reporting period have similar exposures.

The Group also holds cash and cash equivalents denominated in GBP for working capital purposes.

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/loss before tax to a reasonably possible change in the GBP exchange rate against the SGD, with all other variables held constant.

	2015 \$	2016 \$	2017 \$
	Profit before tax (lower)/higher	Loss before tax (lower)/higher	Profit before tax (lower)/higher
GBP against SGD			
– strengthened 5%	5,030	4,141	(6,977)
– weakened 5%	(5,030)	(4,141)	6,977

APPENDIX C: AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sloshed! Pte. Ltd. and its Subsidiaries

Notes to the financial statements

For the financial years ended 31 December 2015, 2016 and 2017

27. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015, 2016 and 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, trade and other payables, less cash and cash equivalents. Capital refers to equity attributable to owners of the Company.

	Note	2015 \$	2016 \$	2017 \$
Borrowings	19	49,999	300,000	100,000
Trade and other payables	18	1,174,978	2,415,790	2,826,091
Less: Cash and cash equivalents	17	(216,210)	(206,762)	(878,429)
Net debt		1,008,767	2,509,028	2,047,662
Equity attributable to owners of the Company		908,891	703,941	1,763,390
Capital and net debt		1,917,658	3,212,969	3,811,052
Gearing ratio		53%	78%	54%

28. Authorisation of financial statements

The financial statements for the financial years ended 31 December 2015, 2016 and 2017 were authorised for issue in accordance with a resolution of the directors on 31 December 2018.

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2018**

Company Registration No. 201323150W

Sloshed! Pte. Ltd. and its Subsidiaries

Unaudited Interim Condensed Combined Financial Statements
For the six-month period ended 30 June 2018

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2018**

Sloshed! Pte. Ltd. and its Subsidiaries

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**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2018**

Sloshed! Pte. Ltd. and its Subsidiaries

Directors' statement

In the opinion of the directors,

- (i) the accompanying unaudited interim condensed combined financial statements of Sloshed! Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group") are drawn up so as to present fairly, in all material respects, the financial position of the Group as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Group for the period ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Chua Khooon Hui
Director

Teo Kok Woon
Director

Singapore
31 December 2018

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2018**

Sloshed! Pte. Ltd. and its Subsidiaries

**Independent auditor's report on the review of unaudited interim condensed combined
financial statements of Sloshed! Pte. Ltd. and its subsidiaries
For the six-month period ended 30 June 2018**

The Board of Directors
Sloshed! Pte. Ltd.
271 Bukit Timah Road
#04-13 Balmoral Plaza
Singapore 259708

Introduction

We have reviewed the accompanying unaudited interim condensed combined statement of financial position of Sloshed! Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as at 30 June 2018, and the related unaudited interim condensed combined statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and the selected explanatory notes (the "interim financial information"). The Company's management is responsible for the preparation and presentation of the interim financial information in accordance with SFRS(I) 1-34 *Interim Financial Reporting* ("SFRS(I) 34"). Our responsibility is to express a conclusion on the interim 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 Group". A review of interim 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 financial information is not prepared, in all material respects, in accordance with SFRS(I) 34.

Restriction on distribution and use

This report is made solely to you as a body and for the inclusion in the Circular of TSH Corporation Limited ("TSH") to be issued in connection with TSH's proposed acquisition of the entire issued share capital of the Company, being a reverse takeover.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

31 December 2018

Partner-in-charge: Terry Wee Hiang Bing

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2018**

Sloshed! Pte. Ltd. and its Subsidiaries

**Unaudited interim condensed combined statement of comprehensive income
For the six-month period ended 30 June 2018**

	Note	Unaudited For the six-month period ended 30 June	
		2018 \$	2017 \$
Revenue	4	3,344,993	2,361,868
Cost of sales		(1,156,570)	(935,655)
Gross profit		2,188,423	1,426,213
Other income	5	117,872	141,244
Marketing and distribution expenses		(27,882)	(21,580)
Administrative expenses		(1,345,769)	(1,111,117)
Other expenses	6	(166,774)	(121,848)
Interest expense on borrowings		(2,304)	(7,522)
Share of results of associate		(2,331)	11,150
Profit before tax	7	761,235	316,540
Income tax expense	10	(87,617)	(36,549)
Profit for the period attributable to owners of the Company		673,618	279,991
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		1,813	(2,818)
Total comprehensive income for the period attributable to owners of the Company		675,431	277,173

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

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2018**

Sloshed! Pte. Ltd. and its Subsidiaries

**Unaudited interim condensed combined statement of financial position
As at 30 June 2018**

	Note	Unaudited 30 June 2018 \$	Audited 31 December 2017 \$
Non-current assets			
Plant and equipment	11	511,002	615,810
Other receivables	15	191,848	137,624
Investment in an associate	13	5,375	5,893
Deferred tax assets	10(c)	31,341	58,553
		739,566	817,880
Current assets			
Inventories	14	2,596,075	2,564,982
Trade and other receivables	15	574,360	597,423
Cash and cash equivalents	16	1,009,876	878,429
		4,180,311	4,040,834
Total assets		4,919,877	4,858,714
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	17	2,202,752	2,826,091
Borrowings	18	50,000	100,000
Income tax payable		157,266	98,195
		2,410,018	3,024,286
Net current assets		1,770,293	1,016,548
Non-current liabilities			
Provision for restoration costs		55,535	55,535
Deferred tax liabilities	10(c)	15,503	15,503
		71,038	71,038
Total liabilities		2,481,056	3,095,324
Net assets		2,438,821	1,763,390
Equity attributable to owners of the Company			
Share capital		1,002	1,002
Foreign currency translation reserve		5,916	4,103
Retained earnings		2,431,903	1,758,285
Total equity		2,438,821	1,763,390
Total equity and liabilities		4,919,877	4,858,714

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

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2018**

Sloshed! Pte. Ltd. and its Subsidiaries

**Unaudited interim condensed combined statement of changes in equity
For the six-month period ended 30 June 2018**

	Attributable to owners of the Company			
	Share capital \$	Foreign currency translation reserve \$	Retained earnings \$	Total \$
(Unaudited)				
Opening balance at 1 January 2017	1,002	9,978	692,961	703,941
Profit for the period	–	–	279,991	279,991
Foreign currency translation	–	(2,818)	–	(2,818)
Closing balance at 30 June 2017	1,002	7,160	972,952	981,114
(Unaudited)				
Opening balance at 1 January 2018	1,002	4,103	1,758,285	1,763,390
Profit for the period	–	–	673,618	673,618
Foreign currency translation	–	1,813	–	1,813
Closing balance at 30 June 2018	1,002	5,916	2,431,903	2,438,821

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

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2018**

Sloshed! Pte. Ltd. and its Subsidiaries

**Unaudited interim condensed combined statement of cash flows
For the six-month period ended 30 June 2018**

	Note	Unaudited For the six-month period ended 30 June	
		2018 \$	2017 \$
Operating activities			
Profit before tax		761,235	316,540
Adjustments for:			
Depreciation of plant and equipment	6	125,703	121,848
Interest expense on borrowings		2,304	7,522
Share of results of an associate		2,331	(11,150)
Professional fees in relation to the proposed reverse acquisition		33,000	–
Operating cash flows before changes in working capital		924,573	434,760
<u>Changes in working capital</u>			
(Increase)/decrease in inventories		(31,093)	4,413
Increase in trade and other receivables		(31,161)	(276,618)
(Decrease)/increase in trade and other payables		(136,339)	219,280
Cash flows from operations		725,980	381,835
Interest paid		(2,304)	(7,522)
Income taxes paid		(1,334)	(18,315)
Net cash flows from operating activities		722,342	355,998
Investing activity			
Purchase of plant and equipment, representing net cash flows used in investing activity		(20,895)	(23,715)
Financing activities			
Repayment of loans and borrowings		(50,000)	(100,000)
(Decrease)/increase in amounts due to shareholders		(520,000)	95,000
Net cash flows used in financing activities		(570,000)	(5,000)
Net increase in cash and cash equivalents		131,447	327,283
Cash and cash equivalents at 1 January		878,429	206,762
Cash and cash equivalents at 30 June		1,009,876	534,045

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

APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

Sloshed! Pte Ltd and its Subsidiaries

Notes to the unaudited interim condensed combined financial statements For the six-month period ended 30 June 2018

1. Corporate information

1.1 *The Company*

Sloshed! Pte. Ltd. (the "Company") is a private limited liability company incorporated and domiciled in Singapore.

The registered office and principal place of business of the Company is located at 271 Bukit Timah Road #04-13, Balmoral Plaza, Singapore 259708.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associate are disclosed in Note 12 and Note 13 to the combined financial statements respectively.

1.2 *The Restructuring Exercise*

The Group undertook the transaction described below as part of a corporate reorganisation (the "Restructuring Exercise") implemented in preparation for its listing on the Singapore Exchange Securities Trading Limited by way of a reverse acquisition of TSH Corporation Limited, the effects of which have been included in the interim condensed combined financial statements of the Group for the six-month period ended 30 June 2018:

Acquisition of The Other Room Pte. Ltd. ("The Other Room")

The Other Room was incorporated on 8 December 2015. On 20 December 2018, the Company acquired 100% of the issued and paid-up capital of The Other Room of \$2, comprising the 2 ordinary shares, from Teo Kok Woon ("TKW") for a total consideration of \$2, which was satisfied by the issuance and allotment of 542 ordinary shares of the Company to TKW.

Acquisition of The Other Roof Pte. Ltd. ("The Other Roof")

The Other Roof was incorporated on 27 March 2018. On 19 December 2018, the Company acquired 100% of the issued and paid-up capital of The Other Roof of \$2, comprising the 2 ordinary shares, from TKW for a total consideration of \$2, which was satisfied in cash.

Prior to the Restructuring Exercise and since the incorporation of The Other Room and The Other Roof, The Other Room and The Other Roof were controlled by TKW. Pursuant to the completion of the Restructuring Exercise, The Other Room and The Other Roof became wholly-owned subsidiaries of the Company.

In accordance with Recommended Accounting Practice 12, Merger Accounting for Common Control Combinations for financial statements prepared under Part IX of the Fifth Schedule to the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, where the combining business or entities have been under common control but have not formed a legal group as at the end of the group's latest reporting period, the financial statements of the entities or businesses may, if meaningful, be presented on a combined basis provided that the common control combination under which the legal group is formed is completed before the date of approval of the combined financial statements by the director.

APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

Sloshed! Pte Ltd and its Subsidiaries

Notes to the unaudited interim condensed combined financial statements For the six-month period ended 30 June 2018

1. Corporate information (cont'd)

1.2 The Restructuring Exercise (cont'd)

The above Restructuring Exercise is considered to be a business combination involving entities under common control and is accounted for by applying the pooling of interests method. Accordingly, the assets and liabilities of The Other Room and The Other Roof have been included in the interim condensed combined financial statements at their carrying amounts. Although the Restructuring Exercise occurred in December 2018, the interim condensed combined financial statements present the financial position and financial performance as if the businesses had always been combined since the beginning of the earliest period presented.

2. Summary of significant accounting policies

2.1 Basis of preparation

The interim condensed combined financial statements for the six-month period ended 30 June 2018 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting*.

The interim condensed combined financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited combined financial statements for the financial years ended 31 December 2015, 2016 and 2017.

The interim condensed combined financial statements are presented in Singapore dollars ("SGD" or "\$") except when otherwise indicated.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed combined financial statements are consistent with those adopted in the preparation of the Group's audited combined financial statements for the financial years ended 31 December 2015, 2016 and 2017, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS (I)"), a new financial reporting framework identical to International Financial Reporting Standards, on 1 January 2018. The Group has also adopted all the new and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2018. The adoption of SFRS (I) and all the new and revised standards and interpretations did not have a material impact on the interim condensed combined financial statements upon application.

Change in accounting policy arising from adoption of SFRS(I) 9 *Financial Instruments*

Impairment

The adoption of SFRS(I) 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

SFRS(I) 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at fair value through profit or loss ("FVPL").

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

Sloshed! Pte Ltd and its Subsidiaries

Notes to the unaudited interim condensed combined financial statements For the six-month period ended 30 June 2018

2. Summary of significant accounting policies (cont'd)

Change in accounting policy arising from adoption of SFRS(I) 9 *Financial Instruments* (cont'd)

Impairment (cont'd)

For Trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The adoption of the ECL requirements of SFRS(I) 9 did not have a material impact to the Group's financial statements.

3. Significant accounting judgements and estimates

The preparation of the Group's interim condensed combined financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value ("NRV").

NRV in respect of inventories is assessed based on the best available facts and circumstances as the end of each reporting period, including but not limited to, the physical conditions of the inventories, their expected market selling prices and estimated costs to be incurred for their sale. The carrying amounts of the Group's inventories at the end of each reporting period is disclosed in Note 14 to the financial statements.

APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

Sloshed! Pte Ltd and its Subsidiaries

**Notes to the unaudited interim condensed combined financial statements
For the six-month period ended 30 June 2018**

4. Revenue

Revenue represents sale of food and beverages less any discounts or allowances.

5. Other income

	Unaudited For the six-month period ended 30 June	
	2018	2017
	\$	\$
Commission income	75,248	96,450
Sponsorship income	7,172	7,602
Government grants	35,452	26,172
Net foreign exchange gain	–	9,759
Others	–	1,261
	117,872	141,244

Commission income relates to income received for arranging direct sales from suppliers to the customers, and is recognised upon delivery of goods to the customers.

Government grants include the Special Employment Credit and Wage Credit Scheme. The Special Employment Credit was introduced by the Singapore Government to support employers as well as to raise the employability of older low-wage Singaporeans. The Wage Credit Scheme was introduced to help businesses adjust to rising wage costs in a tight labour market with the objective to allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees.

6. Other expenses

	Unaudited For the six-month period ended 30 June	
	2018	2017
	\$	\$
Depreciation of plant and equipment	125,703	121,848
Net foreign exchange loss	8,071	–
Professional fees in relation to the proposed reverse acquisition	33,000	–
	166,774	121,848

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2018**

Sloshed! Pte Ltd and its Subsidiaries

**Notes to the unaudited interim condensed combined financial statements
For the six-month period ended 30 June 2018**

7. Profit before tax

The following items have been included in arriving at profit before tax:

	Unaudited	
	For the six-month period ended	
	30 June	
	2018	2017
	\$	\$
Employee benefits expense	660,738	577,865
Inventories recognised as an expense in cost of sales	1,156,570	935,655
Rental expense on operating leases:		
- Fixed rental	319,744	309,390
- Contingent rental	20,677	2,429
Transportation charges	53,792	53,662
Entertainment expenses	25,449	16,744
Bank charges	66,838	57,793
	660,738	577,865

8. Employee benefits

	Unaudited	
	For the six-month period ended	
	30 June	
	2018	2017
	\$	\$
Employee benefits expense (including directors):		
Salaries and bonuses	598,864	533,335
Central Provident Fund contributions	61,874	44,530
	660,738	577,865

Included in employee benefits expense for the six-month period ended 30 June 2018 is employees' remuneration amounting to \$92,700 (2017: \$71,400) paid to relatives of a director of the Group's subsidiaries.

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
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30 JUNE 2018**

Sloshed! Pte Ltd and its Subsidiaries

**Notes to the unaudited interim condensed combined financial statements
For the six-month period ended 30 June 2018**

9. Related party transactions

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial period:

	Unaudited	
	For the six-month period ended 30 June	
	2018	2017
	\$	\$
Sale of goods to associate	1,236	–
Sale of goods to director-related companies	14,797	5,109
Sale of goods to spouse of a director	205,607	–
Purchase of goods from director-related companies	14,707	10,286
	<hr/>	<hr/>

(b) *Compensation of key management personnel*

	Unaudited	
	For the six-month period ended 30 June	
	2018	2017
	\$	\$
Salaries and bonuses	54,000	42,000
Central Provident Fund contributions	9,180	7,140
	<hr/>	<hr/>
	63,180	49,140
	<hr/>	<hr/>
<i>Comprise amounts paid to:</i>		
Directors of the Group's subsidiaries	63,180	49,140
	<hr/>	<hr/>

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2018**

Sloshed! Pte Ltd and its Subsidiaries

**Notes to the unaudited interim condensed combined financial statements
For the six-month period ended 30 June 2018**

10. Income tax

(a) **Income tax expense**

The major components of income tax expense for the six-month periods ended 30 June 2018 and 2017 are:

	Unaudited For the six-month period ended 30 June	
	2018	2017
	\$	\$
<i>Current income tax</i>		
- Current income taxation	60,405	36,549
<i>Deferred income tax</i>		
- Origination and reversal of temporary differences	27,212	–
Income tax expense recognised in profit or loss	87,617	36,549

(b) **Relationship between tax expense and accounting profit**

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the six-month periods ended 30 June 2018 and 2017 are as follows:

	Unaudited For the six-month period ended 30 June	
	2018	2017
	\$	\$
Profit before tax	761,235	316,540
Tax calculated at statutory tax rate of 17%	129,410	53,812
Adjustments:		
Non-deductible expenses	–	2,648
Effect of partial tax exemption and tax relief	(42,189)	(18,015)
Share of results of associate	396	(1,896)
Income tax expense recognised in profit or loss	87,617	36,549

APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

Sloshed! Pte Ltd and its Subsidiaries

**Notes to the unaudited interim condensed combined financial statements
For the six-month period ended 30 June 2018**

10. Income tax (cont'd)

(c) *Deferred income tax*

	Unaudited 30 June 2018 \$	Audited 31 December 2017 \$
Balance at 1 January	(43,050)	(80,610)
Tax charged to profit or loss	27,212	37,560
Balance at 30 June/31 December	<u>(15,838)</u>	<u>(43,050)</u>

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	Differences in depreciation \$
Deferred tax liabilities	
As at 31 December 2017, 1 January 2018 and 30 June 2018	<u>35,245</u>
	Unutilised tax losses \$
Deferred tax assets	
As at 31 December 2017 and 1 January 2018	(78,295)
Charged to profit or loss	27,212
As at 31 December 2017	<u>(51,083)</u>

The Group's deferred tax assets and deferred tax liabilities within the same tax jurisdiction that are offset are as follows:

	Audited 31 December 2017 \$		
	Gross carrying amounts before offsetting	Gross amounts offset in the combined statement of financial position	Net amounts in the combined statement of financial position
Deferred tax assets	78,295	(19,742)	58,553
Deferred tax liabilities	35,245	(19,742)	15,503

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED
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Sloshed! Pte Ltd and its Subsidiaries

**Notes to the unaudited interim condensed combined financial statements
For the six-month period ended 30 June 2018**

10. Income tax (cont'd)

(c) *Deferred income tax (cont'd)*

	Unaudited 30 June 2018 \$		
	Gross carrying amounts before offsetting	Gross amounts offset in the combined statement of financial position	Net amounts in the combined statement of financial position
Deferred tax assets	51,083	(19,742)	31,341
Deferred tax liabilities	35,245	(19,742)	15,503

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
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Sloshed! Pte Ltd and its Subsidiaries

**Notes to the unaudited interim condensed combined financial statements
For the six-month period ended 30 June 2018**

11. Plant and equipment

	Equipment \$	Furniture and fittings \$	Bar and kitchenware \$	Renovation \$	Total \$
Cost:					
As at 31 December 2017 and 1 January 2018	160,547	328,148	5,812	639,298	1,133,805
Additions	3,346	17,549	—	—	20,895
As at 30 June 2018	163,893	345,697	5,812	639,298	1,154,700
Accumulated depreciation:					
As at 31 December 2017 and 1 January 2018	79,831	129,251	3,584	305,329	517,995
Depreciation charge for the year	15,166	30,066	743	79,728	125,703
As at 30 June 2018	94,997	159,317	4,327	385,057	643,698
Net carrying amount:					
As at 31 December 2017	80,716	198,897	2,228	333,969	615,810
As at 30 June 2018	68,896	186,380	1,485	254,241	511,002

Restoration costs

Included in the Group's carrying amount of renovations is \$16,208 (31.12.2017: \$21,362) of provision for restoration costs.

APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

Sloshed! Pte Ltd and its Subsidiaries

**Notes to the unaudited interim condensed combined financial statements
For the six-month period ended 30 June 2018**

12. Investment in subsidiaries

The Company had the following subsidiaries as at 30 June:

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Proportion of ownership interest	
			30 June 2018 %	31 December 2017 %
TWS Pte. Ltd.	Singapore	Pub operator	100	100
Quaich Pte. Ltd.	Singapore	Pub operator	100	100
The Other Room Pte. Ltd.	Singapore	Pub operator	100	100
The Other Roof Pte. Ltd.	Singapore	Pub operator	100*	—
Planet Spirits Pte. Ltd.	Singapore	Import, export and distribution of wine and liquor	100	100

* Incorporated during the six-month period ended 30 June 2018.

All subsidiaries are audited by Ernst & Young LLP, Singapore.

13. Investment in an associate

	Unaudited 30 June 2018 \$	Audited 31 December 2017 \$
Investment at cost, including share of post-acquisition reserves	81,679	82,197
Less: Impairment loss	(76,304)	(76,304)
Net investment in an associate	5,375	5,893

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest	
			30.6.18 %	31.12.17 %
Timber Malt Pte. Ltd.^	Singapore	Wholesale trade in alcoholic beverages	20	20

^ Audited by Chartered Accountants Singapore Auditors (CASA) Alliances.

The activities of the associate are strategic to the Group's activities.

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
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30 JUNE 2018**

Sloshed! Pte Ltd and its Subsidiaries

**Notes to the unaudited interim condensed combined financial statements
For the six-month period ended 30 June 2018**

13. Investment in an associate (cont'd)

Information about the Group's investment in associate that is not individually material are as follows:

	For the six-month period ended 30 June	
	2018	2017
	\$	\$
Loss after tax, representing total comprehensive income	11,655	55,752

14. Inventories

	Unaudited 30 June 2018	Audited 31 December 2017
	\$	\$
Trading goods comprising whisky and other liquor	2,596,075	2,564,982
Recognised in the combined statement of comprehensive income		
- Inventories recognised as cost of sales	1,156,570	1,435,722

There were no inventories written-down for the six-month periods ended 30 June 2018 and 2017.

15. Trade and other receivables

	Unaudited 30 June 2018	Audited 31 December 2017
	\$	\$
Trade and other receivables (current)		
Trade receivables		
- Third parties	164,209	150,049
- Director-related companies	742	7,995
Advances to suppliers	191,230	335,094
Deposits	85,973	19,729
GST receivable	-	3,281
Prepayments	6,727	9,311
Other receivables		
- Third parties	27,555	13,340
- Director-related companies	58,624	58,624
Amount due from an associate	39,300	-
	574,360	597,423

APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

Sloshed! Pte Ltd and its Subsidiaries

**Notes to the unaudited interim condensed combined financial statements
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15. Trade and other receivables (cont'd)

	Unaudited 30 June 2018 \$	Audited 31 December 2017 \$
Other receivables (non-current)		
Deposits	191,848	130,449
Prepayments	–	7,175
	<hr/> 191,848	<hr/> 137,624
Total trade and other receivables (current and non-current)	766,208	735,047
Add:		
Cash and cash equivalents (Note 16)	1,009,876	878,429
Less:		
Advances to suppliers	(191,230)	(335,094)
GST receivable	–	(3,281)
Prepayments	(6,727)	(16,486)
	<hr/> 1,578,127	<hr/> 1,258,615

Trade receivables are unsecured, non-interest bearing and are generally on 1 to 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

There were no trade and other receivables denominated in foreign currencies as at 30 June 2018 and 31 December 2017.

Amounts due from director-related companies and an associate

These amounts are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$164,209 (31.12.2017: \$150,049) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Unaudited 30 June 2018 \$	Audited 31 December 2017 \$
Trade receivables past due but not impaired:		
- Lesser than 30 days	64,802	108,753
- 30 to 60 days	11,962	2,510
- 61 to 90 days	5,077	–
- Over 90 days	82,368	38,786
	<hr/> 164,209	<hr/> 150,049

APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

Sloshed! Pte Ltd and its Subsidiaries

**Notes to the unaudited interim condensed combined financial statements
For the six-month period ended 30 June 2018**

16. Cash and cash equivalents

	Unaudited 30 June 2018 \$	Audited 31 December 2017 \$
Cash at banks and on hand	1,009,876	878,429

Cash and cash equivalents denominated in foreign currencies as at the end of the reporting period are as follows:

	Unaudited 30 June 2018 \$	Audited 31 December 2017 \$
Great Britain Pound	37,510	24,215

17. Trade and other payables

	Unaudited 30 June 2018 \$	Audited 31 December 2017 \$
Trade payables		
- Third parties	63,047	226,909
- Director-related companies	770	3,616
Accrued operating expenses	313,033	260,138
Other payables		
- Third parties	1,959	2,532
- Director-related companies	3,922	3,973
Advances from customers	19,668	52,432
GST payable	105,742	61,879
Amounts due to shareholders	1,694,611	2,214,612
	<u>2,202,752</u>	<u>2,826,091</u>
Add:		
Borrowings (Note 18)	50,000	100,000
Less:		
GST payable	(105,742)	(61,879)
Advances from customers	(19,668)	(52,432)
	<u>2,127,342</u>	<u>2,811,780</u>
Total financial liabilities carried at amortised cost		

**APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL
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30 JUNE 2018**

Sloshed! Pte Ltd and its Subsidiaries

**Notes to the unaudited interim condensed combined financial statements
For the six-month period ended 30 June 2018**

17. Trade and other payables (cont'd)

Trade and other payables are unsecured and non-interest bearing. Trade payables and other payables are generally on 30 days' terms.

Trade and other payables denominated in foreign currencies as at the end of the reporting period are as follows:

	Unaudited 30 June 2018 \$	Audited 31 December 2017 \$
Great Britain Pound	–	163,754

Related party balances

Amounts due to director-related companies and shareholders are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

18. Borrowings

	Unaudited 30 June 2018 \$	Audited 31 December 2017 \$
Short-term borrowings	50,000	100,000

Short-term borrowings are interest-bearing at 6.20% to 6.30% (2017: 6.18% to 6.52%) per annum.

The short-term borrowings are secured by personal guarantees by directors of a subsidiary.

19. Share capital

	Unaudited 30 June 2018		Audited 31 December 2017	
	No. of shares	\$	No. of shares	\$
Issued and fully paid-up share capital at beginning and end of period/year	1,542	1,002	1,542	1,002

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

APPENDIX D: UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

Sloshed! Pte Ltd and its Subsidiaries

**Notes to the unaudited interim condensed combined financial statements
For the six-month period ended 30 June 2018**

20. Commitments

Operating lease commitments – as lessee

As at the end of the six months period, the Group had lease commitments in respect of its office and bar outlet premises. Certain of the leases contain escalation clauses and provide for contingent rentals based on a percentage of sales derived. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised as an expense in profit or loss for the six-month period ended 30 June 2018 amounted to \$340,421 (2017: \$311,819).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Unaudited 30 June 2018 \$	Audited 31 December 2017 \$
Not later than one year	786,472	632,324
Later than one year but not later than five years	1,319,135	893,756
	2,105,607	1,526,080

21. Financial risk management objectives and policies

There has been no change in the Group's financial risk management objectives and policies from that disclosed in the Group's audited combined financial statements for the financial years ended 31 December 2015, 2016 and 2017.

22. Capital management

There has been no change in the Group's overall capital risk management from that disclosed in the Group's audited combined financial statements for the financial years ended 31 December 2015, 2016 and 2017.

23. Authorisation of financial statements for issue

The interim condensed combined financial statements for the six-month period ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 31 December 2018.

APPENDIX E – BUSINESS VALUATION REPORT

AVA Associates Limited

806 Empress Plaza
17-19 Chatham Road South
Tsim Sha Tsui, Hong Kong

22 November 2018

To
Board of Directors
TSH CORPORATION LIMITED
51 Changi Business Park Central 2
The Signature #04-05
Singapore 486066

Dear Sirs,

Pursuant to instructions from TSH Corporation Limited (“TSH” or the “Company”), AVA Associates Limited (“AVA”) has performed a valuation of the 100% interest in the following portfolio of companies as at 30 June 2018 (“Valuation Date”).

1. **Sloshed! Pte. Ltd. (“Sloshed!”)**
2. **Planet Spirits Pte. Ltd. (“Planet Spirits”)**
3. **TWS Pte. Ltd. (“TWS”)**
4. **Quaich Pte. Ltd. (“Quaich”)**
5. **The Other Room Pte. Ltd. (“The Other Room”)**
6. **The Other Roof Pte. Ltd. (“The Other Roof”)**
(collectively, the “Target Group”)

In addition, we estimated the value of selected inventory of whisky, owned by Planet Spirits, held for sale as collector’s items (the “Collector’s Whisky Stock”) as at Valuation Date.

The purpose of this engagement is to assist the Board of Directors of TSH (the “Board”) in their assessment of the value of the Target Group and inclusion in a circular to the shareholders on the proposed acquisition of the Target Group by TSH. No other use of our valuation report is intended or should be inferred.

Definition of Value

In estimating the value of the Target Group, our efforts were based on the following premise of value:

Market Value – *“The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”* Such value represents an estimate based on the economic theory of equilibrium price for an asset in a perfect market.

APPENDIX E – BUSINESS VALUATION REPORT

Scope of Work

On 31 August 2018, TSH, listed on the Stock Exchange of Singapore (“SGX”), announced that the Company has entered into a conditional sale and purchase agreement with Teo Kok Woon, Chua Khoon Hui and Lim Kian Boon Charles (collectively, the “Vendors”) in relation to the acquisition of the 100% equity interest in the Target Group.

Following our discussions with the Company, AVA was engaged to assist the Company in its preparation of a set of values pertaining to the businesses and selected assets of the Target Group, in order to facilitate the Board’s assessment of the proposed acquisition. **Our work consisted of estimating the Market Value of (a) 100% interest in the business of the Target Group and (b) the Collector’s Whisky Stock, to determine the value of the 100% equity interest in the Target Group as at Valuation Date.**

The Target Group, comprised of the following companies, collectively is in the business of operating pubs and bars, and import, export and distribution of spirits, wines and liquors.

1. Sloshed!

An investment holding company incorporated in Singapore.

2. Planet Spirits

A company incorporated in Singapore principally involved in the import and export of whisky, sale and distribution of whisky in Singapore.

3. TWS

A company incorporated in Singapore operating the “Quaich Bar” whisky bar at #01-09/10 Waterfront Plaza, 390A Havelock Road, Singapore 169663.

4. Quaich

A company incorporated in Singapore operating the “Quaich Bar” whisky bar at #01-16 South Beach Avenue, Singapore 189763.

5. The Other Room

A company incorporated in Singapore operating the “The Other Room” cocktail bar at #01-05 Marriott Tang Plaza Hotel, 320 Orchard Road, Singapore 238865.

6. The Other Roof

A company incorporated in Singapore to operate a new bar in Singapore.

The Collector’s Whisky Stock is made up of selected bottles of whisky from the inventory of Planet Spirits that are accounted for as “Inventory” in the Company’s balance sheet but classified as items owned by the Company for sale as collector’s items. The subject assets are classified by the Company under the category, “Collectors 1” and “Collectors 2”. “Collectors 1” refers to 689 bottles of whisky that are stored in the office of Planet Spirits, while “Collectors 2” refers to 83 bottles of whisky consigned by Planet Spirits to the 2 bars named “Quaich Bar” in Singapore.

Our valuation and report are prepared in accordance with the International Valuation Standards (2017 edition) as published by the International Valuation Standard Committee. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Preparation of an information checklist for information gathering;
- Site visits, including inspection of the assets belonging to the Target Group;
- Discussion with the appropriate parties regarding the identified assets, adopted/proposed valuation methodologies, current/proposed operations and historical/forecast financials of each of the companies in the Target Group, as well as its prospects, etc;
- Development of appropriate valuation models pertinent to the exercise;

APPENDIX E – BUSINESS VALUATION REPORT

- Preparation of draft reports for discussion with the Company; and
- Submission of the final report for the purpose of this exercise.

Sources of Information

As part of our due diligence, we relied upon documents supplied by the Company and the Target Group, including, but not limited to, the following:

- Unaudited annual financial statements of each of the companies in the Target Group, for the financial years ended 31 December 2015, 2016 and 2017;
- Audited financial statements of Sloshed! for the financial years ended 31 December 2015, 2016 and 2017;
- Unaudited financial statements of each of the companies in the Target Group, for the first 6 months of 2018;
- 5-year financial forecast for each of the companies in the Target Group;
- Announcements on the SGX in relation to the proposed acquisition;
- Asset listings pertaining to the Collector's Whisky Stock; and
- Other relevant documentations.

We planned and performed our review and valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our work, we held discussions with the management concerning the history and current conditions of the Target Group, financial and general outlook of the business. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us are true and accurate. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the review and valuation procedures we employed provide a reasonable basis for our opinion.

Valuation Theory

Our approach in valuing the identified asset relies on using the appropriate techniques to arrive at our conclusion of value. We considered the three generally recognized approaches to value: the income, market and cost approaches.

An overview of the three approaches considered is as follows:

- The *Income Approach* focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.
- The Market Approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. In estimating the value of a business under the market approach there are two methodologies: the publicly-traded guideline company methodology and the recent transaction methodology. The publicly traded guideline company methodology develops an indication of value for the subject company by calculating market pricing multiples for selected publicly-traded guideline companies and applying these

APPENDIX E – BUSINESS VALUATION REPORT

multiples to the appropriate financial measures of the subject company. The recent transaction methodology develops an indication of value for the subject company by calculating market pricing multiples based on actual acquisitions of similar businesses and applying these multiples to the appropriate financial measures of the subject company. After deriving a value, adjustments are then made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.

- The Cost Approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

Selected Valuation Approach

Valuation of the Equity Interest in the Operating Companies of the Target Group

We selected the Income Approach to estimate the value of the 100% interest in each of the operating companies in the Target Group. The operating companies, as at Valuation Date, are Planet Spirits, TWS, Quaich and The Other Room. Our basis for selecting this approach was due to the availability of relevant data, specifically the historical financial and operating records for each company, as provided by the Company. Based on this information, we utilized a discounted cash flow (“DCF”) methodology to estimate the cash that is available, either to invest in new or existing businesses or to distribute, to both equity and debt holders of each company.

The value of the 100% equity interest of each company is then derived based on the following formula:

$$\begin{aligned} & \text{Market Value of the Equity Interest} \\ & = \\ & \text{Enterprise Value} - \text{Debt} + \text{Cash} + \text{Non-Operating Assets}/(\text{Liabilities}) \end{aligned}$$

Valuation of the Equity Interest in the Non-Operating Companies of the Target Group

We selected the Cost Approach to estimate the value of the 100% interest in the two non-operating companies of the Target Group, The Other Roof and Sloshed!. The Other Roof is a company set up to operate a bar that is expected to be operational in late 2018, while Sloshed! Is an investment holding company. Both companies do not have an active operation as at Valuation Date. As such, its book value as at Valuation Date was referenced to estimate its Market Value.

Valuation of the Collector’s Whisky Stock

Planet Spirits owns a portfolio of whisky for sale as collector’s items. These assets are stored at its office and also consigned to the two “Quaich Bar” whisky bars operated by TWS and Quaich. As this portfolio of assets is considered collector’s items for Planet Spirits, AVA was tasked to estimate the Market Value of this asset independently to complete the valuation of the Target Group. The market approach was utilized as a secondary market exists with quoted prices for most of the assets. For items that we could not obtain a price from the secondary market, past auction price/s at auction/s were used to arrive at the estimated Market Value, after adjusting the price/s with a factor to account for price inflation. For items with no secondary market or auction prices available, we relied on the Company’s acquisition costs and adjusted it with an inflation factor.

APPENDIX E – BUSINESS VALUATION REPORT

The equity value of each company in the Target Group and the value of the Collector's Whisky Stock are then summed up to form the value of the 100% equity interest in the Target Group.

Valuation of the Operating Businesses of the Target Group

We calculated the Market Value of the 100% interest in the business of the Target Group by estimating the value of the operating businesses of the Target Group through the income approach, employing the DCF methodology.

Our basis for selecting the income approach was due to the availability of relevant data, specifically the development plans and financial projections provided by the company. We chose the DCF methodology as it enables us to view the entire portfolio of assets as an operating entity, with the principal focus of the analysis on the operating entity's ability to generate free cash flow in the future, based on assumptions provided by the company. Free cash flow to enterprise ("FCFE") is defined as cash that is available either to invest in new or existing businesses or to distribute to investors (equity holders and debt holders). Reasonable projections of revenues, expenses, and reinvestment requirements (i.e. working capital and capital expenditures) form the basis for estimating the future free cash flows that a company will likely generate from its existing business.

The FCFE for each year of the projection period was calculated by adding interest expenses and non-cash expenses, such as depreciation and amortization, deferred rent, and stock option expense, to and deducting incremental investments in working capital, and capital expenditures from the net profit. The projected free cash flows in each period were discounted to present value at an appropriate rate of return, or "discount rate". The sum of the discounted stream of future free cash flow, together with the value of non-operating assets, if any, reflects the value of the subject enterprise or portfolio of assets.

The above approach allowed us to estimate the Market Value of the interest in each operating company under a set of reasonable and robust assumptions.

Key Valuation Assumptions

We have assumed the following for the purpose of this exercise:

- In the course of operating the business, it will compose of all necessary assets, both tangible and intangible, to continue operating as it has under its current owners;
- The historical financial statements, while unaudited by external auditors, have been properly prepared to reflect true financial performance and standing; and
- There is no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value.

The Management has provided us with guidance on historical revenue, expenses, and working capital requirements. Based on our professional judgement, we have put forth a set of parameters deemed to be reasonable to arrive at a multi-year projection, from July 2018 to December 2023 with the terminal year beginning in 2024, and adopted it for the purpose of this valuation. We discussed the risks of achieving these projections and the overall reasonableness of the parameters used. We considered the impact of each valuation-related parameter individually, and the related impact on our overall valuation conclusions.

APPENDIX E – BUSINESS VALUATION REPORT

Although the information and assumptions used in the cash flow projections are a reasonable basis for valuation purposes, our analysis and use of them do not constitute an examination or compilation of prospective financial information in accordance with established standards.

Valuation of the Non-Operating Businesses of the Target Group

Valuation of The Other Roof – Cost Approach

As at Valuation Date, The Other Roof has yet to commence operation. It was still in the process of planning the opening of a bar in Singapore. As such, we have attributed a **NIL** value to its equity interest.

Valuation of Sloshed! – Cost Approach

The adjusted net asset value of Sloshed!, with consideration given only to “Bank balance” and “Accrued expenses”, is S\$129,028 as at Valuation Date. As the company is an investment holding entity, its Market value can be equated to its adjusted net book value of S\$129,028.

Valuation of the Collector’s Whisky Stock

Assets Reviewed

The assets appraised include a portfolio of whisky owned by Planet Spirits as at Valuation Date and held for sale as collector’s items. We were provided with two lists of whisky named “Collectors 1” and “Collectors 2” that listed the name of the items, size, quantity and book value of each whisky.

Valuation Procedure

Our procedure began with an inspection of the subject assets located in Singapore on 27 August 2018. We found the assets to be in good saleable conditions and properly stored. We also conducted a stock check to verify the items.

We began the valuation phase by considering the various approaches of valuation. We chose the market approach as there are secondary markets for most of the whisky. As prices did vary across these markets, we selected the lowest available price to determine the Market Value of each of the whisky. For items that we could not obtain a price from the secondary markets, past auction price/s at auction/s by reputable companies were used to arrive at the estimated Market Value, after adjusting the price/s with a factor to account for price inflation. Similar to the above, for items with no online or auction prices available, we relied on the Company’s acquisition costs and adjusted it with the inflation factor as well.

Conclusion of Value – Collector’s Whisky Stock

Based on the results of our inspection and findings, it is our opinion that the value of the subject assets, as at Valuation Date, is reasonably stated as follows:

	Book Value (S\$)	Market Value (S\$)
Collectors 1	443,737	857,375
Collectors 2	191,520	666,335
Total Value of the Collector’s Whisky Stock	635,257	1,523,710

APPENDIX E – BUSINESS VALUATION REPORT

In arriving at our valuation, we have not investigated the title nor any liabilities affecting the Collector’s Whisky Stock. No consideration was made for any outstanding amount owed the Company in relation to the Collector’s Whisky Stock.

Valuation of the Target Group

As mentioned, the value of the Target Group is a summation of the value of the equity interest of each company in the Target Group and the value of the Collector’s Whisky Stock. The table below illustrates the summation on a 100% basis.

Item			Market Value (S\$)
Whisky Business			
- Planet Spirits	4,385,969		
- TWS	721,353		
- Quaich	5,848,017		
- Collector’s Whisky Stock	1,523,710		
		12,479,049	
Cocktail Business			
- The Other Room	6,839,410		
- The Other Roof	Nil		
		6,839,410	
Investment Holding			
- Sloshed!		129,028	
			19,447,487
Target Group (rounded)			19,400,000

APPENDIX E – BUSINESS VALUATION REPORT

Conclusion of Value

Based on the information provided, our analyses and conclusions of the various approaches, and subject to the attached Statement of General Assumptions and Limiting Conditions, we are of the opinion that, as at Valuation Date, the Market Value of the 100% Equity Interest in the Target Group is reasonably represented as follows.

Asset	Market Value (S\$)
100% Equity Interest in the Target Group	19,400,000

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management of over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report and the observations and analyses are intended solely for use by the company and are not to be reproduced, disseminated or disclosed, in whole or in part, to any other party except in accordance with the terms of our engagement letter. The information contained in this report may include proprietary, sensitive and confidential information that has not been publicly disclosed. Release of this information to any other party could be damaging to the Company.

Respectfully submitted,

AVA Associates Limited



AVA Associates Limited, based in Hong Kong and Singapore, has been providing independent valuation services to clients in Asia since 2008. We provide transaction-based advisory services, primarily focusing on independent valuation services to assist its clients to comply with internal and external requirements. Our valuation team, made up of qualified professionals in their respective fields, has the expertise covering various classifications of tangible and intangible assets, focusing on four key competencies of business valuation, financial instrument valuation, intellectual property valuation and fixed asset valuation.

Statement of General Assumption and Limiting Conditions

This analysis is subject to the following general assumptions and limiting conditions:

Valuation - General

1. No investigation has been made of, and no responsibility is assumed for, the legal description of the property being valued or legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is assumed to be free and clear of any liens, easements, encroachments, and other encumbrances unless otherwise stated.
2. Information furnished by others, upon which all or portions of this valuation is based, is believed to be reliable but has not been verified except as set forth in this report. No warranty is given as to the accuracy of such information.
3. This report has been made only for the purpose stated and shall not be used for any other purpose. Neither this report nor any portions thereof (including, without limitations, any conclusions, the identity of AVA or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties other than the Company and its financial accounting firm, by any means without the prior written consent and approval of AVA.
4. This appraisal has been made in conformance with the International Valuation Standards issued by the International Valuation Standards Council.
5. Neither AVA nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.
6. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.
7. The date of value to which the estimate expressed in this report applies is set forth in the beginning of this report. This valuation is valid only for the valuation date indicated. Our analysis is based on the purchasing power of the Singapore Dollar as of that date.
8. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government, or private entity or organization have been or can readily be obtained or renewed for any use on which the value estimate provided in this report is based.
9. Full compliance with all applicable federal, state, and local zoning and use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated.
10. Responsible ownership and competent management are assumed.
11. The value estimate is predicated on the financial structure prevailing as of the date of this analysis.
12. This report may not be included or referred to in any statutory filing or other public document.
13. This is a Summary Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the valuation process to develop the valuation professional's estimate of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the valuation professional's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The valuation professional is not responsible for unauthorized use of this report.

Valuer's Professional Declaration

The following valuers certify, to the best of their knowledge and belief, that:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in this assignment was not contingent upon developing or reporting predetermined results;
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; and
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Committee.

Thomas Chua Boon Shyan
Director

Fiona Tay Lee Sie
Associate Director

Lai Jenn Hau
Valuation Analyst

APPENDIX F: ADDITIONAL INFORMATION ON THE COMPANY AND THE TARGET GROUP

1. INFORMATION ON THE MEMBERS OF THE PROPOSED BOARD AND THE PROPOSED EXECUTIVE OFFICER

Save as disclosed below and excluding the directorship held in the Company, none of the Directors of the Proposed Board currently holds or has held any directorships in the five years preceding the date of this Circular:

Name	Present Directorships	Past Directorships
Dr Yu Lai Boon	<u>Target Group Companies</u>	<u>Target Group Companies</u>
	–	–
	<u>Other companies</u> Koufu Group Limited Storck Bicycle (Asia Pacific) Pte. Ltd.	<u>Other companies</u> –
Chua Khoon Hui	<u>Target Group Companies</u>	<u>Target Group Companies</u>
	Planet Spirits Quaich Sloshed! The Other Roof The Other Room TWS	–
	<u>Other companies</u> –	<u>Other companies</u> CJ's Bar Pte. Ltd. (formerly known as Quaich@RWS Pte. Ltd.)
Teo Kok Woon	<u>Target Group Companies</u>	<u>Target Group Companies</u>
	Quaich Sloshed! The Other Roof The Other Room TWS	–
	<u>Other Companies</u> Asia Mineral Management Pte. Ltd. Bausum Assets Sdn Bhd Bletchley Developments Ltd Casa Del Fuego Pte. Ltd. Cockpit Development Ltd Cockpit Golf Resort Sdn Bhd Cockpit Hotel (London) Ltd Cockpit International Pte. Ltd. Cockpit Properties (Singapore) Pte. Ltd. Duncan Taylor & Co Holdings Ltd Ezzi Living International Pte. Ltd. EZ Living Pte. Ltd. EZ Living (UK) Ltd FavorWell Ltd First World Estates Sdn Bhd Five Minutes Sdn Bhd	<u>Other companies</u> Adelaide Hotel International Pty Ltd Alwayseco Asia-Australia Pte. Ltd. (struck off) Cockpit Development (Indonesia) Ltd Goodearth on Brougham Adelaide Pty Ltd Place on Brougham Pty Ltd Plaxico Investments Ltd Tamarix Holdings Ltd

APPENDIX F: ADDITIONAL INFORMATION ON THE COMPANY AND THE TARGET GROUP

Name	Present Directorships	Past Directorships
	FOC Holdings Pte. Ltd.	
	FOC Orchard Pte. Ltd.	
	FOC Restaurant Pte. Ltd.	
	FOC Sentosa Pte. Ltd.	
	Foris Investments Pte. Ltd.	
	Fotia Pte. Ltd.	
	Gold Tower Management Services Pty Ltd	
	Goodearth (AP) Pte. Ltd.	
	Goodearth Grenfell Pte Ltd	
	Goodearth Hotels Australia (Cairns) Pty Ltd	
	Goodearth Hotels Australia (Colonial Club) Pty Ltd	
	Goodearth Hotels Australia (Gold Coast) Pty Ltd	
	Goodearth Hotels (Empire) Pty Ltd	
	Goodearth Hotels Ltd	
	Goodearth Hotels Management (Colonial Club) Pty Ltd	
	Goodearth Hotels NZ (Auckland) Ltd	
	Goodearth Land Holdings (Malaysia) Sdn Bhd	
	Goodearth New Zealand Pte. Ltd.	
	Goodearth Properties (Ampang Hilir) Sdn Bhd	
	Goodearth Realty Private Limited	
	Guan Soon Development Pte Ltd	
	Hotel De L'Europe Pte Ltd	
	JKF Capital Pte. Ltd.	
	JKF Capital Sdn Bhd	
	JTF Assets Sdn Bhd	
	Kozan Investments Ltd	
	Kuo Bin DMC Pte. Ltd.	
	Leadgroup Commercial LLC	
	Leadgroup Enterprise Ltd	
	Leadgroup Industrial LLC	
	Leadgroup Leisure LLC	
	Leadgroup Properties LLC	
	Leadgroup Residential LLC	
	Lillie Investments Ltd	
	Lunarich Holdings Pte. Ltd.	
	Lunarich International Ltd	
	M3 Investments Ltd	
	Melbourne Apartments Bedford Ltd	
	Momentos Events Pte. Ltd.	
	Origen Trading Pte. Ltd.	
	Paddy Pte. Ltd.	
	Palm Royale Pte Ltd	
	Phix Consulting Limited	
	Phix Holdings Private Limited	
	Phix Investments (Blair) Pte. Ltd.	

APPENDIX F: ADDITIONAL INFORMATION ON THE COMPANY AND THE TARGET GROUP

Name	Present Directorships	Past Directorships
	Phix Investments (Emerald Hill) Pte. Ltd. Phix Investments Pte Ltd Phix (Melbourne House) Ltd Phix (Mercury House) Ltd Phix (Newmarket) Ltd Phix Pte Ltd Phix Residential Ltd Phix Ventures Pte Ltd Queen's Hotel International Pte Ltd Ravenswood Management Ltd Right Positive Sdn Bhd Strandline Investments Ltd Tambusu Holdings Ltd Termimesh (Malaysia) Sdn Bhd Termi-Mesh Singapore Pte Ltd The Emperor Hotel Sdn Bhd Unique Beverages Sdn Bhd Vidaverde International Pte. Ltd. Vietsky Pte. Ltd. What's Pide (International) Pte. Ltd. What's Pide (Singapore) Pte. Ltd. Worthy Heritage Sdn Bhd	
Tan Dah Ching	<u>Target Group Companies</u> – <u>Other companies</u> Richz Technology (S) Pte. Ltd.	<u>Target Group Companies</u> – <u>Other companies</u> Hadi International Marine Services Pte. Ltd. Swissco Energy Services Pte. Ltd.

Save as disclosed below, the Proposed Executive Officer currently does not hold and has not held any directorships in the five years preceding the date of this Circular:

Name	Present Directorships	Past Directorships
Ng Kim Chew	<u>Target Group companies</u> – <u>Other companies</u> –	<u>Target Group companies</u> – <u>Other companies</u> Aero Systems Pte Ltd (struck off) Espresso Pte. Ltd. Explomo Magic Pte. Ltd. (struck off) Tracker Shine Limited TSH Land Pte. Ltd. (struck off) Vigorhood Photoelectric Shenzhen Co., Ltd Wow Technologies (Singapore) Pte. Ltd.

APPENDIX F: ADDITIONAL INFORMATION ON THE COMPANY AND THE TARGET GROUP

2. MATERIAL BACKGROUND INFORMATION ON THE PROPOSED BOARD, PROPOSED EXECUTIVE OFFICER AND CONTROLLING SHAREHOLDERS

None of the Directors of the Proposed Board, Proposed Executive Officer or Controlling Shareholders of the Company upon Completion:

- (a) had at any time during the last ten years, had an application or a petition under any bankruptcy laws of any jurisdiction 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 years after the date he ceased to be a partner;
- (b) had at any time during the last ten years, had an application or a petition under any law of any jurisdiction 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 or at any time within two years after the date he ceased to be 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) has any unsatisfied judgment against him;
- (d) has ever been convicted 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) has ever been convicted 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 been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
- (f) had at any time during the last ten years, had 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 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) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (h) has ever been disqualified 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) has ever been the subject of 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) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the 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;

APPENDIX F: ADDITIONAL INFORMATION ON THE COMPANY AND THE TARGET GROUP

- (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,
- (k) in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or
- (l) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

3. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, there was only one class of shares, being ordinary shares, in the capital of the Company and all the issued Shares are fully paid-up. The rights and privileges attached to its Shares are stated in the Existing Constitution. The Shares are registered shares. None of the Shareholders have pre-emptive purchase rights in respect of the Shares.

The issued share capital of the Company as at Latest Practicable Date was S\$258,805 divided into 240,443,565 Shares.

Save as set out below, there were no changes in the issued and paid-up share capital of the Company in the three years prior to the Latest Practicable Date:

Date of issue/ reduction of Shares	Purpose of issue/reduction	Issue price / consideration per Share	Number of Shares issued	Resultant number of Issued Shares
15 December 2016	Reduction of share capital from S\$26,034,356 to S\$258,805 for the purpose of cash distribution to Shareholders	NA	NA	240,443,565

There has been no change in the voting rights attached to the Shares in the three years prior to the Latest Practicable Date.

No shares in the Company have been issued for a consideration other than cash during the three years prior to the Latest Practicable Date.

As at the Latest Practicable Date:

- (i) no person had, or had the right to be given, an option to subscribe for any Shares;
- (ii) there was no arrangement with the employees of the Company or the directors or employees of a subsidiary or an associated company of the Company that involved the issue or grant of options or Shares or any other securities in the Company, and no option to subscribe for Shares had been granted to, or was exercised by, any Director or the chief executive officer of the Company; and
- (iii) none of the Shares were held by or on behalf of the Company.

APPENDIX F: ADDITIONAL INFORMATION ON THE COMPANY AND THE TARGET GROUP

There is no shareholding qualification for the Directors of the Company in the Existing Constitution.

There are no restrictions on the free transferability of the Shares which are fully paid-up under the Existing Constitution of the Company.

4. MATERIAL CONTRACTS OF THE COMPANY

Save as disclosed below, there were no material contracts, other than contracts entered into in the ordinary course of business of the Company, to which the Company is a party during the two years preceding the date of lodgement of this Circular:

- (i) Non-binding term sheet dated 21 August 2017 entered into between the Company and Racecourse Road Properties Pty Ltd, Fifth Avenue Lifestyle Pty Ltd, Tambusu Pty Ltd and Stanley Street Projects Pty Ltd in relation to the proposed acquisition of 100% of the rights and interest of four freehold commercial properties located in Brisbane, Australia (the “**Brisbane Term Sheet**”);
- (ii) Supplemental agreement to the Brisbane Term Sheet dated 20 November 2017, pursuant to which the parties agreed that the exclusivity period during which the Company may perform formal due diligence and negotiate the definitive agreements for the acquisition shall be extended up to 28 February 2018, upon which the Brisbane Term Sheet had ceased as the parties were unable to finalise and enter into a definitive agreement for the aforesaid proposed acquisition by 28 February 2018;
- (iii) Non-binding memorandum of understanding dated 28 February 2018 entered into between the Company and Teo Kok Woon, Chua Khoon Hui and Lim Kian Boon Charles in relation to the Proposed Acquisition;
- (iv) Sale and purchase agreement dated 31 August 2018 entered into between the Company and Teo Kok Woon, Chua Khoon Hui and Lim Kian Boon Charles in relation to the Proposed Acquisition; and
- (v) Supplemental agreement to the sale and purchase agreement dated 31 August 2018 entered into between the Company and Teo Kok Woon, Chua Khoon Hui and Lim Kian Boon Charles in relation to the Proposed Acquisition.

5. MATERIAL LITIGATION OF THE COMPANY

There are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had during the last 12 months immediately preceding the date of lodgement of this Circular, a material effect on the Company’s financial position or profitability.

6. EXPENSES

The estimated expenses (based on circumstances known to the Company as at the Latest Practicable Date) for the Proposed Transactions which will be borne by the Company in the event that the Proposed Acquisition is completed, including fees of the financial adviser, independent financial adviser, auditors and reporting accountants and legal counsel and all other incidental expenses, are set out below:

	<u>S\$’000</u>
Professional fees and charges	1,007
Miscellaneous expenses	323
Total estimated expenses	<u>1,330</u>

APPENDIX F: ADDITIONAL INFORMATION ON THE COMPANY AND THE TARGET GROUP

7. INTERESTS OF EXPERTS AND OTHER RELATIONSHIPS

No expert named in this Circular is employed on a contingent basis by the Company or the Target Group, or has a material interest, whether direct or indirect, in the shares of the Company or the Target Group, or has a material economic interest, whether direct or indirect, in the Company or the Target Group, including an interest in the success of the Proposed Transactions.

Save as disclosed in this Circular, SAC Capital does not, in the reasonable opinion of the Directors, have any material relationship with the Company or the Target Group.

APPENDIX G: TAXATION

The following is a discussion of certain tax matters relating to Singapore income tax, stamp duty and goods and services tax consequences in relation to the purchase, ownership and disposal of the Shares. This discussion is not intended to be and does not constitute legal or tax advice.

The discussion is limited to a general description of certain tax consequences in Singapore with respect to the ownership of the Shares and is based on current tax laws in Singapore, regulations and interpretations now in effect and available as of the Latest Practicable Date. These laws, regulations and interpretations, however, may change at any time, and any change could be retrospective. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below.

Prospective investors of the Shares are advised to consult their own tax advisors as to the Singapore or overseas tax consequences of purchasing, holding or disposing of the Shares. It is emphasised that neither the Company, the Directors nor any other persons involved in the Proposed Acquisition accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Shares.

SINGAPORE INCOME TAX

Corporate income tax

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore. As a general rule, the control and management of a company is vested in its board of directors and is regarded as being exercised at the place where the company's board of directors hold its board meetings to discuss and make strategic decisions for the company.

Corporate taxpayers are generally subject to Singapore income tax on income accruing in or derived from Singapore and on foreign-sourced income received or deemed received in Singapore, unless such income is exempted from tax.

The corporate income tax rate is currently 17%. A partial tax exemption will apply to the first S\$300,000 of a company's normal chargeable income as follows:

- 75% of up to the first S\$10,000 of the company's normal chargeable income; and
- 50% of up to the next S\$290,000 of the company's normal chargeable income.

From year of assessment 2020, the partial tax exemption is applicable on the first S\$200,000 of a company's normal chargeable income as follows:

- 75% of up to the first S\$10,000 of the company's normal chargeable income; and
- 50% of up to the next S\$190,000 of the company's normal chargeable income.

A new company will, subject to certain qualifying conditions, be eligible for full exemption on its normal chargeable income of up to the first S\$100,000 and a 50% exemption on the next S\$200,000 of normal chargeable income for each of the company's first three years of assessment, provided that any of these years of assessment falls in year of assessment 2010 to year of assessment 2019. Where any of the first three years of assessment falls in or after year of assessment 2020, the full exemption is applicable on the first S\$100,000 of normal chargeable income and the 50% exemption is applicable on the next S\$100,000 of normal chargeable income for each year of assessment.

Companies will be granted a 40% corporate income tax rebate, capped at S\$15,000 for the year of assessment 2018. The corporate income tax rebate is also available in the year of assessment 2019, but is reduced to a rate of 20% and capped at S\$10,000.

APPENDIX G: TAXATION

Individual income tax

An individual is regarded as tax resident in Singapore for a particular year of assessment if, in the preceding calendar year, he was physically present or had exercised an employment in Singapore (other than as a director of a company) for 183 or more days, or if he ordinarily resides in Singapore except for temporary absences.

Individuals (both resident and non-resident) are liable to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions. All foreign-sourced income received in Singapore by an individual, regardless of whether such individual is resident in Singapore or otherwise, are generally exempt from Singapore income tax, except where such income is received by a resident individual taxpayer through a partnership in Singapore.

A Singapore tax resident individual is taxed at progressive rates, currently ranging from 0% to 22%. Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore (other than employment income) at the tax rate of 22%. Non-resident individuals receiving Singapore employment income are taxed at a flat rate of 15% or progressive rates as a tax resident, whichever is higher.

Dividend Distributions

Under the one-tier corporate tax system, the tax on corporate profits is final and dividends paid by a Singapore resident company are tax exempt in the hands of a shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

There is no Singapore withholding tax on dividends paid to resident and non-resident shareholders.

Foreign shareholders are advised to consult their own tax advisors to take into account the tax laws of their respective countries of residence and the double taxation agreement which their country of residence may have with Singapore, where applicable.

Gains on Disposal of Shares

Singapore does not impose tax on gains of a capital nature. Any gains derived from the sale of shares and considered to be of a capital nature will not be taxable in Singapore. Gains arising from the disposal of shares may be construed to be of an income nature and subject to Singapore income tax, if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity if the intention of the investor was not to hold the shares as long-term investments.

There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. The characterisation of gains arising from the sale of shares will depend primarily on the facts and circumstances of each shareholder.

Notwithstanding the above, Section 13Z of the Income Tax Act provides for certainty on the non-taxability of gains derived by a corporate taxpayer from the disposal of ordinary shares during the period from 1 June 2012 to 31 May 2022 (both dates inclusive) where:

- the divesting company had legally and beneficially held a minimum shareholding of 20% of the ordinary shares of the investee company whose shares are being disposed; and
- the divesting company had maintained the minimum 20% shareholding for a continuous period of at least 24 months immediately prior to the disposal.

APPENDIX G: TAXATION

The abovementioned “safe harbour rules” prescribed under Section 13Z of the Income Tax Act will not apply if the investee company is in the business of trading or holding Singapore immovable properties (excluding property development) and its shares are not listed on a stock exchange in Singapore or elsewhere.

Shareholders who have adopted, or who are required to adopt, 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 shares is made. If so, the gain or loss on the shares may be taxed or allowed as a deduction for Singapore income tax purposes notwithstanding that they are unrealised.

Singapore Financial Reporting Standard 109 – Financial Instruments (“FRS 109”) will replace FRS 39 and is applicable to companies for financial periods beginning on or after 1 January 2018. Section 34AA of the Income Tax Act provides for the tax treatment of gains or losses in respect of financial instruments recognised under FRS 109 (“FRS 109 tax treatment”). There is no option for companies to opt out of the FRS 109 tax treatment. Consistent with the tax treatment under FRS 39, the FRS 109 tax treatment is generally aligned with accounting unless exceptions apply.

Shareholders who may be subject to the tax treatment under FRS 39 or FRS 109 should consult their accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of shares.

STAMP DUTY

There is no stamp duty payable on the subscription and issuance of shares.

Where shares evidenced in certificate form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the shares at the rate of 0.2% of the consideration paid or market value of the shares, whichever is higher.

The purchaser is liable for the stamp duty, unless otherwise agreed. No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require an instrument of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

ESTATE DUTY

Singapore estate duty was abolished with effect from 15 February 2008.

GOODS AND SERVICES TAX (“GST”)

The sale of shares by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST (for example, GST on brokerage) incurred by the GST-registered investor in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST and becomes an additional cost to the investor unless the investor satisfies certain conditions prescribed under the GST legislation or certain GST concessions.

Where shares are sold by a GST-registered investor to and for the direct benefit of a person belonging outside Singapore (and who is outside Singapore at the time of supply), the sale is a taxable supply subject to GST at the zero-rate (i.e. GST at 0%). Consequently, any input GST incurred by the GST-registered investor in making such a zero-rated supply may, subject to the provisions of the GST legislations, be recoverable as an input tax from the Singapore Comptroller of GST.

APPENDIX G: TAXATION

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of shares.

Services consisting of arranging, brokering, underwriting or advising on the issue, allotment or transfer of ownership of shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of shares will be subject to GST at the prevailing 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 qualify for zero-rating (i.e. GST at 0%).

APPENDIX H: PROPOSED NEW CONSTITUTION

THE COMPANIES ACT (CAP. 50)

PUBLIC COMPANY LIMITED BY SHARES

CONSTITUTION

OF

TSH CORPORATION LIMITED

**Adopted by Special Resolution passed at an Extraordinary General Meeting
held on 25 January 2019.**

INTERPRETATION

1. In this Constitution, unless the subject or context otherwise requires, the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof:- Interpretation.

WORDS	MEANINGS
Act	The Companies Act, Cap. 50, or any statutory modification or re-enactment thereof for the time being in force.
Chief Executive Officer	Shall have the meaning ascribed to "chief executive officer" in the Act.
Company	The above named company by whatever name from time to time called.
Constitution	This Constitution, as amended from time to time.
Cut-Off Time	Seventy-two hours before the time of the relevant General Meeting or adjourned General Meeting.
Directors	The directors for the time being of the Company.
Dividend	Includes bonus.
Exchange	The Singapore Exchange Securities Trading Limited and any other share, stock or securities exchange upon which the shares of the Company may be listed.

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Market Day	A day on which the Singapore Exchange Securities Trading Limited is open for trading in securities.
Member	A Member of the Company, save that references in this Constitution to “Member” shall, where the Act requires, exclude the Company where it is a Member by reason of its holding of its shares as treasury shares.
month	Calendar month.
Office	The registered office for the time being of the Company.
Ordinary Resolution	A resolution passed by a simple majority of the Members present and voting.
Register	The Register of Members to be kept pursuant to Section 190 of the Act.
Regulations	These Regulations as originally framed or as altered from time to time by Special Resolution.
Seal	The common seal of the Company.
Secretary	Any person appointed to perform the duties of Secretary of the Company and includes any person appointed to perform the duties of Secretary temporarily, and where two or more persons are appointed to act as Joint Secretaries, or where one more Assistant or Deputy Secretaries are appointed, shall include any one of those persons.
Securities and Futures Act	Securities and Futures Act, Cap. 289, or any statutory modification or re-enactment thereof for the time being in force.
Singapore Dollar(s)	The lawful currency of the Republic of Singapore.
Special Resolution	A resolution having the meaning assigned thereto by Section 184 of the Act.
Statutes	The Act and every other statute for the time being in force concerning companies and affecting the Company.
writing	Includes printing, lithography, typewriting and any other mode of representing or reproducing words, symbols or other information in a visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.
year	Calendar year.
1(2).	The words “Depositor”, “Depository”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in the Securities and Futures Act.

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- 1(3). The words “current address”, “electronic communication”, “relevant intermediary” and “treasury shares” shall have the meanings ascribed to them respectively in the Act.
- 1(4). References in this Constitution to “holders” of shares or any class of shares shall:-
- (a) exclude the Depository or its nominee (as the case may be) except where otherwise expressly provided for in this Constitution or where the terms “registered holder” or “registered holders” are used in this Constitution;
 - (b) where the subject and context so require, be deemed to include references to Depositors whose names are entered in the Depository Register in respect of such shares; and
 - (c) except where otherwise expressly provided in this Constitution, exclude the Company in relation to shares held by it as treasury shares,
- and the words “holding” and “held” shall be construed accordingly.
- 1(5). Words importing the singular number only shall include the plural number, and vice versa.
- 1(6). Words importing the masculine gender only shall include the feminine and neuter genders.
- 1(7). Words importing persons shall include corporations.
- 1(8). Subject as aforesaid, any words or expressions used in the Act shall, except where inconsistent with the subject or context, bear the same meaning in this Constitution.
- 1(9). The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of this Constitution.

NAME

2. The name of the Company is TSH CORPORATION LIMITED. Name.

BUSINESS

3. Subject to the provisions of the Act and any other written law and this Constitution, the Company has: Business.
- (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
 - (b) for these purposes, full rights, powers and privileges.

4. The Office shall be at such place as the Directors shall from time to time decide. Registered Office.

LIABILITY OF MEMBERS

5. The liability of the Members is limited. Liability of Members.

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SHARES

6. Subject to the Statutes, no shares may be issued without the prior approval of the Company in General Meeting but subject thereto and to this Constitution relating to new shares and to any special right attached to any share for the time being issued, the Directors may allot (with or without conferring any right of renunciation), grant options over or otherwise dispose of the same to such persons on such terms and conditions (including such consideration) and at such time as the Directors determine Provided Always that the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same. Shares under control of Company in General Meeting.
- 7(1). Subject to the limits referred to in Regulation 60, the Company in General Meeting may by Ordinary Resolution authorise the Directors to exercise any power of the Company to issue shares, such authority being confined to a particular exercise of that power or generally. Any such authority may be unconditional or subject to conditions and shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the approval was given or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held whichever is the earlier but may be previously revoked or varied by the Company in General Meeting Provided Always that no shares may be issued to transfer a controlling interest without prior approval of the Company in General Meeting. Authority of Directors to issue shares.
- 7(2). Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register as the holder thereof or before such share is entered against the name of a Depositor in the Depository Register. as the case may be, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of such share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit.
- 7(3). The Company may issue shares for which no consideration is payable to the Company.
8. Subject to such limitation thereof as may be prescribed by the Exchange, any share in the Company may be issued with such preferred, qualified, deferred or other special rights, privileges and conditions or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine, and subject further to the Statutes, the Company may issue preference shares which are or, at the option of the Company, are liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution determine Provided Always that the total number of issued preference shares shall not at any time exceed the total number of issued ordinary shares for the time being or such other limitation as may be prescribed by the Exchange. Company may issue shares with preferred, qualified, deferred and other special rights.
9. In the event of the Company at any time issuing preference capital it shall at the same time indicate whether it reserves the right to issue further preference capital ranking equally with or in priority to the preference capital then already issued. Issue of further preference shares.

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| 10. | Subject to the provisions of the Statutes, all or any of the special rights or privileges for the time being attached to any preference share for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by a Special Resolution passed by holders of such preference shares at a special meeting called for the purpose. To any such special Meeting, all provisions of this Constitution as to General Meetings of the Company shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third of the issued preference shares concerned and that every holder of the preference shares concerned shall be entitled on a poll to one vote for every such share held by him and that any holder of the preference shares concerned present either in person or by proxy may demand a poll Provided Always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from holders of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting. | Alteration of rights of preference shareholders. |
| 11. | Preference shareholders shall have the same rights as ordinary shareholders as regards the receiving of notices, reports and financial statements and the attending of General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning the sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears. | Rights of preference shareholders. |
| 12. | The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act. | Treasury shares. |
| 13. | If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the holder for the time being of the share or his legal personal representative. | Instalments of shares. |
| 14(1). | The Company may pay such commissions or brokerage as may be lawful on any issue of shares at such rate or amount and in such manner as the Directors may deem fit to any person in consideration of his subscribing, or agreeing to subscribe, whether absolutely or conditionally, for any share in the capital of the Company. Any such commission or brokerage may be paid in whole or in part in cash or fully or partly paid shares of the Company. The requirements of the Statutes shall be observed, so far as applicable. | Commission for subscribing. |
| 14(2). | The Company may use its share capital to pay any expenses (including commission or brokerage) incurred directly in the issue of new shares. A payment so made shall not be taken as reducing the amount of share capital of the Company. | |
| 14(3). | Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much of such share capital (except treasury shares) as is for the time being paid up and charge the interest | |

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- so paid to capital as part of the cost of the construction or provision, subject to the requirements of the Act.
- 15(1). The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors, administrators or trustees of the estate of a deceased Member. Joint holders.
- 15(2). Subject to Regulation 15(1), any two or more persons may be registered as joint holders of any share and the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls and interest (if any) due in respect of such share.
- 15(3). The joint holder first named in the Register or the Depository Register, as the case may be, shall as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share.
16. No person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register as the registered holder or in the person whose name is entered in the Depository Register in respect of that share, as the case may be, except only where this Constitution otherwise provides or as required by the Statutes or pursuant to any order of Court. No trusts recognised.
17. No person shall exercise any rights of a Member in respect of a share until his name shall have been entered in the Register as the registered holder thereof or in the Depository Register in respect of such share, as the case may be, and, unless the Directors otherwise determine, such person shall have paid all calls and other moneys for the time being due and payable on any share held by him. Exercise of rights of Members.
18. The Company may, subject to and in accordance with the Act and any other relevant legislation, rules or regulations enacted or prescribed by any relevant authority from time to time, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. Any share which is so purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition by the Company or, subject to the provisions of the Act and this Constitution, be held and dealt with by the Company as treasury shares. 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 which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. Power to purchase or acquire its issued shares.

SHARE CERTIFICATE

19. Every share certificate shall be issued under the Seal. Authentication of certificates.
20. Every share certificate shall specify the number and class of shares in respect of which it is issued, whether the shares are fully or partly paid up and the amount (if any) unpaid thereon and shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or some other person appointed by the Directors. The facsimile signatures may be reproduced by mechanical, electronic or Certificates shall specify number of shares.

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other method approved by the Directors. No share certificate shall be issued representing shares of more than one class.

21. Every person whose name is entered as a registered holder in the Register shall be entitled without payment to receive within ten Market Days (or such other period as may be approved by the Exchange) after the closing date for applications to subscribe for a new issue of shares and within ten Market Days (or such other period as may be approved by the Exchange) after lodgment of a registrable transfer one certificate under the Seal in respect of each class of shares held by him for all his shares in that class or several certificates in reasonable denominations each for one or more of his shares in any one class subject to such person's prior payment of two Singapore Dollars (or such other sum as the Directors shall from time to time determine having regard to any limitation thereof as the Statutes or the Exchange may prescribe) for every certificate after the first and such stamp duty as is payable on such certificate unless otherwise directed by the Directors Provided Always that in the case of joint registered holders, the Company shall not be bound to issue more than one certificate.
- Member's right to certificate & cancellation of certificates.
- 22(1). Where only some of the shares comprised in any share certificate are transferred, the old certificate shall be cancelled and a new certificate for the balance of such shares shall be issued in lieu thereof without charge.
- Issue of replacement certificates.
- 22(2). Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register may be cancelled at his request and a single new certificate for such shares issued in lieu thereof without charge.
- 22(3). Any share certificate representing shares of any class held by any person whose name is entered in the Register may be surrendered by such person for cancellation and at his request the Company may issue in lieu thereof two or more share certificates representing such shares in such proportions as such person may specify, and the Directors may comply with such request if they think fit. Such person shall pay a maximum of two Singapore Dollars for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine, taking into consideration any limitation thereof as may be prescribed by the Exchange.
- 22(4). Subject to the Statutes, if any share certificate shall be defaced, worn out, destroyed, stolen or lost, it may be renewed on such evidence being produced and a letter of indemnity or undertaking (if required) being given by the purchaser, registered holder, transferee, person entitled or member company of the Exchange or on its behalf or their client or clients as the Directors shall require and in the case of defacement or wearing out on delivery up of the old certificate and in any case on payment of such sum not exceeding two Singapore Dollars as the Directors may from time to time require (or such other amount as may be permitted under the Statutes). In the case of theft, destruction or loss the registered holder or the person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such theft, destruction or loss.
- 22(5). Where shares are registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.

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| 23. | The share certificates registered in the names of two or more persons may be delivered to the joint holder first named in the Register and the delivery of a certificate to such person shall be sufficient delivery to all. | Delivery of share certificates. |
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LIEN ON SHARES

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| 24. | The Company shall have a first and paramount lien on every share (not being a fully-paid share) and all dividends or interests from time to time declared in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or the deceased Member. The Directors may however waive any lien which has arisen and may resolve that any share shall for any limited period be exempt wholly or partially from the provisions of this Regulation upon such terms as they may deem fit in the best interest of the Company. | Company's lien on shares. |
| 25. | For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit, and no sale shall be made until such time as the moneys are presently payable, and until a notice in writing stating the amount due and demanding payment, and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on the holder for the time being of the shares or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for seven days after such notice. | Right to enforce lien by sale. |
| 26. | The net proceeds of any such sale shall be applied in or towards the satisfaction of the unpaid calls and accrued interest and expenses of such sale, and the residue (if any) shall be paid to the person whose shares have been sold, his executors, administrators, trustees or assignees or as he shall direct. | Application of proceeds of sale. |
| 27. | To give effect to any such sale the Directors may authorise some person to transfer or to effect the transfer, as the case may be of the shares sold to the purchaser. | How sale to be effected. |

CALLS ON SHARES

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| 28. | The Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares or on any class of shares and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to his having been given at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine, A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. | Powers of Directors to make calls. |
| 29. | The joint holders of a share shall be jointly and severally liable to pay all calls and interest (if any) in respect thereof. | Joint and several liability. |
| 30. | If before or on the day appointed for payment thereof a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at the rate of eight per cent per annum from the day appointed for payment thereof to the time of actual payment, but the Directors shall have power to waive payment of such interest or any part thereof. | Interest on unpaid calls. |

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| 31. | Any sum which by the terms of allotment of a share is made payable upon issue or at any fixed date and any instalment of a call shall for all purposes of this Constitution be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of this Constitution as to payment of interest and expenses, forfeiture and the like, and all the other relevant provisions of this Constitution or the Statutes shall apply as if such sum were a call duly made and notified as hereby provided. | Sums payable under terms of allotment to be deemed calls. |
| 32. | The Directors may from time to time make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls. | Difference in calls between various holders. |
| 33. | The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any share held by him, and upon all or any part of the moneys so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in General Meeting shall otherwise direct) eight per cent per annum as may be agreed upon between the Directors and the Member paying the sum in advance. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits. | Payment of call in advance. |

FORFEITURE OF SHARES

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| 34. | If any Member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment of the same or any interest thereon, the Directors may at any time thereafter during such time as the call or instalment or interest remains unpaid serve a notice on such Member requiring him to pay the same, together with any interest (including interest upon interest) and expenses that may have been incurred by the Company by reason of such non-payment. | Notice to be given of intended forfeiture. |
| 35. | The notice shall name a further day (not being less than fourteen days from the date of service of the notice) and a place on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment or interest is payable shall be liable to be forfeited. | Form of notice. |
| 36. | If the requirements of any notice as aforesaid are not complied with, any share in respect of which the notice has been given, may at any time thereafter, before payment of all such calls or instalments, interests and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder. | If notice not complied with shares may be forfeited. |
| 37. | Any share so forfeited or surrendered shall be deemed to be the property of the Company, and the Directors may sell, re-allot, or otherwise dispose of the same in such manner as they think fit. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed. | Sale etc of forfeited and surrendered shares. |

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| 38. | The Directors may at any time before any share so forfeited or surrendered shall have been sold, re-allotted or otherwise disposed of. annul the forfeiture or surrender thereof upon such conditions as they think fit. | Power to annul forfeiture. |
| 39. | For the purpose of giving effect to any sale of forfeited or surrendered shares, the Directors may authorise some person to transfer or to effect the transfer of, as the case may be, the shares sold to the purchaser. | Transfer of forfeited or surrendered shares. |
| 40. | Any Member whose shares shall have been forfeited or surrendered shall cease to be a Member in respect of the forfeited or surrendered shares but shall, notwithstanding such forfeiture or surrender, be liable to pay, and shall forthwith pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until payment, at the rate of eight per cent per annum and the Directors may enforce the payment of such moneys or any part thereof if they think fit, but shall not be under any obligation so to do. Any residue after the satisfaction of the unpaid calls, accrued interest and expenses shall be paid to the person whose shares have been forfeited or surrendered, his executors, administrators, trustees or assignees or as he shall direct. | Liability on forfeited share. |
| 41(1). | A statutory declaration in writing that the declarant is a Director or the Secretary, and that a share has been duly forfeited, surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate, where the same be required, delivered to a purchaser or (where the purchaser is a Depositor) to the Depository or the allottee thereof, as the case may be, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share. | Declaration by Director or Secretary conclusive of fact of forfeiture. |
| 41(2). | (a) In the event of such sale, re-allotment or disposal, where the person (the "Relevant Person") to whom the share is sold, re-allotted or disposed of is not a Depositor, the share shall be registered in the Register in the name of the Relevant Person and, where the Relevant Person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of.

(b) The Relevant Person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share. | |

TRANSFER OF SHARES

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| 42. | There shall be no restriction on the transfer of fully paid shares (except where required by law or by the rules, bye-laws or listing rules of the Exchange). All transfers of shares may be effected by way of book-entry in the Depository Register Provided Always that the legal title in the shares may be transferred by the registered holders thereof by an instrument of transfer in the form approved by the Directors and the Exchange. The instrument of transfer shall be left at the Office accompanied by a certificate of payment of stamp duty (if any), the | Shares to be transferable. |
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certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the registered holder of the shares until the name of the transferee is entered in the Register in respect thereof.

43. The instrument of transfer shall be signed by or on behalf of both the transferor and the transferee, and it shall be witnessed Provided Always that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). Instrument of transfer.
44. Shares of different classes shall not be comprised in the same instrument of transfer. Only shares of same class to be in same instrument.
45. No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs, but nothing contained herein shall be construed as imposing on the Company any liability in respect of the registration of such transfer. Restriction on transfer.
- 46(1). All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same. Retention of instrument of transfer and disposal of documents.
- 46(2). The Company shall be entitled to destroy:-
- (a) all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof;
 - (b) all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof; and
 - (c) all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof.
- 46(3). It shall be conclusively presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and that:
- (a) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
 - (b) every share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and
 - (c) every other document hereinbefore mentioned so destroyed was a valid and effective document,

in accordance with the recorded particulars thereof in the books or records of the Company.

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- 46(4). Regulations 46(2) and 46(3) shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant.
- 46(5). Nothing contained in this Regulation 46 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstance which would not attach to the Company in the absence of this Regulation 46, and references in this Regulation 46 to the destruction of any document include references to the disposal thereof in any manner.
47. The Directors may decline to accept any instrument of transfer unless:-
- (a) the amount of stamp duty (if any) payable on each instrument of transfer is paid; and
- (b) such fee not exceeding two Singapore Dollars as the Directors may from time to time determine or such other sum as may from time to time be prescribed by the Exchange is paid to the Company in respect of the registration of any instrument of transfer, probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares.
48. The Directors may refuse to register the transfer of shares or allow the entry of or against a person's name in the Depository Register in respect of shares transferred or to be transferred to such person:-
- (a) which are not fully paid up; or
- (b) on which the Company has a lien.
49. If the Directors refuse to register any transfer of any share they shall, where required by the Statutes, serve on the transferor and transferee, within ten Market Days after the day on which the transfer was lodged with the Company, a notice in writing informing each of them of such refusal and the precise reasons therefor.
50. The Register may be closed at such times and for such periods as the Directors may from time to time determine Provided Always that the Register shall not be closed for more than thirty days in any year Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange stating the period and purpose or purposes for which such closure is to be made.

Fees relating to transfers.

Power of Directors to refuse to register.

Notice of refusal to be sent by Company.

Closure of the Register.

TRANSMISSION OF SHARES

- 51(1). In the case of the death of a Member the survivor where the deceased was a joint holder, and the legal personal representative of the deceased who was a sole or only surviving holder, or where such legal representative is entered in the Depository Register in respect of the shares of the deceased Member who was a Depositor, shall be the only person recognised by the Company as having any title to his shares.
- 51(2). Nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share solely or jointly held by him.
52. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the

Transmission of registered shares.

Rights of registration and transfer upon

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Register may upon producing such evidence of his title as the Directors may require, have the right either to be registered himself as the holder of the share, upon giving to the Company notice in writing of such intent, or to make such transfer thereof as such deceased or bankrupt person could have made, but the Directors shall in either case have the same right to refuse or suspend registration as they would have had in the case of such transfer by such deceased or bankrupt person before the death or bankruptcy, as the case may be.

demise or
bankruptcy of
Member.

53. Save as otherwise provided in this Constitution, a person becoming entitled to a share pursuant to Regulations 51(1) and 52, shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share, but he shall have no right to receive notice or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a Member until he shall have been registered as a Member in the Register or his name shall have been entered in the Depository Register, as the case may be. Provided Always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or transfer the share, and if the notice is not complied with within ninety days of the date of such notice, the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Person registered
under transmission
clause entitled to
dividends.

PURCHASE OF OWN SHARES

54. Subject to and in accordance with the provisions of the Act, the Company may purchase or otherwise acquire ordinary shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. All shares repurchased by the Company shall be cancelled or otherwise held as treasury shares in accordance with the Act.

Company may
purchase its own
shares.

STOCK

55. The Company in General Meeting may by Ordinary Resolution convert any paid-up shares into stock and may from time to time reconvert such stock into paid-up shares.
56. When any shares have been converted into stock, the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in General Meeting shall direct, but in default of any direction then in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. But the Directors may if they think fit from time to time fix the minimum number of stock units transferable.
57. The several holders of stock shall be entitled to participate in the dividends and profits of the Company according to the number of stock units held by them and such interests shall, in proportion to the number of units thereof, confer on the holders thereof respectively the same rights, privileges and advantages for the purposes of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such rights, privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any such number of stock units as would not, if existing in shares, have conferred such rights, privileges or advantages.

Conversion of
shares to stock.

Stockholders
entitled to transfer
interest.

Stockholders
entitled to profits.

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58. All such provisions of this Constitution as are applicable to paid up shares shall apply to stock and in all such provisions the words “shares” shall include “stock”, and “Depositor”, “Member” and “shareholder” shall include “stockholder”. Definitions.

INCREASE OF CAPITAL

- 59(1). Unless otherwise determined by the Company in General Meeting or except as permitted under the Exchange’s listing rules, 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 nearly as the circumstances admit, to the number of the existing shares to which they are entitled. Issue of new shares to Members.
- 59(2). 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 in the manner hereinbefore provided. Notice of issue.
60. The Company may pursuant to Section 161 of the Act by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to issue shares whether by way of rights, bonus or otherwise, and make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, and (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force provided that:- Authority to Directors to issue shares and convertible securities.
- (a) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Exchange;
 - (b) in exercising the authority conferred by the Ordinary Resolution, the Directors shall comply with the provisions of the listing rules of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and this Constitution; and
 - (c) unless previously revoked or varied by the Company in General Meeting, the authority conferred by the Ordinary Resolution shall not continue beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

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61. Subject to any directions that may be given in accordance with the powers contained in this Constitution, any capital raised by creation of new shares shall be considered as part of the original capital and all new shares shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.
- New capital considered part of original capital.

ALTERATION OF CAPITAL

- 62(1). The Company may by Ordinary Resolution:-
- Alteration of capital.
- (a) consolidate and divide all or any of its share capital; or
 - (b) cancel any shares which at the date of the passing of the Ordinary Resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled; or
 - (c) sub-divide its existing shares or any of them (subject nevertheless to the provisions of the Act and this Constitution) provided always that in such sub-division the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived. The resolution by which the sub-division is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other special rights or be subject to any restriction as the Company has power to attach to new shares; or
 - (d) subject to the Statutes, convert its share capital or any class of shares from one currency to another currency.
- 62(2). The Company may by Special Resolution reduce its share capital or any other undistributable reserve in any manner and subject to any requirement under the law.
- 62(3). The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares.

MODIFICATION OF CLASS RIGHTS

63. Subject to the Statutes and save as provided by this Constitution, all or any of the special rights or privileges attached to any class of shares in the capital of the Company for the time being issued may, at any time, as well before as during liquidation, be modified, affected, altered or abrogated, either with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting, but so that the quorum thereof shall be not less than two persons personally present and holding or representing by proxy one-third of issued shares of the class, and that any holder of shares of the class, present in person or by proxy, shall on a poll be entitled to one vote for each share of the class held or represented by him, and if at any adjourned meeting of such holders such quorum as aforesaid is not present, any two holders of shares of the class who are personally present shall be a quorum. The Directors shall comply with the provisions of Section 186 of the Act as to forwarding a copy of any such consent or Resolution to the Registrar of Companies.
- Modification of class rights.

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BORROWING POWERS

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| 64. | The Directors may, from time to time, exercise all the powers of the Company to raise or borrow or secure the payment of any sum or sums of moneys for the purposes of the Company. | Powers to borrow. |
| 65. | The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and, in particular, by the issue of debentures or debenture stock of the Company, perpetual or otherwise, charged upon or by mortgage charge or lien of and on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being, or by making, accepting, endorsing or executing any cheque, promissory note or bill of exchange. | Conditions of borrowing. |
| 66. | Every debenture or other instrument for securing the payment of money may be made assignable and free from any equity between the Company and the person to whom the same may be issued. Any debenture or debenture-stock, bond or other instrument may be issued at a discount, premium or otherwise and with any special privilege as to redemption, surrender, drawing, allotment of shares, attending and voting at General Meetings of the Company, appointment of Directors and otherwise. | Securities assignable and free from equities. |
| 67. | The Directors shall cause a proper register to be kept, in accordance with Section 138 of the Act, of all mortgages and charges specifically affecting the property of the Company and shall comply with the provisions of Section 131 of the Act. | Register of mortgages. |

GENERAL MEETINGS

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| 68. | In addition to any other meetings, a General Meeting shall be held within four months after the end of each financial year of the Company, at such time and place as may be determined by the Directors. Where required by the listing rules of the Exchange, all General Meetings shall be held in Singapore, unless such requirement is waived by the Exchange. | General Meetings. |
| 69. | The abovementioned General Meetings shall be called Annual General Meetings. All other General Meetings shall be called Extraordinary General Meetings. | Annual General Meetings. |
| 70. | The Directors may call an Extraordinary General Meeting of the Company whenever they think fit in accordance with the Statutes. | Directors may call Extraordinary General Meetings. |
| 71. | The Directors shall, on the requisition of the holders of not less than ten per cent of the total number of issued shares of the Company carrying voting rights at General Meetings (excluding treasury shares) upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect:-

(a) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.

(b) If the Directors do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so | Extraordinary General Meetings called on requisition of shareholders. |

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deposited, the requisitionists or any of them representing more than fifty per cent of the total voting rights of all of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit.

- (c) In the case of a meeting at which a resolution is to be proposed as a Special Resolution the Directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by the Statutes.
- (d) Any meeting convened under this Regulation by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.
72. Subject to the Statutes relating to the convening of meetings, at least fourteen days' notice in writing of any General Meeting and at least twenty-one days' notice in writing in the case of a General Meeting to pass a Special Resolution specifying the place, day and hour of the meeting, shall be given to all Members other than such as are not entitled under this Constitution and the Act to receive such notices from the Company. The period of notice shall in each case be exclusive of both the day on which it is served or deemed to be served and the day on which the General Meeting is to be held. Any notice of a General Meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Every such notice shall be published in at least one English language daily newspaper circulating in Singapore and in writing to each stock exchange on which the Company is listed at least fourteen days before the meeting. Whenever any meeting is adjourned for fourteen days or more, at least seven days' notice in writing of the place and hour of such adjourned meeting shall be given in like manner Provided Always that when a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Notice of meeting.
73. Any Member entitled to be present and vote at a meeting or his proxy may submit any resolution to any General Meeting, provided that at least for the prescribed time before the day appointed for the meeting he shall have served upon the Company a notice in writing by him containing the proposed resolution, and stating his intention to submit the same. The prescribed time abovementioned shall be such that, between the date that the notice is served and the day appointed for the meeting, there shall be not less than three nor more than fourteen intervening days. Members may submit resolution to meeting on giving notice to Company.
74. Upon receipt of any such notice as mentioned in Regulation 73, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution will be proposed. Secretary to give notice to Members.
75. The accidental omission to give any notice to or non-receipt of any notice by any Member shall not invalidate the meeting or any resolution passed or proceedings at any such meeting. Accidental omission to give notice.

PROCEEDINGS AT GENERAL MEETINGS

76. All business that is transacted at an Extraordinary General Meeting, and also all business that is transacted at an Annual General Meeting with the exception of the receipt and adoption of the financial statements, the Special business.

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Directors' statement, the Auditors' report and other documents required to be attached to the financial statements, the fixing of the remuneration of Directors, the election of Directors in the place of those retiring, the declaration of dividends and the appointment of and the fixing of the remuneration of the Auditors, shall be deemed special.

77. Save as is herein otherwise provided, two Members present in person or by proxy shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum is present at the commencement of the business, provided that (a) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (b) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum. A corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Regulation 92. Quorum.
78. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place. At the adjourned meeting, any two or more Members present in person or by proxy shall be a quorum. If quorum not present.
79. The Chairman (if any) of the Board of Directors shall preside as Chairman at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director or, if no Director be present or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting. Chairman.
80. The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Adjournment.
- 81(1). Where required by the listing rules of the Exchange, all resolutions at a General Meeting shall be voted by poll, unless such requirement is waived by the Exchange. How matters are to be decided.
- 81(2). Subject to Regulation 81(1), at every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by:-
- (a) the Chairman of the meeting; or
 - (b) not less than two Members present in person or by proxy and entitled to vote; or
 - (c) a Member or Members present in person or by proxy, holding or representing, as the case may be:-
 - (i) not less than five per cent of the total voting rights of all Members entitled to vote at the meeting; or
 - (ii) shares in the Company conferring a right to vote at the

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meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent of the total sum paid up on all the shares conferring that right.

- 82(1). Subject to the listing rules of the Exchange, a poll shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. Chairman's direction as to poll.
- 82(2). No poll shall be taken on the election of a Chairman of a meeting or on a question of adjournment. A poll taken on any other question shall be taken at such time as the Chairman of the meeting directs.
83. Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution. A demand for a poll may be withdrawn only with the approval of the Chairman of the meeting. Declaration of Chairman conclusive.
- 84(1). No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting, as the case may be, at which the vote objected to is or may be given, tendered or cast, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the meeting whose decision shall be final and conclusive. Objection to admissibility.
- 84(2). If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.
85. In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is taken, as the case may be, shall have a second or casting vote. In the event of equality of votes.

VOTES OF MEMBERS

- 86(1). Subject to and without prejudice to any special privileges or restriction 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 Regulation 12:- Voting rights.
- (a) every Member who is present in person or by proxy shall have one vote on a show of hands, provided that:-
- (i) in the case of a Member who is not a relevant intermediary and 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 show of hands; and
- (ii) in the case of a Member who is a relevant intermediary and is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands; and

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- (b) every Member who is present in person or by proxy, in case of a poll, shall have one vote for every share which he holds or represents and upon which all calls or other sums due thereon to the Company have been paid.
- 86(2). For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being taken, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company.
87. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose, seniority shall be determined by the order in which the names stand in the Register or the Depository Register, as the case may be. Rights of joint holders.
88. Unless the Directors otherwise determine, no person other than a Member who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting. Members only entitled to vote upon full payment.
89. A Member who has become mentally disordered and incapable of managing himself or his affairs, or in respect of whom an order has been made by any Court having jurisdiction in mental capacity, may vote, whether on a show of hands or on a poll, by the person duly appointed to manage his estate (who may appoint a proxy), provided that such evidence as the Directors may require of the authority of such person shall have been produced. Votes of mentally disordered Members.
- 90(1). On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. Vote personally or by proxy.
- 90(2). Where a Member is required by the listing rules of the Exchange or a court order to abstain from voting on a resolution at a General Meeting, such Member shall not be entitled to vote on the relevant resolution and shall be required to abstain from voting, whether in person or by proxy, in respect of such resolution, and the Company shall be entitled to disregard any votes cast by such Member in contravention of this Regulation, to the extent permitted by the Act and any other applicable laws and regulations. Member required to abstain.
- 91(1). A proxy need not be a Member. Proxies.
- 91(2). Save as otherwise provided in the Act:-
- (a) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member's instrument of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy; and
- (b) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such

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Member. Where such Member's instrument of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

91(3). In any case where a Member is a Depositor, the Company shall be entitled and bound:-

- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company;
- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company, whether that number be greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and
- (c) in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

91(4). In any case where an instrument of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

92. Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of the Company or any class of Members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder and such corporate Member shall for the purpose of this Constitution (but subject to the Act) be deemed to be present at any such meeting if a person so authorised is present thereat.

Corporation may appoint representative.

93. An instrument appointing a proxy shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and:-

Execution of instrument of proxy on behalf of appointor.

- (a) in the case of an individual, shall be:-
 - (i) signed by the appointor or his attorney if the instrument is delivered personally or sent by post; or
 - (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

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- (b) in the case of a corporation, shall be:-
- (i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, if the instrument is delivered personally or sent by post; or
 - (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of the submission of an instrument of proxy by electronic communication, designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

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| 94. | Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Office, together with the instrument of proxy, before the Cut-Off Time for the meeting at which the person named in the instrument proposes to vote, failing which the instrument of proxy shall not be treated as valid. The deposit of an instrument appointing a proxy does not preclude the Member concerned from attending and voting in person at the meeting or adjourned meeting. In such an event, the appointment of the proxy or proxies is deemed to be revoked by the Member concerned at the point when the Member attends the meeting. | Lodgment of instrument appointing proxy. |
| 95. | The signature on an instrument of proxy need not be witnessed. | No witness needed for instrument of proxy. |
| 96. | A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the appointment of the proxy or transfer of the share in respect of which the vote is given Provided Always that no notice in writing of the death, mental disorder, revocation or transfer shall have been received by the Company at the Office at least one hour before the time fixed for holding the meeting. | When vote by proxy valid though authority revoked. |
| 97. | An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the meeting. | Instrument deemed to confer authority. |

DIRECTORS

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| 98. | Until otherwise determined by a Special Resolution at a General Meeting, the number of Directors shall not be less than two. All the Directors of the Company shall be natural persons. | Number of Directors. |
| 99. | The first Directors of the Company were Chan Nyuk Lin and Chin Nyuk Hean. | First Directors. |
| 100. | A Director shall not be required to hold any share in the Company. | No share qualification. |

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- 101(1). Any Director may at any time and from time to time appoint any other person approved by a majority of the Directors for the time being to be his alternate. An alternate Director shall be entitled (subject to his giving to the Company an address within the Republic of Singapore at which notices may be served on him) to receive notice of meetings of the Directors and to attend and vote as a Director at any such meeting at which the Director appointing him is not present, and generally at such meeting to exercise all the powers, rights, duties and authorities of the Director appointing him. Every person acting as an alternate Director shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him. All the appointments and removals of alternate Directors made by any Director in pursuance of this Regulation, shall be in writing under the hand of the Director making the same and shall be sent to or left at the Office. A Director may not act as an alternate for another Director. A person may not act as an alternate Director for more than one Director of the Company. Alternate Director.
- 101(2). An alternate Director may be removed by his appointor and the appointor (subject to the approval of the Directors) may appoint another in his place. An alternate Director may be removed from office by a resolution of the Directors, but he shall be entitled to vote on such resolution and he shall, ipso facto, cease to be an alternate Director if his appointor ceases for any reason to be a Director. The appointment of an alternate Director shall also determine on the happening of any event which, if he were a Director, would cause him to vacate such office.
- 101(3). An alternate Director shall be entitled to contract and be interested in and benefit from contracts, arrangements or transactions to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company any remuneration in respect of his appointment as alternate Director except only such part (if any) of the remuneration otherwise payable to his appointor in which event any fee paid by the Company to an alternate Director shall be deducted from the fees of the Director appointing the alternate.
- 102(1). The Directors shall be entitled to receive by way of fees for their services as Directors in each year such sum as shall from time to time, subject to Section 169 of the Act, be determined by the Company by resolution passed at a General Meeting, the notice of which shall specify the proposals concerning the same. Such remuneration shall be divided amongst the Directors as they shall determine or failing agreement equally. Remuneration.
- 102(2). The fees payable to the Directors shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the General Meeting.
- 102(3). The remuneration of a non-executive Director shall be by a fixed sum and not by a commission on or percentage of profits or turnover. The remuneration of an executive Director may not include a commission on or a percentage of turnover.
- 102(4). The provisions of this Regulation are without prejudice to the power of the Directors to appoint any of their number to be employee or agent of the Company at such remuneration and upon such terms as they think fit without the approval of the Members in General Meeting provided that such remuneration may include a commission on or percentage of profits but not a commission on or percentage of turnover.

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- 102(5). Subject to the provisions of the Statutes, 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.
103. If any Director, being willing and having been called upon to do so, shall hold an executive office in the Company, shall render or perform extra or special services of any kind, including services on any committee established by the Directors, or shall travel or reside abroad for any business or purposes of the Company, he shall be entitled to receive such sum as the Directors may think fit for expenses, and also such remuneration as the Directors may think fit, either as a fixed sum or as provided in Regulation 102(3) (but not by way of commission on or percentage of turnover) and such remuneration may, as the Directors shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive. and the same shall be charged as pan of the ordinary working expenses of the Company.
- 104(1). The office of a Director shall be vacated if the Director:-
- (a) ceases to be a Director by virtue of the Statutes; or
 - (b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (c) is or becomes prohibited from being a Director by reason of any order made under the Statutes; or
 - (d) is or becomes disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or
 - (e) becomes mentally disordered and incapable of managing himself or his affairs or an order shall be made in Singapore or elsewhere by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or
 - (f) resigns his office by notice in writing to the Company; or
 - (g) for more than six months is absent without permission of the Directors from meetings of the Directors held during that period and his alternate Director (if any) shall not during such period have attended in his stead; or
 - (h) is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of his interest in the manner required by the Statutes; or
 - (i) if he is removed from office pursuant to the Statutes.
- 104(2). The appointment of any Director to the office of Chairman, Deputy Chairman or Managing or Joint Managing Director shall automatically terminate if he ceases to be a Director but without prejudice to any claim for any damage or breach of any contract of service between him and the Company.
- Directors to be reimbursed and remunerated for special services rendered.
- When office of Director to be vacated.

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- 104(3). The appointment of any Director to any other executive office shall automatically terminate if he ceases from any cause to be a Director only if the contract or resolution under which he holds office expressly so provides, in which case such termination shall be without prejudice to any claim for damages or breach of any contract of service between him and the Company.
- 105(1). A Director or Chief Executive Officer who is in any way whether directly or indirectly interested in a transaction or proposed transaction with the Company shall declare the nature of his interest at a meeting of the Directors or otherwise in accordance with Section 156 of the Act. Director to declare interest if any.
- 105(2). A Director shall not vote in respect of any contract or proposed contract or arrangement with the Company in which he has directly or indirectly a personal material interest and if he shall do so his vote shall not be counted nor save as provided by Regulation 106 shall he be counted in the quorum present at the meeting.
- 105(3). A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as a vendor, purchaser or otherwise. Subject to this Regulation 105, no such contract and no contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested shall be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
106. Subject to Regulation 105(2) above, a Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged. Director included in quorum.
107. At the Annual General Meeting in every year, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office Provided Always that all Directors shall retire from office at least once every three years. Retirement.
108. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Determination of Directors to retire.
- 109(1). Subject to the Statutes, a retiring Director shall be eligible for re-election at the meeting at which he retires. Re-election.
- 109(2). The Company at the meeting at which a Director retires under any provision of this Constitution may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected, unless:-

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- (a) at such meeting it is expressly resolved not to fill such vacated office or a resolution for the re-election of such Director is put to the meeting and not carried; or
- (b) such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or
- (c) such Director is disqualified from acting as a Director in any jurisdiction for reasons other than on technical grounds.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and not carried and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

- 110. A person who is not a retiring Director shall be eligible for election to the office of Director at any General Meeting if some Member intending to propose him has, at least eleven clear days (exclusive of the date on which the notice is given and the date of the General Meeting) before the meeting, left at the Office a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him, Provided That in the case of a person recommended by the Directors for election, nine clear days' notice (exclusive of the date on which the notice is given and the date of the General Meeting) only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven days prior to the meeting at which the election is to take place. Nomination of Directors.
- 111. The Company by Special Resolution in General Meeting may, from time to time, increase or reduce the number of Directors, and may alter their qualification, if any. Increasing or reducing number.

CHIEF EXECUTIVE OFFICER OR MANAGING DIRECTOR

- 112. The Directors may from time to time appoint one or more of their body to the office of Chief Executive Officer or Managing Director or equivalent position for such period (not exceeding five years, where the appointment is for a fixed term) and on such terms as they think fit, and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A Chief Executive Officer or Managing Director or person holding an equivalent position shall be subject to the control of the Directors. A Director so appointed shall while holding that office be subject to retirement by rotation in accordance with this Constitution, and his appointment shall be automatically determined if he ceases from any cause to be a Director. Appointment of Chief Executive Officer or Managing Director.
- 113. The Directors may vest in such Chief Executive Officer or Managing Director or person holding an equivalent position such of the powers exercisable under this Constitution by them as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they may think expedient and they may confer such powers either collaterally with, or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. Powers of Chief Executive Officer or Managing Director.

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| 114. | The Directors shall (subject to the provisions of any contract between the Chief Executive Officer or Managing Director or person holding an equivalent position and the Company) from time to time fix the remuneration of the Chief Executive Officer or Managing Director or person holding an equivalent position which may be by way of fixed salary, commission or participation in profits (but not turnover) of the Company or by any or all of these modes. | Remuneration of Chief Executive Officer or Managing Director. |
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POWERS AND DUTIES OF DIRECTORS

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| 115. | The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors. The Directors may exercise all such powers of the Company, as are not by the Statutes or by this Constitution, required to be exercised by the Company in General Meeting. A Director who is not a Member of the Company may nonetheless be entitled to attend and speak at General Meetings. | Powers of Directors. |
| 116. | The Directors shall not carry into effect any proposals for disposing of the whole or substantially the whole of the Company's undertaking or property unless those proposals have been approved or ratified by the Company in General Meeting. | Disposal of undertaking or property. |
| 117. | The Company may appoint any person to be a Director by Ordinary Resolution passed at a General Meeting. In addition, the Directors shall have power at any time and from time to time to appoint any other qualified person as a Director either to fill a casual vacancy or as an addition to the Board. But any Director so appointed by the Directors shall hold office only until the next Annual General Meeting of the Company, and shall be eligible for re-election. | Appointment of Directors. |
| 118. | The Company may from time to time by Ordinary Resolution remove any Director before the expiration of his period of office, and may by an Ordinary Resolution appoint another person in his stead. The person so appointed shall continue to hold office until the next Annual General Meeting. | Removal of Directors. |
| 119. | The Directors may from time to time, by power of attorney or otherwise, appoint any person, company, firm or any fluctuating body of persons, whether nominated directly or indirectly by the Directors to be the attorney or attorneys of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution), and for such period and subject to such conditions as the Directors think fit, and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Directors may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. | Directors may appoint attorney. |

PROCEEDINGS OF DIRECTORS

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| 120(1). | The Directors may meet together at any place for the despatch of business, adjourn, and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. | Meeting of Directors and how questions decided. |
| 120(2). | The contemporaneous linking together, by telephone conference, video conference or similar communications means whereby all persons participating can hear each other, of a number of the Directors, being not less than the quorum, wherever in the world they are, shall be deemed to constitute a meeting of the Directors so long as the following conditions are met: | Meeting of Directors by telephone conference. |

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- (a) the Directors for the time being entitled to receive notice of any meeting of the Directors (including any alternate for any Director) shall be entitled to notice of any meeting by the aforesaid communications means and to be linked by the aforesaid communications means for the purpose of such meeting. Notice of any such meeting may be given by telephone or any other communications means. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Singapore;
 - (b) each of the Directors taking part must be able to hear each of the other Directors taking part subject as hereinafter mentioned throughout the meeting;
 - (c) at the commencement of the meeting each Director must acknowledge his presence to all the other Directors taking part;
 - (d) unless he has previously obtained the consent of the Chairman of the meeting, a Director may not leave the meeting by disconnecting from the aforesaid communications means and shall be conclusively presumed to have been present and to have formed part of the quorum throughout the meeting. The meeting shall be deemed to have been validly conducted notwithstanding that a Director's communications means is accidentally disconnected during the meeting, and the proceedings thereof shall be deemed to be as valid as if the communications means had not been disconnected; and
 - (e) a minute of the proceedings shall be sufficient evidence thereof, conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid and of the observance of all necessary formalities if certified by the Chairman.
- 120(3). The Secretary is empowered to record the proceedings at any meeting conducted in the manner described in Regulation 120(2), and such a record shall be deemed to be made at a meeting of Directors.
121. No business shall be transacted at any meeting of the Directors unless a quorum is present when the meeting proceeds to business. For all purposes the quorum shall be two Directors present personally or by his alternate. Quorum.
122. A Director may, and on the request of a Director the Secretary shall, at any time summon a meeting of the Directors by notice served upon the Directors. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Singapore. Meetings.
123. The Directors shall from time to time elect a Chairman who shall preside at meetings, but if no such Chairman be elected, or if at any meeting the Chairman be not present within fifteen minutes after the time appointed for holding the same, a substitute for that meeting shall be appointed by such meeting. Chairman.
124. Where two Directors form a quorum, the Chairman of a meeting at which only such a quorum is present or at which only two Directors are competent to vote in the question at issue, shall not have a casting vote. Save as aforesaid, in the case of an equality of votes the Chairman shall have a second or casting vote. Chairman's casting vote.
125. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to this Constitution, the continuing Directors Continuing Directors may act.

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- may, except in an emergency, act for the purpose of increasing the number of Directors to such minimum number, or of summoning a General Meeting of the Company, notwithstanding that there shall not be a quorum, but for no other purpose.
126. The Directors may delegate any of their powers to committees, consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors. Powers to delegate to committees.
127. A committee may elect a Chairman of its meetings; if no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be Chairman of the meeting. Meeting of committees.
128. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes the Chairman shall have a second or casting vote. Questions how determined.
129. All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director. Validity of acts notwithstanding defective appointment.
130. A resolution in writing signed by a majority of the Directors for the time being who are not disqualified from voting pursuant to this Constitution, the Statutes or the listing rules of the Exchange shall be valid and effectual as a resolution duly passed at a meeting of Directors duly convened and held, notwithstanding that such signing may take place at different times or places. Any such resolution may consist of several documents in like form, each signed by one or more Directors. The expressions "in writing" and "signed" include approval by letter, facsimile, electronic mail, text messaging or other electronic means of communication by any such Director. Resolutions of Directors.

MINUTES AND COMPANY RECORDS

- 131(1). The Directors shall cause minutes to be duly entered in books provided for that purpose:- Minutes and company records.
- (a) of all appointments of officers;
 - (b) of the names of the Directors present at each meeting of the Directors and of any committee of Directors;
 - (c) of all orders made by the Directors and committees of Directors; and
 - (d) of all resolutions and proceedings of General Meetings and of meetings of the Directors or committee of Directors.
- 131(2). Any such minutes of any meeting of the Directors or committee of Directors or of the Company, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be receivable as prima facie evidence of the matters stated in such minutes.

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131(3). Any register, index, minute book, accounting record, minute or other document required by this Constitution or by the Act to be kept by or on behalf of the Company may be kept in hard copy form or in electronic form in accordance with the Act.

131(4). Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee of Directors, and any books, records, documents, accounting records and financial statements relating to the Company, and to certify copies thereof or extracts therefrom as true copies or extracts. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any committee of Directors which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting. Any authentication or certification made pursuant to this Regulation may be made by any electronic means approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

Authentication of documents.

THE SEAL

132(1). The Directors shall provide for the safe custody of the Seal, and the Seal shall only be used by the authority of the Directors. Every instrument to which the Seal is affixed shall bear the signatures or autographic or facsimile signatures of a Director and the Secretary or a second Director or some other person appointed by the Directors for the purpose. Any facsimile signature may be reproduced by mechanical electronic or other method approved by the Directors.

The Seal.

132(2). The Company may have a duplicate common seal which shall be a facsimile of the common seal of the Company with the addition on its face of the words "Share Seal" and a certificate for shares under such duplicate seal shall be deemed to be sealed with the common seal of the Company.

132(3). The Company may exercise all the powers conferred by Section 41(7) of the Act.

132(4). Notwithstanding the foregoing, the Company may execute any document described or expressed as a deed in accordance with the Act and without affixing the Seal.

THE SECRETARY

133. The Secretary shall be appointed by the Directors for such term and at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may be removed by them. The Directors may from time to time appoint an assistant or deputy Secretary or two or more persons as joint Secretaries upon such conditions as they may think fit.

Secretary.

134. Anything required or authorised by this Constitution or the Statutes to be done by or to the Secretary may, if the office is vacant or there is for any other reason no Secretary capable of acting, be done by or to any

Assistant or deputy Secretary.

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assistant or deputy Secretary or, if there is no assistant or deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Directors Provided Always that any provision of this Constitution or the Statutes requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

DIVIDENDS

135. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act: (a) all dividends in respect of shares 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 the dividend is paid. For the purposes of this Regulation, an amount paid or credited as paid on a share in advance of a call is to be ignored. Apportionment of dividends.
136. The Company in General Meeting may by Ordinary Resolution declare a dividend on or in respect of any share to the Members according to their rights and interest in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend. Declaration of Dividend.
137. No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest. The declaration of the Directors as to the net profits of the Company shall be conclusive. Dividend payable out of profits.
138. The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies. Interim dividend.
- 139(1). Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:- Scrip dividend scheme.
- (a) the basis of any such allotment shall be determined by the Directors;
- (b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be

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lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation 139;

- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, provided always that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
- (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the "elected shares") and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of Regulation 148, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company's reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

139(2). The shares of the relevant class allotted pursuant to the provisions of Regulation 139(1) shall rank *pari passu* in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

139(3). The Directors may, on any occasion when they resolve as provided in Regulation 139(1), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of shares in the Register or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of Regulation 139 shall be read and construed subject to such determination.

139(4). The Directors may, on any occasion when they resolve as provided in Regulation 139(1), further determine that:-

- (a) no allotment of shares or rights of election for shares under Regulation 139(1) shall be made available or made to Members whose registered addresses entered in the Register or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only

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entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared; and

- (b) no allotment of shares or rights of election for shares under Regulation 139(1) shall be made available or made to a person, or any persons, if such allotment or rights of election would in the opinion of the Directors cause such person, or such persons, to hold or control voting shares in excess of any shareholding or other limits which may from time to time be prescribed in any Statute, without the approval of the applicable regulatory or other authority as may be necessary.

139(5). Notwithstanding the foregoing provisions of this Regulation, if at any time after the Directors' resolution to apply the provisions of Regulation 139(1) in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of Regulation 139(1).

139(6). The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of Regulation 139(1), with full power to make such provisions as they think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).

140. The Directors may retain any dividends 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.

Debts may be deducted.

141. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor's name in the Depository Register, as the case may be.

Effect of transfer.

142. Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures, or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payments shall be made to any Member upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividends as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 63 of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective.

Dividend in specie.

143. The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmissions of

Power to retain dividends.

APPENDIX H: PROPOSED NEW CONSTITUTION

shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.

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| 144. | In case several persons are registered in the Register or entered in the Depository Register, as the case may be, as the holders of any share, any resolution of the Directors or the Company in General Meeting declaring a dividend on shares of any class may specify that the dividend shall be payable to such persons at the close of business on a particular date and thereupon the dividend shall be payable in accordance with their respective holdings so registered. Any person registered in the Register or in the Depository Register, as the case may be, as the holder or joint holder of any share or is entitled jointly to a share in consequence of the death or bankruptcy of the holder may give effectual receipts for dividends, bonuses, other moneys payable or properties distributable and payment on account of dividends on or in respect of such shares. | Payment to and receipt by joint holders. |
| 145. | Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement. | Notice of dividend. |
| 146. | Unless otherwise directed, any dividend may be paid by cheque, dividend warrant or Post Office Order, sent through the post to the registered address appearing in the Register or the Depository Register, as the case may be, of the Member or person entitled, or where two or more persons are registered in the Register or entered in the Depository Register, as the case may be, as joint holders or are entitled to the dividend as a result of the death or bankruptcy of the holder, to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect thereof and every cheque, dividend warrant or Post Office Order so sent shall be made payable to the order of the person to whom it is sent or to any person and address as such Member(s) or persons(s) may direct in writing. The Company shall not be responsible for the loss of any cheque, dividend warrant or Post Office Order, which shall be sent by post duly addressed to and at the sole risk of the Member or person for whom it is intended. Payment of the cheque, dividend warrant or Post Office Order by the bank upon which they are respectively drawn shall be a full and valid discharge to the Company. Notwithstanding the provisions of this Constitution, payment by the Company to the Depository of any dividend payable to a Depositor shall also be a full and valid discharge of the Company from liability to the Depositor in respect of that payment to the extent of the payment made to the Depository. | Payment by post. |
| 147. | The Depository will hold all dividend unclaimed for six years after having been declared and paid before release to the Directors, and the Directors may invest or otherwise make use of the unclaimed dividends for the benefit of the Company until claimed. | Unclaimed dividends. |

BONUS ISSUE AND CAPITALISATION OF PROFITS AND RESERVES

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| 148(1). | The Directors may, with the sanction of the Company by way of an Ordinary Resolution, including any Ordinary Resolution passed pursuant to Regulation 7(1):- | Capitalisation of profits and reserves. |
| (a) | issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register or (as the case may be) the Depository Register at the close of business on: | |

APPENDIX H: PROPOSED NEW CONSTITUTION

- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 7(1)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and

- (b) capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of the profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register or (as the case may be) the Depository Register at the close of business on:

- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 7(1)) such other date as may be determined by the Directors,

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

148(2). The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under Regulation 148(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter, on behalf of all the Members interested, into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

148(3). In addition and without prejudice to the powers provided for by Regulations 148(1) and 148(2), the Directors shall have the power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full unissued shares, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting, in such manner and on such terms as the Directors shall think fit.

APPENDIX H: PROPOSED NEW CONSTITUTION

RESERVE FUND

149. The Directors may, before declaring any dividend or bonus in respect of any class of shares out of or in respect of the earnings or profits of the Company for any yearly or other period, cause to be reserved or retained and set aside out of such sums as they may determine to form a Reserve Fund to meet contingencies or depreciation in the value of the property of the Company, or for equalising dividends or for special dividends or for distribution of bonuses or for repairing, improving and maintaining any of the property of the Company, or for such other purposes the Directors shall, in their absolute discretion, think conducive to the interest of the Company.
- Formation and object of Reserve Fund.

FINANCIAL STATEMENTS

150. The Directors shall cause to be kept such accounting and other records as are necessary to comply with the Act.
- Accounting records.
151. The accounting records shall be kept at the Office of the Company, or at such other place or places as the Directors shall think fit. The Directors shall from time to time determine whether and to what extent and at what times and places and what conditions or regulations the accounting records of the Company shall be open to the inspection of Members and no Member (not being a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by the Statutes or authorised by the Directors or by a resolution of the Company in General Meeting.
- Accounting records to be kept at Office.
152. The Directors shall lay before the Company at its Annual General Meeting the financial statements for the financial year or period in respect of which the Annual General Meeting is held.
- Presentation of financial statements.
153. The interval between the close of the financial year of the Company and the date of the Annual General Meeting at which the financial statements relating to that financial year shall be laid before the Company shall not exceed four months (or such other period as may be prescribed by the listing rules of the Exchange or the Act).
- Interval from close of financial year.
154. A copy of the financial statements, and if required, the balance sheet (including every document required by law to be annexed thereto) which is duly audited and which is to be laid before the Company in General Meeting, together with a copy of the Auditors' report thereon, shall not less than fourteen clear days before the date of the Meeting, be sent to all persons entitled to receive notices of General Meetings of the Company, provided that:-
- Copy of financial statements to be sent to persons entitled.
- (a) these documents may, subject to the listing rules of the Exchange, be sent less than fourteen days before the date of the General Meeting if all persons entitled to receive notices of General Meetings from the Company so agree; and
- (b) this Regulation 154 shall not require a copy of these documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of a share in the Company, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

APPENDIX H: PROPOSED NEW CONSTITUTION

AUDITS

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| 155. | Once at least in every year the accounting records of the Company shall be examined and the correctness of the financial statements ascertained by one or more Auditors. | Annual audits. |
| 156. | The appointment and duties of such Auditor or Auditors shall be in accordance with the Statutes and the listing rules of the Exchange which may be in force in relation to such matters. | Appointment of Auditors. |
| 157. | If any casual vacancy occurs in the office of Auditor, the Directors may fill the same, but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. | Casual vacancy. |
| 158. | Every financial statement when audited and approved by a General Meeting shall be conclusive, except as regards any error discovered within one month after the approval or adoption thereof. Whenever any such error is discovered within that period, the financial statement shall forthwith be corrected, and thenceforth shall be conclusive. | Audited financial statements to be conclusive. |

NOTICES

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| 159(1). | A notice or other document may be served by the Company upon a Member, either personally, or by sending it through the post in a prepaid letter or wrapper addressed to such Member at his address as appearing in the Register or in the Depository Register, as the case may be. | How notices and documents to be served. |
| 159(2). | Notwithstanding the aforesaid, where the Directors have determined that any notice or other document shall not be served to a Member in any country or jurisdiction outside the Republic of Singapore, any Member who is described in the Register or in the Depository Register, as the case may be, by an address not within the Republic of Singapore shall be deemed to be duly served with such notice or document when such notice or document is duly posted up in the Office or advertised in a newspaper circulating in Singapore. | |
| 159(3). | Without prejudice to the provisions of Regulations 159(1) and 159(2), but subject to any applicable laws relating to electronic communications and the listing rules of the Exchange, any notice or document (including without limitation, any financial statements, balance sheet or report) which is required or permitted to be given, sent or served under the Act or this Constitution by the Company, or by the Directors, to a Member may be given, sent or served using electronic communications:-

(a) to the current address of that person; or

(b) by making it available on a website prescribed by the Company from time to time; or

(c) in such manner as such Member expressly consents to by giving notice in writing to the Company,

in accordance with the provisions of this Constitution, the Act and/or any other applicable regulations or procedures. | Electronic communications. |
| 159(4). | For the purposes of Regulation 159(3), a Member shall be implied to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document, unless otherwise provided under the Act or the listing rules of the Exchange. | Implied consent. |

APPENDIX H: PROPOSED NEW CONSTITUTION

- 159(5). Notwithstanding Regulation 159(4), the Directors may, at their discretion, at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and such Member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document, unless otherwise provided under the Act or the listing rules of the Exchange, provided always that a Member shall be entitled to revoke his consent or deemed consent to receive such notice or document by way of electronic communications by giving such revocation by notice in writing to the Company, and until such fresh election in writing is received by the Company, the election that is communicated to the Company last in time shall prevail over all previous elections as such Member's valid and subsisting election in relation to all notices and documents to be sent. Deemed consent.
- 159(6). Where a notice or document is given, sent or served by electronic communications:- When notice given by electronic communications deemed served.
- (a) to the current address of a person pursuant to Regulation 159(3)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Act or the listing rules of the Exchange; or
 - (b) by making it available on a website pursuant to Regulation 159(3)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, or unless otherwise provided under the Act or the listing rules of the Exchange.
- 159(7). Where a notice or document is given, sent or served to a Member by making it available on a website pursuant to Regulation 159(3)(b), the Company shall, subject to the listing rules of the Exchange, give separate notice to the Member of the publication of the notice or document on the website (or, if the notice or document is not available on the website on the date of such notification, the date on which such notice or document will be available), the address of the website and the manner in which the notice or document may be accessed by any one or more of the following means: Notice to be given of service on website.
- (a) by sending such separate notice to the Member personally or through the post pursuant to Regulation 159(1);
 - (b) by sending such separate notice to the Member using electronic communications to his current address pursuant to Regulation 159(3)(a);
 - (c) by way of advertisement in the daily press; and/or
 - (d) by way of announcement through the Exchange.

APPENDIX H: PROPOSED NEW CONSTITUTION

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| 160. | All notices directed to be given to the Members shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Register or in the Depository Register, as the case may be, and notice so given shall be sufficient notice to all the holders of such share. | Notice to joint holders. |
| 161. | Any Member described in the Register or the Depository Register, as the case may be, by an address not within the Republic of Singapore who shall from time to time give the Company an address within the Republic of Singapore at which notices may be served upon him shall be entitled to have served upon him at such address any notice to which he would be entitled under this Constitution. | Address for service. |
| 162. | As regards Members who have no address appearing in the Register or the Depository Register, as the case may be, a notice served in accordance with Regulation 159(2) shall be deemed to be duly served on them. | Where no address. |
| 163. | Any document other than a notice required to be served on a Member may be served in like manner as a notice may be given to him under this Constitution. The signature to any such notice or document may be written or printed. | Service of documents. |
| 164. | Any notice or other document required to be sent or served upon the Company or upon any officer of the Company may be sent or served by leaving the same or sending it through the post in a prepaid letter, envelope or wrapper or by facsimile transmission addressed to the Company or to such officer at the Office. | Service on Company. |
| 165. | Any notice or other document, if served or sent by post, shall be deemed to have been served at the time the same is left at the address of the Member in the Register or in the Depository Register, as the case may be, if served personally and at the time when the letter containing the same is put into the post if sent by post, (and in proving such service or sending it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post office). | When service personally or by post effected. |
| 166. | Every person who, by operation of law, transfer or any other means whatsoever, shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being registered in the Register or in the Depository Register, as the case may be, shall be duly given to the person from whom he derives his title to such share. | Transferees bound by prior notice. |
| 167. | Any notice or document served upon or sent to, or left at the address of any Member in the Register or in the Depository Register, as the case may be, pursuant to this Constitution, shall, notwithstanding that such Member be then deceased or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share held by such Member, whether held solely or jointly with other persons, until some other person be registered in his stead as the holder or joint holder of such share, and such service shall, for all purposes of this Constitution, be deemed a sufficient service of such notice or document on his executors, administrators or assigns, and all persons (if any) jointly interested with him in such share. | Notice valid though Member deceased. |

APPENDIX H: PROPOSED NEW CONSTITUTION

WINDING UP

168. The Directors shall have the power to present a petition to the court in the name and on behalf of the Company for the Company to be wound up. Directors have power to present petition.
169. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up paid up or which ought to have been paid up on the shares held by them respectively. But this Regulation is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions. Distribution of assets in winding up.
170. If the Company shall be wound up, the liquidators may, with the sanction of a Special Resolution, divide among the Members in specie any part of the assets of the Company and any such division may be otherwise than in accordance with the existing rights of the Members, but so that if any division is resolved or otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to Section 306 of the Act. A Special Resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any share or other consideration receivable by the liquidators amongst the Members otherwise than in accordance with their existing rights; and any such determination, shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section. Distribution of assets in specie.

INDEMNITY

171. Subject to the provisions of and so far as may be permitted by the Statutes, every Director or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses or liabilities (including any such liability as is mentioned in the Act) incurred or to be incurred by him in or about the execution of the duties of his office or otherwise in relation thereto, and no such Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Regulation shall only have effect in so far as its provisions are not avoided by the Act. Indemnity of officers.

SECRECY

172. No Member shall be entitled to require the Company to disclose any information relating to any trade, business, product or process which is secret in nature which may relate to the conduct of the business of the Company and which the Directors determine to be inexpedient and inadvisable to communicate in the best interest of the Members save as may be authorised by law or required by the listing rules of the Exchange. Secrecy in the best interest of the Members.

APPENDIX H: PROPOSED NEW CONSTITUTION

PERSONAL DATA

- 173(1). Any natural person, by subscribing for or acquiring (whether from the Company or any third party) any shares, debentures or other securities, rights, options or other interests in or relating to the Company, becoming a Director or other officer of the Company, accepting appointment and/or acting as proxy, attorney or corporate representative of any Member, or participating in any corporate action relating to the Company, consents to the collection, use and disclosure of his personal data by the Company, its agents or service providers (whether such personal data has been provided directly by him or collected through a third party), from time to time for any of the following purposes:-
- Consent relating to personal data.
- (a) facilitating appointment as a Director or other officer or corporate representative of the Company;
 - (b) implementation and administrative of any corporate action by the Company (or its agents or service providers);
 - (c) internal analysis and/or market research by the Company (or its agents or service providers);
 - (d) investor relations communications by the Company (or its agents or service providers);
 - (e) administration of the Company (including but not limited to the maintenance of statutory registers, payment of remuneration of Directors and other officers of the Company, and administration of holdings of shares, debentures or other securities of the Company), by the Company or its agents or service providers;
 - (f) implementation and administration or any service provided by the Company (or its agents or service providers) to the Members or holders of shares, debentures other securities of the Company, to receive notices of meeting, annual reports, circulars and letters, and other communications to Members or holders of other securities, and/or for proxy appointment, whether by electronic means or otherwise;
 - (g) processing, administration and analysis by the Company (or its agents or service providers) of attorneys, proxies and representatives appointed for any general meeting (including any adjournment thereof), and the preparation and compilation of the attendance lists, notes of meeting, minutes of meeting and other documents relating to any general meeting (including any adjournment thereof), including but not limited to making the same available to the Members or on the Company's website or in any other media;
 - (h) implementation and administration of, and compliance with, any provision of this Constitution;
 - (i) compliance with any applicable laws and regulations, listing rules (including but not limited to any relating to the disclosure of material information or prescribed information), take-over rules, codes and/or guidelines, and provision of assistance and information in connection with regulatory inquiries and investigations by relevant authorities;

APPENDIX H: PROPOSED NEW CONSTITUTION

- (j) any other purposes specified in the Company's prevailing privacy or data protection policies; and
- (k) any purposes which are reasonably related to any of the above purposes.

173(2). Without prejudice to Regulation 173(1), where any Member or any other person or entity provides any personal data relating to any proxy, attorney, corporate representative or other third party for any general meeting or any adjournment thereof or in connection with any of the matters referred to in Regulation 173(1), such Member warrants to the Company that he has obtained the prior consent of that proxy, attorney, corporate representative or other third party for the collection, use and disclosure of the personal data for any and all purposes set out in Regulation 173(1), and is deemed to have agreed to indemnify the Company in respect of any claims, actions, proceedings, losses, damages, liabilities, penalties, costs and expenses brought against the Company or suffered or incurred by the Company as a result of such Member's breach of warranty.

AMENDMENTS

174. No deletion, amendment, addition or other modification shall be made to this Constitution without the prior written approval of the Exchange. Exchange approval.

APPENDIX H: PROPOSED NEW CONSTITUTION

We, the several persons whose names and addresses are subscribed are desirous of being formed into a company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS	Number of Shares taken by each Subscriber
 CHAN NYUK LIN 31 Jalan Lateh Singapore 359131 Managing Director	 ONE (1)
 CHIN NYUK HEAN 64 Cactus Road Singapore 809609 Director	 ONE (1)
TOTAL	----- TWO (2) =====

Dated this 4th May of 2000

Witness to the above signatures:-

NG LENNIE (HUANG LINGNI)
ADVOCATE & SOLICITOR
COLIN NG & PARTNERS
14 ROBINSON ROAD #03-01
FAR EAST FINANCE BUILDING
SINGAPORE 048545

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

~~THE COMPANIES ACT, (CAP. 50)~~

~~PRIVATE COMPANY LIMITED BY SHARES~~

~~MEMORANDUM OF ASSOCIATION~~

~~OF~~

~~TSH CORPORATION LIMITED~~

1. ~~The name of the Company is TSH CORPORATION LIMITED.~~
2. ~~The Registered Office of the Company will be situated in the Republic of Singapore.~~
3. ~~The objects for which the Company is established are:-~~
 - (1) ~~To carry on the business of a holding company and for that purpose in particular to invest and deal with the moneys of the Company in or otherwise to acquire and hold for the purpose of investment either in the name of the Company or in that of any nominee lands, houses, buildings and immovable property of any type, kind and description and of any tenure or kind and wherever situate or any interest therein and in shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities of any kind issued or guaranteed by any company, corporation or undertaking of whatever nature and wheresoever constituted or carrying on business, and shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities of any kind issued or guaranteed by any government, sovereign, ruler, commissioners, public body or authority, supreme, dependent, municipal, local or otherwise in any part of the world.~~
 - (2) ~~To carry on the business of owning and holding for the purpose of investment in the Republic of Singapore or elsewhere investments and/or any rights or interests therein for the purposes of investment and to derive income from such investments.~~
 - (3) ~~To exercise and enforce all rights and powers conferred by or incidental to the ownership of any investment of the Company, and to let, create tenancies over or license land, houses, building and immovable property of any tenure or kind, and to provide managerial, administrative, supervisory and consultant services for or in relation to any company in which the Company is interested on such terms as may be thought fit.~~
 - (4) ~~To carry on the business of aviation consultants and of dealers, importers and exporters, manufacturers, assemblers, repairers, installers, maintainers and dealers of aircraft engines, equipment, instruments, appliances, apparatus and supplies of all kinds; and to render all kinds of services in connection with the same.~~
 - (5) ~~To carry on the business of mechanical and general engineers and contractors including but not limited to engineering design and supply of specialised ventilation components for civil defence shelter applications and to carry on the business of ironmasters, ironfounders, steel makers and converters and manufacturers of and workers in metals and alloys of all descriptions, electroplaters, nickel platers, chromium platers, bronzers, oxidizers and metal platers generally, welders, gilders, goldsmiths, silversmiths, metal makers refiners and workers.~~

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

- ~~(6) — To carry on, undertake, take part or engage in any transaction, business, act, matter or thing of any kind whatsoever and without any restriction or limitation whatsoever as to the nature or description thereof.~~
- ~~(7) — To purchase, take on lease or in exchange, hire or otherwise acquire any movable or immovable property and any rights or privileges which the Company may think necessary or convenient for the purposes of its business and in particular any land buildings, easements, machinery, plant and stock-in-trade.~~
- ~~(8) — To carry on the business of investment and for that purpose to acquire and hold either in the name of the Company or in that of any nominee shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any company wherever incorporated or carrying on business and debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, dependent, municipal, local or otherwise in any part of the world.~~
- ~~(9) — To acquire any such shares, stock, debentures, debenture stock, bonds, notes, obligations, or securities by original subscription, contract, tender, purchase, exchange, participation in syndicates or otherwise, and whether or not fully paid up, and to subscribe for the same subject to such terms and conditions (if any) as may be thought fit and to exercise and enforce all rights and powers conferred by or incident to the ownership of any such shares stock obligations or other securities.~~
- ~~(10) — To establish maintain and furnish services related to the collection processing and maintenance of data records information and communications of all kinds and to develop install and operate procedures and equipment suitable or useful in connection therewith and to prepare develop and establish computer programming libraries and manuals of operation and maintenance and to instruct and train operating and maintenance crews for computers computer products including disk drives programs and data processing information handling and other systems and equipment of every kind and description.~~
- ~~(11) — To acquire and undertake the whole or any part of the business property and liabilities of any person or company carrying on any business which the Company is authorized to carry on or possessed of property suitable for the purposes of the Company.~~
- ~~(12) — To apply for purchase or otherwise acquire any patents patent rights copyrights trade marks formulae licences concessions and the like conferring any exclusive or non-exclusive or limited right to use or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company; and to use exercise develop or grant licences in respect of or otherwise turn to account the property rights or information so acquired.~~
- ~~(13) — To amalgamate or enter into partnership or into any arrangement for sharing of profits union of interest co-operation joint venture reciprocal concession or otherwise with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorized to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit the Company.~~
- ~~(14) — To take or otherwise acquire and hold shares debentures or other securities of any other company.~~
- ~~(15) — To enter into any arrangements with any government or authority supreme municipal local or otherwise that may seem conducive to the Company's objects or any of them; and to obtain from any such government or authority any rights privileges and~~

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

~~concessions which the Company may think it desirable to obtain; and to carry out exercise and comply with any such arrangements rights privileges and concessions.~~

- ~~(16) To establish and support or aid in the establishment and support of associations, institutions funds trusts and conveniences calculated to benefit employees or directors or past employees or directors of the Company or its predecessors in business or the dependants or connections of any such persons; and to grant pensions and allowances and to make payments towards insurance; and to subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public general or useful object.~~
- ~~(17) To promote any other company or companies for the purpose of acquiring or taking over all or any of the property rights and liabilities of the Company or for any other purpose which may seem directly or indirectly calculated to benefit the Company.~~
- ~~(18) To guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company or to secure or undertake in any way the repayment of money lent or advanced to or the liabilities incurred by any person or company, either with or without the Company receiving any consideration or advantage and whether by personal covenant or by mortgaging or charging all or part of the undertaking, property, assets, rights and revenues present and future and uncalled capital of the Company or by both such methods or by any other means whatsoever.~~
- ~~(19) To construct improve maintain develop work manage carry out or control any buildings works factories mills roads ways tramways railways branches or sidings bridges reservoirs water courses wharves warehouses electric works shops stores and other works and conveniences which may seem calculated directly or indirectly to advance the Company's interests; and to contribute subsidize or otherwise assist or take part in the construction improvement maintenance development working management carrying out or control thereof.~~
- ~~(20) To lend and advance money or give credit to any person or company and on such terms as may be considered expedient and either with or without security; to secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company and otherwise to assist any person or company; and to invest and deal with the money of the Company not immediately required in such manner as may from time to time be thought fit.~~
- ~~(21) To borrow or raise or secure the payment of money in such manner as the Company may think fit and to secure the same or the repayment or performance of any debt liability contract guarantee or other engagement incurred or to be entered into by the Company in any way and in particular by the issue of debentures perpetual or otherwise charged upon all or any of the Company's property (both present and future) including its uncalled capital; and to purchase redeem or pay off any such securities.~~
- ~~(22) To remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debentures or other securities of the Company or in or about the organization formation or promotion of the Company or the conduct of its business.~~
- ~~(23) To draw make accept endorse discount execute and issue promissory notes bills of exchange bills of lading and other negotiable or transferable instruments.~~
- ~~(24) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares debentures or securities of any other company having objects altogether or in part similar to those of the Company.~~

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

- ~~(25) — To adopt such means of making known and advertising the business and products of the Company as may seem expedient.~~
- ~~(26) — To apply for secure acquire by grant legislative enactment assignment transfer purchase or otherwise and to exercise carry out and enjoy any charter licence power authority franchise concession right or privilege which any Government or authority or any corporation or other public body may be empowered to grant; and to pay for aid in and contribute towards carrying the same into effect; and to appropriate any of the Company's shares debentures or other securities and assets to defray the necessary costs charges and expenses thereof.~~
- ~~(27) — To apply for promote and obtain any statute order regulation or other authorization or enactment which may seem calculated directly or indirectly to benefit the Company; and to oppose any bills proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.~~
- ~~(28) — To procure the Company to be registered or recognized in any country or place outside the Republic of Singapore.~~
- ~~(29) — To sell improve manage develop exchange lease dispose of turn to account or otherwise deal with all or any part of the property and rights of the Company.~~
- ~~(30) — To issue and allot fully or partly paid shares in the capital of the Company in payment or part payment of any movable or immovable property purchased or otherwise acquired by the Company or any services rendered to the Company.~~
- ~~(31) — To distribute any of the property of the Company among the members in kind or otherwise but so that no distribution amounting to a reduction of capital shall be made without the sanction required by law.~~
- ~~(32) — To take or hold mortgages liens and charges to secure payment of the purchase price or any unpaid balance of the purchase price of any part of the Company's property of whatsoever kind sold by the Company or any money due to the Company from purchasers and others.~~
- ~~(33) — To undertake and transact all kinds of agency or secretarial business and also to undertake and execute any trusts the undertaking whereof may seem desirable and either gratuitously or otherwise.~~
- ~~(34) — To transact any lawful business in aid of the Republic of Singapore in the prosecution of any war or hostilities in which the Republic of Singapore is engaged.~~
- ~~(35) — To carry out all or any of the objects of the Company and do all or any of the above things in any part of the world and either as principal agent contractor or trustee or otherwise and by or through trustees or agents or otherwise and either alone or in conjunction with others.~~
- ~~(36) — To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with its business or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.~~
- ~~(37) — To do all such other things as are incidental or conducive to the attainment of the objects and the exercise of the powers of the Company.~~

~~PROVIDED ALWAYS that nothing herein contained shall be deemed to empower the Company to carry on the business of banking or insurance.~~

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

~~AND IT IS HEREBY DECLARED that the word "company" in this Memorandum when not referring to this Company shall be deemed to include any corporation, partnership, association or club or other body of persons whether incorporated or not and wherever incorporated or domiciled and whether now existing or hereafter to be formed AND further that unless the context or subject matter is inconsistent therewith, words signifying the singular number shall be deemed and taken to include the plural and vice versa AND further that the objects specified in each of the paragraphs in this Memorandum shall be regarded as independent objects and accordingly shall be in no way limited or restricted (except when otherwise expressed in such paragraph); by reference to the objects indicated in any other paragraph or the name of the Company but may be carried out in as full and ample a manner and construed in as wide a sense as if each of the said paragraphs defined the objects of a separate distinct and independent company.~~

~~4. The liability of the members is limited.~~

~~5. The original capital of the Company is \$100,000.00 divided into 100,000 shares of \$1.00 each and the Company shall have power to increase or reduce the capital to consolidate or subdivide the shares into shares of larger or smaller amounts and to issue all or any part of the original or any additional capital as fully paid or partly paid shares and with any special or preferential rights or privileges or subject to any special terms or conditions and either with or without any special designation and also from time to time to alter, modify, commute, abrogate or deal with any such rights privileges, terms, conditions or designations in accordance with the regulations for the time being of the Company.~~

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We, the several persons whose names and addresses are subscribed are desirous of being formed into a company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS	Number of Shares taken by each Subscriber
---	--

CHAN NYUK LIN	ONE (1)
31 Jalan Lateh Singapore 359131	
Managing Director	

CHIN NYUK HEAN	ONE (1)
64 Cactus Road Singapore 809609	
Director	

TOTAL	TWO (2)
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Dated this 4th May of 2000

Witness to the above signatures:-

NG LENNIE (HUANG LINGNI)
ADVOCATE & SOLICITOR
COLIN NG & PARTNERS
14 ROBINSON ROAD #03-01
FAR EAST FINANCE BUILDING
SINGAPORE 048545

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

THE COMPANIES ACT, (CAP. 50)

PUBLIC COMPANY LIMITED BY SHARES

~~ARTICLES OF ASSOCIATION~~ CONSTITUTION

OF

TSH CORPORATION LIMITED

Adopted by Special Resolution passed at an Extraordinary General Meeting
held on ~~the 1st day of December 2000~~ 25 January 2019.

TABLE "A" EXCLUDED

- ~~1. The regulations in Table A in the Fourth Schedule to the Companies Act, Cap. 50 shall not apply to the Company, except so far as the same are repeated or contained in these Articles.~~ Table "A" excluded.

INTERPRETATION

- ~~2(1)~~1. ~~In these Articles~~ this Constitution, unless the subject or context otherwise requires, the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof:-
- Interpretation.

WORDS

MEANINGS

Act	The Companies Act, Cap. 50, or any statutory modification or re-enactment thereof for the time being in force.
Articles <u>Chief Executive Officer</u>	These articles of association as originally framed or as altered from time to time by Special Resolution. <u>Shall have the meaning ascribed to "chief executive officer" in the Act.</u>
Company	TSH Corporation Limited <u>The above named company by whatever name from time to time called.</u>
<u>Constitution</u>	<u>This Constitution, as amended from time to time.</u>
Cut-Off Time	Forty-eight <u>Seventy-two</u> hours before the time of the relevant General Meeting <u>or adjourned General Meeting.</u>
Directors	The directors for the time being of the Company.
Dividend	Includes bonus.
Exchange	The Stock <u>Singapore</u> Exchange of Singapore <u>Securities Trading Limited</u> and any

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

	other share, stock or securities exchange upon which the shares of the Company may be listed.
Office	The registered office for the time being of the Company.
Ordinary Resolution	A resolution passed by a simple majority of the Members present and voting.
Market Day	A day on which the Stock <u>Singapore Exchange of Singapore Securities Trading Limited</u> is open for trading in securities.
Member	A Member of the Company, <u>save that references in this Constitution to "Member" shall, where the Act requires, exclude the Company where it is a Member by reason of its holding of its shares as treasury shares.</u>
month	<u>Calendar month.</u>
Office	<u>The registered office for the time being of the Company.</u>
Ordinary Resolution	<u>A resolution passed by a simple majority of the Members present and voting.</u>
Register	The Register of Members to be kept pursuant to Section 190 of the Act.
Regulations	<u>These Regulations as originally framed or as altered from time to time by Special Resolution.</u>
Seal	The common seal of the Company.
Secretary	Any person appointed to perform the duties of Secretary of the Company and includes any person appointed to perform the duties of Secretary temporarily, <u>and where two or more persons are appointed to act as Joint Secretaries, or where one more Assistant or Deputy Secretaries are appointed, shall include any one of those persons.</u>
<u>Securities and Futures Act</u>	<u>Securities and Futures Act, Cap. 289, or any statutory modification or re-enactment thereof for the time being in force.</u>
Singapore Dollar(s)	The lawful currency of the Republic of Singapore.
Special Resolution	A resolution having the meaning assigned thereto by Section 184 of the Act.
Statutes	The Act and every other statute for the time being in force concerning companies and affecting the Company.
writing	<u>Includes printing, lithography, typewriting and any other mode of representing or reproducing words, symbols or other information in a visible form.</u>

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

whether in a physical document or in an electronic communication or form or otherwise howsoever.

year Calendar year.

12(2). The words “Depositor”, “Depository”, “Depository Agent” and “Depository Register” shall have the meanings ~~respectively as used in these Articles~~ ascribed to them respectively in the Securities and Futures Act.

1(3). The words “current address”, “electronic communication”, “relevant intermediary” and “treasury shares” shall have the meanings ascribed to them respectively in the Act.

12(43). ~~References in these Articles~~ this Constitution to “holders” of shares or any class of shares shall:-

(a) ~~exclude the Depository or its nominee (as the case may be) except where otherwise expressly provided for in these Articles~~ this Constitution or where the terms “registered holder” or “registered holders” are used in ~~these Articles~~ this Constitution; ~~and~~

(b) where the subject and context so require, be deemed to include references to Depositors whose names are entered in the Depository Register in respect of such shares; and

(c) ~~except where otherwise expressly provided in this Constitution,~~ exclude the Company in relation to shares held by it as treasury shares,

and the words “holding” and “held” shall be construed accordingly.

~~2(4).~~ ~~Writing shall include printing and lithography and any other mode or modes of representing or reproducing words in a visible form.~~

12(5). Words importing the singular number only shall include the plural number, and vice versa.

12(6). Words importing the masculine gender only shall include the feminine and neuter genders.

21(7). Words importing persons shall include corporations.

12(8). Subject as aforesaid, any words or expressions used in the Act shall, except where inconsistent with the subject or context, bear the same meaning in ~~these Articles~~ this Constitution.

1(9). The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of this Constitution.

NAME

2. ~~The name of the Company is TSH CORPORATION LIMITED.~~

Name.

COMMENCEMENT OF BUSINESS

3. Subject to the provisions of the Act and any other written law and this Constitution, the Company has:

~~Directors~~ may
~~undertake~~ any
~~business~~ Business.

(a) full capacity to carry on or undertake any business or activity, do

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

any act or enter into any transaction; and

(b) for these purposes, full rights, powers and privileges.

~~Any branch or kind of business which the Company is either expressly or by implication authorised to undertake may be undertaken by the Directors at such time or times as they shall think fit, and further may be suffered by them to be in abeyance whether such branch or kind of business may have been actually commenced or not so long as the Directors may deem it expedient not to commence or proceed with such branch or kind of business.~~

4. The Office shall be at such place as the Directors shall from time to time decide. Registered Office.

LIABILITY OF MEMBERS

5. The liability of the Members is limited. Liability of Members.

SHARES

65. Subject to the Statutes, no shares may be issued without the prior approval of the Company in General Meeting but subject thereto and to ~~these Articles~~ this Constitution relating to new shares and to any special right attached to any share for the time being issued, the Directors may allot (with or without conferring any right of renunciation), grant options over or otherwise dispose of the same to such persons on such terms and conditions (including such consideration) ~~and at a premium or otherwise~~ and at such time as the Directors determine Provided Always that:-
- Shares under control of Company in General Meeting.

~~(a) no shares may be issued at a discount except in accordance with the Statutes; and~~

~~(b) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.~~

- 76(1). Subject to the limits referred to in Regulation 60, the Company in General Meeting may by Ordinary Resolution authorise the Directors to exercise any power of the Company to issue shares, such authority being confined to a particular exercise of that power or generally. Any such authority may be unconditional or subject to conditions and shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the approval was given or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held whichever is the earlier but may be previously revoked or varied by the Company in General Meeting Provided Always that no shares may be issued to transfer a controlling interest without prior approval of the Company in General Meeting. Authority of Directors to issue shares.

- 76(2). Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register as the holder thereof or before such share is entered against the name of a Depositor in the Depository Register. as the case may be, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of such share a right to effect such renunciation upon and subject to such terms and conditions as the

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

Directors may think fit.

- ~~7(3).~~ The Company may issue shares for which no consideration is payable to the Company.
78. Subject to such limitation thereof as may be prescribed by the Exchange, Any share in the Company may be issued with such preferred, qualified, deferred or other special rights, privileges and conditions or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine, and subject further to the Statutes, the Company may issue preference shares which are or, at the option of the Company, are liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution determine Provided Always that the total nominal value number of issued preference shares shall not at any time exceed the total nominal value number of the issued ordinary shares for the time being or such other limitation as may be prescribed by the Exchange. Company may issue shares with preferred, qualified, deferred and other special rights.
- ~~89.~~ In the event of the Company at any time issuing preference capital it shall at the same time indicate whether it reserves the right to issue further preference capital ranking equally with or in priority to the preference capital then already issued. Issue of further preference shares.
- ~~910.~~ Subject to the provisions of the Statutes, all or any of the special rights or privileges for the time being attached to any preference share for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by a Special Resolution passed by holders of such preference shares at a special meeting called for the purpose. To any such special Meeting, all provisions of ~~these Articles~~ this Constitution as to General Meetings of the Company shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third of the issued preference shares concerned and that every holder of the preference shares concerned shall be entitled on a poll to one vote for every such share held by him and that any holder of the preference shares concerned present either in person or by proxy may demand a poll Provided Always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from holders of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting. Alteration of rights of preference shareholders.
- ~~101.~~ Preference shareholders shall have the same rights as ordinary ~~Members-shareholders~~ as regards the receiving of notices, reports and ~~balance sheets~~ financial statements and the attending of General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning the sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears. Rights of preference shareholders.
- ~~12.~~ The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act. Treasury shares.

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134. If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the holder for the time being of the share or his legal personal representative. Instalments of shares.
- 14(1)2. The Company may pay ~~such a~~ commissions or brokerage as may be lawful on any issue of shares at such rate or amount and in such manner as the Directors may deem fit to any person in consideration of his subscribing, or agreeing to subscribe, whether absolutely or conditionally, for any share in the capital of the Company ~~but such commission shall not exceed ten per cent of the price at which the shares are issued or an amount equivalent thereof. Any such commission or brokerage may be paid in whole or in part in cash or fully or partly paid shares of the Company at par as may be arranged. and the Company may, in addition to, or in lieu of, such commission, in consideration of any person so subscribing or agreeing to subscribe or of his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any share in the Company, confer on any such person an option call within a specified time for a specified number or amount of shares in the Company at a specified price not being less than par. The payment or agreement to pay a commission or the conferring of an option shall be in the discretion of the Directors on behalf of the Company. The requirements of the Statutes shall be observed, so far as applicable.~~ Commission for subscribing.
- 14(2). The Company may use its share capital to pay any expenses (including commission or brokerage) incurred directly in the issue of new shares. A payment so made shall not be taken as reducing the amount of share capital of the Company.
- 14(3). Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much of such share capital (except treasury shares) as is for the time being paid up and charge the interest so paid to capital as part of the cost of the construction or provision, subject to the requirements of the Act.
- 153(1). The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors, administrators or trustees of the estate of a deceased Member. Joint holders.
- 153(2). Subject to ~~Article Regulation 153(1)~~, any ~~two~~ two or more persons may be registered as joint holders of any share and the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls and interest (if any) due in respect of such share.
- 153(3). The joint holder first named in the Register or the Depository Register, as the case may be, shall as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share.
164. No person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register as the registered holder or in the person whose name is entered in the Depository Register in respect of that share, as the case may be, except No trusts recognised.

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only where ~~these Articles~~ this Constitution otherwise provides or as required by the Statutes or pursuant to any order of Court.

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|------|--|---|
| 175. | No person shall exercise any rights of a Member in respect of a share until his name shall have been entered in the Register as the registered holder thereof or in the Depository Register in respect of such share, as the case may be, and, unless the Directors otherwise determine, such person shall have paid all calls and other moneys for the time being due and payable on any share held by him. | Exercise of rights of Members. |
| 186. | <u>The Company may, subject to and in accordance with the Act and any other relevant legislation, rules or regulations enacted or prescribed by any relevant authority from time to time, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. Any share which is so purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition by the Company or, subject to the provisions of the Act and this Constitution, be held and dealt with by the Company as treasury shares. 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 which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. No part of the funds of the Company shall be employed by the Directors or the Company in the acquisition of shares in the Company or in lending on the security of shares in the Company unless permitted by the Statutes.</u> | Power to purchase or acquire its issued shares. Company not to deal with its own shares. |

SHARE CERTIFICATE

- | | | |
|-------|---|---|
| 197. | Every <u>share certificate</u> for shares shall be <u>issued</u> under the Seal. | Authentication of certificates. |
| 2048. | <u>Every share certificate of shares shall specify the distinctive number and class of the shares in respect of which it is issued, whether the shares are fully or partly paid up and the amount (if any) unpaid up thereon and shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or some other person appointed by the Directors. The facsimile signatures may be reproduced by mechanical, electronic or other method approved by the Directors. No share certificate shall be issued representing shares of more than one class.</u> | Certificates shall specify number of shares. |
| 2149. | Every person whose name is entered as a registered holder in the Register shall be entitled without payment to receive within ten Market Days (or such other period as may be approved by the Exchange) after the closing date for applications to subscribe for a new issue of shares and within fifteen <u>ten</u> Market Days (or such other period as may be approved by the Exchange) after lodgment of a registrable transfer one certificate under the Seal in respect of each class of shares held by him for all his shares in that class or several certificates in reasonable denominations each for one or more of his shares in any one class subject to such person's prior payment of two Singapore Dollars (or such other sum as the Directors shall from time to time determine having regard to any limitation thereof as <u>the Statutes or</u> the Exchange may prescribe) for every certificate after the first and such stamp duty as is payable on such certificate unless otherwise directed by the Directors Provided Always that in the case of joint registered holders, the Company shall not be bound to issue more than one certificate and delivery of such certificate to any one of them shall be sufficient delivery to all such holders. | Member's right to certificate & cancellation of certificates. |

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- 220(1). Where only some of the shares comprised in any share certificate are transferred, the old certificate shall be cancelled and a new certificate for the balance of such shares shall be issued in lieu thereof without charge. Issue of replacement certificates.
- 220(2). Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register may be cancelled at his request and a single new certificate for such shares issued in lieu thereof without charge.
- 220(3). Any share certificate representing shares of any class held by any person whose name is entered in the Register may be surrendered by such person for cancellation and at his request the Company may issue in lieu thereof two or more share certificates representing such shares in such proportions as such person may specify, and the Directors may comply with such request if they think fit. Such person shall pay a maximum of two Singapore Dollars for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine, taking into consideration any limitation thereof as may be prescribed by the Exchange.
- 220(4). Subject to the Statutes, if any share certificate shall be defaced, worn out, destroyed, stolen or lost, it may be renewed on such evidence being produced and a letter of indemnity or undertaking (if required) being given by the purchaser, registered holder, transferee, person entitled or member company of the Exchange or on its behalf or their client or clients as the Directors shall require and in the case of defacement or wearing out on delivery up of the old certificate and in any case on payment of such sum not exceeding ~~one~~ two Singapore Dollars as the Directors may from time to time require (or such other amount as may be permitted under the Statutes). In the case of theft, destruction or loss the registered holder or the person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such theft, destruction or loss.
- 220(5). Where shares are registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.
231. The share certificates of shares registered in the names of two or more persons may be delivered to the joint holder first named in the Register and the delivery of a certificate to such person shall be sufficient delivery to all. Delivery of share certificates.

LIEN ON SHARES

242. The Company shall have a first and paramount lien on every share (not being a fully-paid share) and all dividends or interests from time to time declared in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as for all moneys (whether presently payable or not) called or payable at a fixed time, in respect of that share and for all moneys which the Company may be called upon by law to pay in respect of the shares of the Member or the deceased Member. The Directors may however waive any lien which has arisen and may resolve that any share shall for any limited period be exempt wholly or partially from the provisions of this Article 22 Regulation upon such terms as they may deem fit in the best interest of the Company. Company's lien on shares.

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253. For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit, and no sale shall be made until such time as the moneys are presently payable, and until a notice in writing stating the amount due and demanding payment, and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on the holder for the time being of the shares or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for seven days after such notice. Rights to enforce lien by sale.
264. The net proceeds of any such sale shall be applied in or towards the satisfaction of the ~~amount due unpaid calls and accrued interest and expenses of such sale,~~ and the residue (if any) shall be paid to the person whose shares ~~have~~ been sold, his executors, administrators, trustees or assignees or as he shall direct. Application of proceeds of sale.
275. To give effect to any such sale the Directors may authorise some person to transfer or to effect the transfer, as the case may be of the shares sold to the purchaser. How sale to be effected.

CALLS ON SHARES

286. The Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares or on any class of shares ~~(whether on account of the nominal value of the shares or by way of premium)~~ and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to his having been given at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine, A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. Powers of Directors to make calls.
297. The joint holders of a share shall be jointly and severally liable to pay all calls and interest (if any) in respect thereof. Joint and several liability.
3028. If before or on the day appointed for payment thereof a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at the rate of eight per cent per annum from the day appointed for payment thereof to the time of actual payment, but the Directors shall have power to waive payment of such interest or any part thereof. Interest on unpaid calls.
3129. Any sum which by the terms of allotment of a share is made payable upon issue or at any fixed date ~~whether on account of the nominal value of the share or by way of premium~~ and any instalment of a call shall for all purposes of ~~these Articles~~ this Constitution be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of ~~these Articles~~ this Constitution as to payment of interest and expenses, forfeiture and the like, and all the other relevant provisions of ~~these Articles~~ this Constitution or the Statutes shall apply as if such sum were a call duly made and notified as hereby provided. Sums payable under terms of allotment to be deemed calls.
320. The Directors may from time to time make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls. Difference in calls between various holders.
334. The Directors may, if they think fit, receive from any Member willing to Payment of call in

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

advance the same all or any part of the moneys uncalled and unpaid upon any share held by him, and upon all or any part of the moneys so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in General Meeting shall otherwise direct) eight per cent per annum as may be agreed upon between the Directors and the Member paying the sum in advance. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits.

FORFEITURE OF SHARES

- | | |
|---|---|
| <p><u>342.</u> If any Member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment of the same or any interest thereon, the Directors may at any time thereafter during such time as the call or instalment or interest remains unpaid serve a notice on such Member requiring him to pay the same, together with any interest (including interest upon interest) and expenses that may have been incurred by the Company by reason of such non-payment.</p> | <p>advance.</p> |
| <p><u>353.</u> The notice shall name a further day (not being less than fourteen days from the date of service of the notice) and a place on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment or interest is payable shall be liable to be forfeited.</p> | <p>Notice to be given of intended forfeiture.</p> |
| <p><u>364.</u> If the requirements of any notice as aforesaid are not complied with, any share in respect of which the notice has been given, may at any time thereafter, before payment of all such calls or instalments, interests and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.</p> | <p>Form of notice.</p> |
| <p><u>357.</u> Any share so forfeited or surrendered shall be deemed to be the property of the Company, and the Directors may sell, re-allot, or otherwise dispose of the same in such manner as they think fit. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed.</p> | <p>If notice not complied with shares may be forfeited.</p> |
| <p><u>386.</u> The Directors may at any time before any share so forfeited or surrendered shall have been sold, re-allotted or otherwise disposed of. annul the forfeiture or surrender thereof upon such conditions as they think fit.</p> | <p>Sale etc of forfeited and surrendered shares.</p> |
| <p><u>397.</u> For the purpose of giving effect to any sale of forfeited or surrendered shares, the Directors may authorise some person to transfer or to effect the transfer of, as the case may be, the shares sold to the purchaser.</p> | <p>Power to annul forfeiture.</p> |
| <p><u>4038.</u> Any Member whose shares shall have been forfeited or surrendered shall cease to be a Member in respect of the forfeited or surrendered shares but shall, notwithstanding such forfeiture or surrender, be liable to pay, and shall forthwith pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until payment, at the rate of eight per cent per annum and the Directors may enforce the payment of such moneys</p> | <p>Transfer of forfeited or surrendered shares.</p> |
| | <p>Liability on forfeited share.</p> |

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

or any part thereof if they think fit, but shall not be under any obligation so to do. Any residue after the satisfaction of the unpaid calls, accrued interest and expenses shall be paid to the person whose shares have been forfeited or surrendered, his executors, administrators, trustees or assignees or as he shall direct.

- 4139(1). A statutory declaration in writing that the declarant is a Director or the Secretary, and that a share has been duly forfeited, surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate, where the same be required, delivered to a purchaser or (where the purchaser is a Depositor) to the Depository or the allottee thereof, as the case may be, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share. Declaration by Director or Secretary conclusive of fact of forfeiture.
- 4139(2). (a) In the event of such sale, re-allotment or disposal, where the person (the "Relevant Person") to whom the share is sold, re-allotted or disposed of is not a Depositor, the share shall be registered in the Register in the name of the Relevant Person and, where the Relevant Person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of.
- (b) The Relevant Person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

420. ~~Save as provided by these Articles, t~~There shall be no restriction on the transfer of fully paid shares (except where required by law or by the rules, bye-laws or listing rules of the Exchange). All transfers of shares may be effected by way of book-entry in the Depository Register Provided Always that the legal title in the shares may be transferred by the registered holders thereof by an instrument of transfer in the form approved by the Directors and the Exchange. The instrument of transfer shall be left at the Office accompanied by a certificate of payment of stamp duty (if any), the certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the registered holder of the shares until the name of the transferee is entered in the Register in respect thereof. Shares to be transferable.
431. The instrument of transfer shall be signed ~~both by~~ or on behalf of both the transferor and ~~by~~ the transferee, and it shall be witnessed Provided Always that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). Instrument of transfer.
442. Shares of different classes shall not be comprised in the same instrument of transfer. Only shares of same class to be in same instrument.

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453. No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs, but nothing contained herein shall be construed as imposing on the Company any liability in respect of the registration of such transfer~~of unsound mind~~. Restriction on transfer.
- 464(1). All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same. Retention of instrument of transfer and disposal of documents.
- 464(2). The Company shall be entitled to destroy:-
- (a) all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof;
 - (b) all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof; and
 - (c) all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof.
- 464(3). It shall be conclusively presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and that:
- (a) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
 - (b) every share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and
 - (c) every other document hereinbefore mentioned so destroyed was a valid and effective document,
- in accordance with the recorded particulars thereof in the books or records of the Company.
- 464(4). ~~Articles Regulations~~ 464(2) and 464(3) shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant.
- 464(5). Nothing contained in this ~~Article Regulation~~ 464 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstance which would not attach to the Company in the absence of this ~~Article Regulation~~ 464, and references in this ~~Article Regulation~~ 464 to the destruction of any document include references to the disposal thereof in any manner.
475. The Directors may decline to accept any instrument of transfer unless:- Fees relating to transfers.
- (a) ~~all or any part the amount of the stamp duty (if any) payable on each instrument of share transfer and such fee not exceeding~~

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~~two Singapore Dollars for each transfer or such other sum as may from time to time be prescribed by the Exchange is paid to the Company; and~~

- (b) such fee not exceeding two Singapore Dollars as the Directors may from time to time determine or such other sum as may from time to time be prescribed by the Exchange is paid to the Company in respect of the registration of any instrument of transfer, probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares.
486. The Directors may refuse to register the transfer of shares or allow the entry of or against a person's name in the Depository Register in respect of shares transferred or to be transferred to such person:-
- (a) which are not fully paid up; or
- (b) on which the Company has a lien.
497. If the Directors refuse to register any transfer of any share they shall, where required by the Statutes, serve on the transferor and transferee, within ten Market Days after one month beginning with the day on which the transfer was lodged with the Company, a notice in writing informing each of them of such refusal and the precise reasons therefor ~~of the facts which are considered to justify the refusal.~~
5048. The Register may be closed at such times and for such periods as the Directors may from time to time determine Provided Always that the Register shall not be closed for more than thirty days in any year Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange stating the period and purpose or purposes for which such closure is to be made.
- TRANSMISSION OF SHARES**
- 5149(1). In the case of the death of a Member the survivor where the deceased was a joint holder, and the legal personal representative of the deceased who was a sole or only surviving holder, or where such legal representative is entered in the Depository Register in respect of the shares of the deceased Member who was a Depositor, shall be the only person recognised by the Company as having any title to his shares.
- 5149(2). Nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share solely or jointly held by him.
520. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register may upon producing such evidence of his title as the Directors may require, have the right either to be registered himself as the holder of the share, upon giving to the Company notice in writing of such intent, or to make such transfer thereof as such deceased or bankrupt person could have made, but the Directors shall in either case have the same right to refuse or suspend registration as they would have had in the case of such transfer by such deceased or bankrupt person before the death or bankruptcy, as the case may be.
534. Save as otherwise provided in ~~these Articles~~ this Constitution, a person becoming entitled to a share pursuant to ~~Articles-Regulations 4951(1)~~

Power of Directors to refuse to register.

Notice of refusal to be sent by Company.

Closure of the Register.

Transmission of registered shares.

Rights of registration and transfer upon demise or bankruptcy of Member.

Person registered under transmission

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and 529, shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share, but he shall have no right to receive notice or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a Member until he shall have been registered as a Member in the Register or his name shall have been entered in the Depository Register, as the case may be Provided Always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or transfer the share, and if the notice is not complied with within ninety days of the date of such notice, the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

clause entitled to dividends.

PURCHASE OF OWN SHARES

542. Subject to and in accordance with the provisions of the Act, the Company may purchase or otherwise acquire ordinary shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. All shares repurchased by the Company shall be cancelled or otherwise held as treasury shares in accordance with the Act.

Company may purchase its own shares.

STOCK

553. The Company in General Meeting may by Ordinary Resolution convert any paid-up shares into stock and may from time to time reconvert such stock into paid-up shares ~~of any denomination.~~

Conversion of shares to stock.

564. When any shares have been converted into stock, the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in General Meeting shall direct, but in default of any direction then in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. But the Directors may if they think fit from time to time fix the minimum ~~amount~~ number of stock units transferable ~~Provided Always that such minimum shall not exceed the nominal amount of the shares from which the stock arose.~~

Stockholders entitled to transfer interest.

575. The several holders of stock shall be entitled to participate in the dividends and profits of the Company according to the number amount ~~of their respective interests in such stock units held by them~~ and such interests shall, in proportion to the ~~amount-number of units~~ thereof, confer on the holders thereof respectively the same rights, privileges and advantages for the purposes of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such rights, privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any such number of stock units ~~aliquot part of consolidated stock~~ as would not, if existing in shares, have conferred such rights, privileges or advantages.

Stockholders entitled to profits.

586. All such provisions of ~~these Articles~~ this Constitution as are applicable to paid up shares shall apply to stock and in all such provisions the words "shares" shall include "stock", and "Depositor", "Member" and "shareholder" shall include "stockholder".

Definitions.

INCREASE OF CAPITAL

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- ~~57. The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company by the resolution authorising such increase shall direct.~~ Power to increase capital.
- 598(1). Unless otherwise determined by the Company in General Meeting or except as permitted under the Exchange's listing rules, 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 nearly as the circumstances admit, to the amount number of the existing shares to which they are entitled. Issue of new shares to Members.
- 598(2). 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 in the manner hereinbefore provided. Notice of issue.
- ~~60. The Company may pursuant to Section 161 of the Act by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to issue shares whether by way of rights, bonus or otherwise, and make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, and (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force provided that:-~~ Authority to Directors to issue shares and convertible securities.
- ~~(a) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Exchange;~~
- ~~(b) in exercising the authority conferred by the Ordinary Resolution, the Directors shall comply with the provisions of the listing rules of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and this Constitution; and~~
- ~~(c) unless previously revoked or varied by the Company in General Meeting, the authority conferred by the Ordinary Resolution shall not continue beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).~~

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- ~~5961.~~ Subject to any directions that may be given in accordance with the powers contained in ~~the Memorandum of Association or these Articles~~this Constitution, any capital raised by creation of new shares shall be considered as part of the original capital and all new shares shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital. New capital considered part of original capital.

ALTERATION OF CAPITAL

- ~~620(1).~~ The Company may by Ordinary Resolution:- Alteration of capital.
- (a) consolidate and divide ~~all or any of its share capital into shares of larger amount than its existing shares~~; or
 - (b) cancel any shares which at the date of the passing of the ~~resolution~~Ordinary Resolution in that behalf have not been taken or agreed to be taken by any person ~~or which have been forfeited~~ and diminish the amount of its share capital by the ~~amount~~number of the shares so cancelled; or
 - (c) ~~by subdivision of~~sub-divide its existing shares or any of them ~~(subject nevertheless to the provisions of the Act and this Constitution) provided always that in such sub-division the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived~~divide its capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association. The resolution by which the sub-division is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other special rights or be subject to any restriction as the Company has power to attach to unissued or new shares; or
 - (d) subject to the Statutes, convert its share capital or any class of shares into any other class of shares from one currency to another currency.

- ~~620(2).~~ The Company may by Special Resolution reduce its share capital ~~or any other undistributable reserve, any capital redemption reserve fund or any share premium account~~ in any manner and ~~with and~~ subject to any requirement ~~authorised and consent required by~~under the law.

- ~~62(3).~~ The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares.

MODIFICATION OF CLASS RIGHTS

- ~~634.~~ Subject to the Statutes and save as provided by ~~these Articles~~this Constitution, all or any of the special rights or privileges attached to any class of shares in the capital of the Company for the time being issued may, at any time, as well before as during liquidation, be modified, affected, altered or abrogated, either with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting, but so that the quorum thereof shall be not less than two persons personally present and holding or representing by proxy one- Modification of class rights.

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third of issued shares of the class, and that any holder of shares of the class, present in person or by proxy, shall on a poll be entitled to one vote for each share of the class held or represented by him, and if at any adjourned meeting of such holders such quorum as aforesaid is not present, any two holders of shares of the class who are personally present shall be a quorum. The Directors shall comply with the provisions of Section 186 of the Act as to forwarding a copy of any such consent or Resolution to the Registrar of Companies.

BORROWING POWERS

- | | | |
|------|--|---|
| 642. | The Directors may, from time to time, exercise all the powers of the Company to raise or borrow or secure the payment of any sum or sums of moneys for the purposes of the Company. | Powers to borrow. |
| 653. | The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and, in particular, by the issue of debentures or debenture stock of the Company, perpetual or otherwise, charged upon or by mortgage charge or lien of and on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being, or by making, accepting, endorsing or executing any cheque, promissory note or bill of exchange. | Conditions of borrowing. |
| 664. | Every debenture or other instrument for securing the payment of money may be made assignable and free from any equity between the Company and the person to whom the same may be issued. Any debenture or debenture-stock, bond or other instrument may be issued at a discount, premium or otherwise and with any special privilege as to redemption, surrender, drawing, allotment of shares, attending and voting at General Meetings of the Company, appointment of Directors and otherwise. | Securities assignable and free from equities. |
| 675. | The Directors shall cause a proper register to be kept, in accordance with Section 138 of the Act, of all mortgages and charges specifically affecting the property of the Company and shall comply with the provisions of Section 131 of the Act. | Register of mortgages. |

GENERAL MEETINGS

- | | | |
|----------------|---|--|
| 686. | In addition to any other meetings, a General Meeting shall be held <u>within four months after the end of each financial year of the Company</u> at least in every calendar year, at such time and place as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such General Meetings. <u>Where required by the listing rules of the Exchange, all General Meetings shall be held in Singapore, unless such requirement is waived by the Exchange.</u> | General Meetings. |
| 697. | The abovementioned General Meetings shall be called Annual General Meetings. All other General Meetings shall be called Extraordinary General Meetings. | Annual General Meetings. |
| 68. | The First Annual General Meeting of the Company shall be held at such time within a period of not more than eighteen months from the date of incorporation of the Company and at such time and place as the Directors may determine. | First Annual General Meeting. |
| 7069. | The Directors may call an Extraordinary General Meeting of the Company whenever they think fit in accordance with the Statutes. | Directors may call Extraordinary |

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710. The Directors shall, on the requisition of the holders of not less than ~~one-tenth~~ ten per cent of the total number of issued capital shares of the Company carrying voting rights at General Meetings (excluding treasury shares) upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect:-
- General Meetings.
Extraordinary General Meetings called on requisition of shareholders.
- (a) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.
- (b) If the Directors ~~of the Company~~ do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or any of them representing more than ~~one-half~~ fifty per cent of the total voting rights of all of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit.
- (c) In the case of a meeting at which a resolution is to be proposed as a Special Resolution the Directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by the Statutes.
- (d) Any meeting convened under this ~~Article~~ Regulation by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.
724. Subject to the Statutes relating to the convening of meetings ~~to pass Special Resolutions and agreements for shorter notice, at least fourteen clear days' notice in writing of any General Meeting and at least twenty-one days' notice in writing in the case of a General Meeting to pass a Special Resolution specifying the place, day and hour of the meeting, shall be given to all Members other than such as are not entitled under this Constitution and the Act to receive such notices from the Company. The period of notice shall in each case be exclusive of both the day on which it is served or deemed to be served and the day on which the General Meeting is to be held. Any notice of a General Meeting called to consider and in case of special business shall be, a notice in writing setting out the general nature of such special business, accompanied by a statement regarding the effect of any proposed resolution in respect of such special business, shall be given to all Members and the Exchange other than such as are not entitled under these Articles to receive such notices from the Company. Every such notice shall be published in at least one English language daily newspaper circulating in Singapore and in writing to each stock exchange on which the Company is listed at least fourteen clear days before the meeting. Whenever any meeting is adjourned for fourteen days or more, at least seven days' notice in writing of the place and hour of such adjourned meeting shall be given in like manner Provided Always that when a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.~~ Notice of meeting.
732. Any Member entitled to be present and vote at a meeting or his proxy may submit any resolution to any General Meeting, provided that at least Members may submit resolution to

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- for the prescribed time before the day appointed for the meeting he shall have served upon the Company a notice in writing by him containing the proposed resolution, and stating his intention to submit the same. The prescribed time abovementioned shall be such that, between the date that the notice is served and the day appointed for the meeting, there shall be not less than three nor more than fourteen intervening days. meeting on giving notice to Company.
743. Upon receipt of any such notice as ~~in the last preceding Article mentioned in Regulation 73~~, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution will be proposed. Secretary to give notice to Members.
754. The accidental omission to give any notice to or non-receipt of any notice by any Member shall not invalidate the meeting or any resolution passed or proceedings at any such meeting. Accidental omission to give notice.
- ### PROCEEDINGS AT GENERAL MEETINGS
765. All business ~~shall be deemed special~~ that is transacted at an Extraordinary General Meeting, and also all business that is transacted at an Annual General Meeting with the exception of the receipt and adoption consideration of the accounts financial statements, the Directors' statement, balance sheets and reports (if any) of the Directors and the Auditors' report and other documents required to be attached to the financial statements, the fixing of the remuneration of Directors, the election of Directors in the place of those retiring, the declaration of dividends and the appointment of and the fixing of the remuneration of the Auditors, shall be deemed special. Special business.
776. Save as is herein otherwise provided, two Members present in person or by proxy shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum is present at the commencement of the business, provided that (a) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (b) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum. A corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of ~~Article 91~~ Regulation 92. Quorum.
787. If within half an hour from the lime appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place. At the adjourned meeting, any two or more Members present in person or by proxy shall be a quorum. If quorum not present.
798. The Chairman (if any) of the Board of Directors shall preside as Chairman at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director or, if no Director be present or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting. Chairman.
8079. The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be Adjournment.

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- transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 81(1). Where required by the listing rules of the Exchange, all resolutions at a General Meeting shall be voted by poll, unless such requirement is waived by the Exchange. How matters are to be decided.
- 81(2)~~9~~. Subject to Regulation 81(1), At every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by:-
- (a) the Chairman of the meeting; or
 - (b) not less than two Members present in person or by proxy and entitled to vote; or
 - (c) a Member or Members present in person or by proxy, holding or representing, as the case may be:-
 - (i) not less than ~~one tenth~~ five per cent of the total voting rights of all Members entitled to vote at the meeting; or
 - (ii) shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than ~~one tenth~~ five per cent of the total sum paid up on all the shares conferring that right.
- 824(1). Subject to the listing rules of the Exchange, If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded~~taken~~. Chairman's direction as to poll.
- 824(2). No poll shall be ~~demanded~~ taken on the election of a Chairman of a meeting or on a question of adjournment. A poll ~~demanded~~ taken on any other question shall be taken at such time as the Chairman of the meeting directs.
832. Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution. A demand for a poll may be withdrawn only with the approval of the Chairman of the meeting. Declaration of Chairman conclusive.
- 843(1). No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting, as the case may be, at which the vote objected to is or may be given, tendered or cast, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the meeting whose decision shall be final and conclusive. Objection to admissibility.
- 843(2). If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the

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meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.

854. In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is ~~demanded~~taken, as the case may be, shall have a second or casting vote. In the event of equality of votes.

VOTES OF MEMBERS

- 865(1). Subject to and without prejudice to any special privileges or restriction 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 Regulation 12:- Voting rights.

(a) every Member who is present in person or by proxy shall have one vote on a show of hands, provided that:-

(i) in the case of a Member who is not a relevant intermediary and the Chairman to decide which proxy shall be entitled to vote where a Member 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 show of hands; and

(ii) in the case of a Member who is a relevant intermediary and is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands; and

(b) every Member who is present in person or by proxy, in case of a poll, shall have one vote for every share which he holds or represents and upon which all calls or other sums due thereon to the Company have been paid.

- 865(2). For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being ~~called~~taken, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company.

876. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose, seniority shall be determined by the order in which the names stand in the Register or the Depository Register, as the case may be. Rights of joint holders.

887. Unless the Directors otherwise determine, no person other than a Member who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting. Members only entitled to vote upon full payment.

898. A Member who has become mentally disordered and incapable of managing himself or his affairs of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in ~~un~~mental capacity, may vote, whether on a show of hands or on a poll, by the person duly appointed to manage his estate (who may Votes of mentally disordered Members of unsound mind.

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~~appoint a proxy), provided that such evidence as the Directors may require of the authority of such person shall have been produced committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may. on a poll, vote by proxy.~~

~~90(1)~~⁸⁹. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. Vote personally or by proxy.

~~90(2).~~ Where a Member is required by the listing rules of the Exchange or a court order to abstain from voting on a resolution at a General Meeting, such Member shall not be entitled to vote on the relevant resolution and shall be required to abstain from voting, whether in person or by proxy, in respect of such resolution, and the Company shall be entitled to disregard any votes cast by such Member in contravention of this Regulation, to the extent permitted by the Act and any other applicable laws and regulations. Member required to abstain.

~~91(1).~~ A proxy need not be a Member. Proxies.

~~91(2).~~ Save as otherwise provided in the Act:-

~~(a) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member's instrument of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy; and~~

~~(b) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's instrument of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.~~

~~91(3)~~². A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting ~~Provided Always that In any case where the a~~ Member is a Depositor, the Company shall be entitled and bound:-

(a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company;

(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company, whether that number be greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and

(c) in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to

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the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

910(43). In any case where an instrument form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form-instrument of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

924. Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of the Company or any class of Members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder and such corporate Member shall for the purpose of this Constitution (but subject to the Act) be deemed to be present at any such meeting if a person so authorised is present thereat.

Corporation may appoint representative.

932. An instrument appointing a proxy shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and:-

Execution of instrument of proxy on behalf of appointor.

(a4) in the case of an individual, shall be:-

(i) signed by the appointor or his attorney if the instrument is delivered personally or sent by post; or

(ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

(b2) in the case of a corporation, shall be:-

(i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, if the instrument is delivered personally or sent by post; or

(ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of the submission of an instrument of proxy by electronic communication, designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

943. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Office, together with the instrument of proxy, before the Cut-Off Time for the meeting not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the

Lodgment of instrument appointing proxy.

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person named in the instrument proposes to vote, ~~failing which and in default~~ the instrument of proxy shall not be treated as valid. ~~The deposit of an instrument appointing a proxy does not preclude the Member concerned from attending and voting in person at the meeting or adjourned meeting. In such an event, the appointment of the proxy or proxies is deemed to be revoked by the Member concerned at the point when the Member attends the meeting.~~

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| 954. | The signature on an instrument of proxy need not be witnessed. | No witness needed for instrument of proxy. |
| 965. | A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death <u>or mental disorder</u> of the principal or revocation of <u>the appointment</u> of the proxy or transfer of the share in respect of which the vote is given Provided Always that no notice in writing of the death, <u>mental disorder</u> , or revocation or transfer shall have been received <u>by the Company</u> at the Office <u>at least one hour at least</u> before the time fixed for holding the meeting. | When vote by proxy valid though authority revoked. |
| 976. | An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the meeting. | Instrument deemed to confer authority. |
| 97. | Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable. | Voting in respect of shares of different monetary denominations. |

DIRECTORS

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| 98. | Until otherwise determined by a Special Resolution at a General Meeting, the number of Directors shall not be less than two or more than ten . All the Directors of the Company shall be natural persons. | Number of Directors. |
| 99. | The first Directors of the Company were Chan Nyuk Lin and Chin Nyuk Hean. | First Directors. |
| 100. | A Director shall not be required to hold any share in the Company. | No share qualification. |
| 101(1). | Any Director may at any time and from time to time appoint any other person approved by a majority of the Directors for the time being to be his alternate. An alternate Director shall be entitled (subject to his giving to the Company an address within the Republic of Singapore at which notices may be served on him) to receive notice of meetings of the Directors and to attend and vote as a Director at any such meeting at which the Director appointing him is not present, and generally at such meeting to exercise all the powers, rights, duties and authorities of the Director appointing him. Every person acting as an alternate Director shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him. All the appointments and removals of alternate Directors made by any Director in pursuance of this Article <u>Regulation</u> , shall be in writing under the hand of the Director making the same and shall be sent to or left at the Office. A Director may not act as an alternate for another Director. A person may not act as an alternate Director for more than one Director of the Company. | Alternate Director. |

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- 101(2). An alternate Director may be removed by his appointor and the appointor (subject to the approval of the Directors) may appoint another in his place. An alternate Director may be removed from office by a resolution of the Directors, but he shall be entitled to vote on such resolution and he shall, ipso facto, cease to be an alternate Director if his appointor ceases for any reason to be a Director. The appointment of an alternate Director shall also determine on the happening of any event which, if he were a Director, would cause him to vacate such office.
- 101(3). An alternate Director shall be entitled to contract and be interested in and benefit from contracts, arrangements or transactions to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company any remuneration in respect of his appointment as alternate Director except only such part (if any) of the remuneration otherwise payable to his appointor in which event any fee paid by the Company to an alternate Director shall be deducted from the fees of the Director appointing the alternate.
- 102(1). The Directors shall be entitled to receive by way of fees for their services as Directors in each year such sum as shall from time to time, subject to Section 169 of the Act, be determined by the Company by resolution passed at a General Meeting, the notice of which shall specify the proposals concerning the same. Such remuneration shall be divided amongst the Directors as they shall determine or failing agreement equally. Remuneration.
- 102(2). The fees payable to the Directors shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the General Meeting.
- 102(3). The remuneration of a non-executive Director shall be by a fixed sum and not by a commission on or percentage of profits or turnover. The remuneration of an executive Director may not include a commission on or a percentage of turnover.
- 102(4). The provisions of this ~~Article-Regulation~~ are without prejudice to the power of the Directors to appoint any of their number to be employee or agent of the Company at such remuneration and upon such terms as they think fit without the approval of the Members in General Meeting provided that such remuneration may include a commission on or percentage of profits but not a commission on or percentage of turnover.
- 102(5). Subject to the provisions of the Statutes, 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.
103. If any Director, being willing and having been called upon to do so, shall hold an executive office in the Company, shall render or perform extra or special services of any kind, including services on any committee established by the Directors, or shall travel or reside abroad for any business or purposes of the Company, he shall be entitled to receive such sum as the Directors may think fit for expenses, and also such remuneration as the Directors may think fit, either as a fixed sum or as provided in ~~Article-Regulation~~ 102(3) (but not by way of commission on or percentage of turnover) and such remuneration may, as the Directors shall determine, be either in addition to or in substitution for any other Directors to be reimbursed and remunerated for special services rendered.

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remuneration he may be entitled to receive. and the same shall be charged as pan of the ordinary working expenses of the Company.

104(1). The office of a Director shall be ~~vacant~~vacated if the Director:-

When office of Director to be vacated.

- (a) ceases to be a Director by virtue of the Statutes; or
- (b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) is or becomes prohibited from being a Director by reason of any order made under the Statutes; or
- ~~(d)~~ is or becomes disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or
- ~~(de)~~ becomes mentally disordered and incapable of managing himself or his affairs or an order shall be made in Singapore or elsewhere by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs of unsound mind or a person whose person or estate is liable to be dealt with in any way under any law relating to mental disorder; or
- ~~(fe)~~ resigns his office by notice in writing to the Company; or
- ~~(gf)~~ for more than six months is absent without permission of the Directors from meetings of the Directors held during that period and his alternate Director (if any) shall not during such period have attended in his stead; or
- ~~(hg)~~ is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of his interest in the manner required by the Statutes; or
- ~~(ih)~~ if he is removed from office pursuant to the Statutes.

104(2). The appointment of any Director to the office of Chairman, ~~or Deputy Chairman or Managing or Joint Managing or Deputy or Assistant~~ Director shall automatically terminate if he ceases to be a Director but without prejudice to any claim for any damage or breach of any contract of service between him and the Company.

104(3). The appointment of any Director to any other executive office shall automatically terminate if he ceases from any cause to be a Director only if the contract or resolution under which he holds office expressly so provides, in which case such termination shall be without prejudice to any claim for damages or breach of any contract of service between him and the Company.

105(1). A Director or Chief Executive Officer who is in any way whether directly or indirectly interested in a transaction ~~contract~~ or proposed ~~contract~~ transaction with the Company shall declare the nature of his interest at a meeting of the Directors or otherwise in accordance with Section 156 of the Act.

Director to declare interest if any.

105(2). A Director shall not vote in respect of any contract or proposed contract or arrangement with the Company in which he has directly or indirectly a

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personal material interest and if he shall do so his vote shall not be counted nor save as provided by ~~Article-Regulation~~ 106 shall he be counted in the quorum present at the meeting.

- 105(3). A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as a vendor, purchaser or otherwise. Subject to this ~~Article-Regulation~~ 105, no such contract and no contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested shall be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
106. Subject to ~~Article-Regulation~~ 105(2) above, a Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged. Director included in quorum.
107. At the Annual General Meeting in every year, one-third of the Directors for the time being ~~(other than the Managing Director)~~, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office Provided Always that all Directors ~~(except the Managing Director)~~ shall retire from office at least once every three years. Retirement.
108. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Determination of Directors to retire.
- 109(1). Subject to the Statutes, a retiring Director shall be eligible for re-election at the meeting at which he retires. Re-election.
- 109(2). The Company at the meeting at which a Director retires under any provision of this Constitution may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected, unless:-
- (a) at such meeting it is expressly resolved not to fill such vacated office or a resolution for the re-election of such Director is put to the meeting and not carried; or
 - (b) such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or
 - (c) such Director is disqualified from acting as a Director in any jurisdiction for reasons other than on technical grounds.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to

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the meeting and not carried and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

110. A person who is not a retiring Director shall be eligible for election to the office of Director at any General Meeting if some Member intending to propose him has, at least eleven clear days (exclusive of the date on which the notice is given and the date of the General Meeting) before the meeting, left at the Office of ~~the company~~ a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him, Provided That in the case of a person recommended by the Directors for election, nine clear days' notice (exclusive of the date on which the notice is given and the date of the General Meeting) only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven days prior to the meeting at which the election is to take place. Nomination of Directors.
111. The Company by Special Resolution in General Meeting may, from time to time, increase or reduce the number of Directors, and may alter their qualification, if any. Increasing or reducing number.

CHIEF EXECUTIVE OFFICER OR MANAGING DIRECTOR

112. The Directors may from time to time appoint one or more of their body to the office of Chief Executive Officer or Managing Director or equivalent position for such period (not exceeding five years, where the appointment is for a fixed term) and on such terms as they think fit, and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A Chief Executive Officer or Managing Director or person holding an equivalent position shall be subject to the control of the Directors. A Director so appointed shall ~~not~~, while holding that office be subject to retirement by rotation in accordance with this Constitution, and but his appointment shall be automatically determined if he ceases from any cause to be a Director. Appointment of Chief Executive Officer or Managing Director.
113. The Directors may vest in such Chief Executive Officer or Managing Director or person holding an equivalent position such of the powers exercisable under this Constitution ~~these Articles~~ by them as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they may think expedient and they may confer such powers either collaterally with, or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. Powers of Chief Executive Officer or Managing Director.
114. The Directors shall (subject to the provisions of any contract between the Chief Executive Officer or Managing Director or person holding an equivalent position and the Company) from time to time fix the remuneration of the Chief Executive Officer or Managing Director or person holding an equivalent position which may be by way of fixed salary, commission or participation in profits (but not turnover) of the Company or by any or all of these modes. Remuneration of Chief Executive Officer or Managing Director.

POWERS AND DUTIES OF DIRECTORS

115. The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors. The Directors, who may Powers of Directors.

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~~pay all expenses incurred in setting up and registering the Company and may exercise all such powers of the Company, as are not by the Statutes or by these Articles this Constitution, required to be exercised by the Company in General Meeting, subject, nevertheless, to any regulations of these Articles or to such Statutes, and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting; but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made. A Director who is not a Member of the Company may nonetheless be entitled to attend and speak at General Meetings.~~

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| 116. | The Directors shall not carry into effect any proposals for disposing of the whole or substantially the whole of the Company's undertaking or property unless those proposals have been approved or ratified by the Company in General Meeting. | Disposal of undertaking or property. |
| 117. | The Company may appoint any person to be a Director by Ordinary Resolution passed at a General Meeting. In addition, t The Directors shall have power at any time and from time to time to appoint any other qualified person as a Director either to fill a casual vacancy or as an addition to the Board. But any Director so appointed <u>by the Directors</u> shall hold office only until the next Annual General Meeting of the Company, and shall be eligible for re-election. | <u>Appointment of Directors</u> Directors may appoint qualified person to fill vacancy. |
| 118. | The Company may from time to time by Ordinary Resolution remove any Director before the expiration of his period of office, and may by an Ordinary Resolution appoint another person in his stead. The person so appointed shall continue to hold office until the next Annual General Meeting. | Removal of Directors. |
| 119. | The Directors may from time to time, by power of attorney <u>or otherwise,</u> under the Seal appoint any person, company, firm or any fluctuating body of persons, whether nominated directly or indirectly by the Directors to be the attorney or attorneys of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles this Constitution), and for such period and subject to such conditions as the Directors think fit, and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Directors may think fit, <u>and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.</u> | Directors may appoint attorney. |

PROCEEDINGS OF DIRECTORS

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| 120(1). | The Directors may meet together at any place for the despatch of business, adjourn, and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. | Meeting of Directors and how questions decided. |
| 120(2). | The contemporaneous linking together, by telephone <u>conference, video conference or similar communications means whereby all persons participating can hear each other,</u> of a number of the Directors, <u>being</u> not less than the quorum and the Secretary, wherever in the world they are, shall be deemed to constitute a meeting of the Directors so long as the following conditions are met:

(a) the Directors for the time being entitled to receive notice of any meeting of the Directors (including any alternate for any | Meeting of Directors by telephone conference. |

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Director) shall be entitled to notice of any meeting by the aforesaid communications means telephone and to be linked by the aforesaid communications means telephone for the purpose of such meeting. Notice of any such meeting may be given by telephone or any other communications means. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Singapore ~~to all the Directors whether such Directors are within Singapore or otherwise~~;

- (b) each of the Directors taking part ~~and the Secretary~~ must be able to hear each of the other Directors taking part subject as hereinafter mentioned throughout the meeting;
- (c) at the commencement of the meeting each Director must acknowledge his presence to all the other Directors taking part;
- (d) unless he has previously obtained the consent of the Chairman of the meeting, a Director may not leave the meeting by disconnecting from the aforesaid communications means his telephone and shall be conclusively presumed to have been present and to have formed part of the quorum throughout the meeting. The meeting shall be deemed to have been validly conducted notwithstanding that a Director's communications means telephone is accidentally disconnected during the meeting, and the proceedings thereof shall be deemed to be as valid as if the communications means telephone had not been disconnected; and
- (e) a minute of the proceedings shall be sufficient evidence thereof, conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid and of the observance of all necessary formalities if certified by the Chairman ~~and the Secretary~~.

120(3). The Secretary is empowered to record the proceedings at any meeting conducted in the manner described in Regulation 120(2), and such a record shall be deemed to be made at a meeting of Directors.

- 121. No business shall be transacted at any meeting of the Directors unless a quorum is present when the meeting proceeds to business. For all purposes the quorum shall be two Directors present personally or by his alternate. Quorum.
- 122. A Director may, and on the request of a Director the Secretary shall, at any time summon a meeting of the Directors by notice served upon the Directors, ~~whether such Directors are within Singapore or otherwise~~. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Singapore. Meetings.
- 123. The Directors shall from time to time elect a Chairman who shall preside at meetings, but if no such Chairman be elected, or if at any meeting the Chairman be not present within fifteen minutes after the time appointed for holding the same, a substitute for that meeting shall be appointed by such meeting. Chairman.
- 124. Where two Directors form a quorum, the Chairman of a meeting at which only such a quorum is present or ~~at~~ which only two Directors are competent to vote in the question at issue, shall not have a casting vote. Save as aforesaid, in the case of an equality of votes the Chairman shall Chairman's casting vote.

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- have a second or casting vote.
125. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to ~~these Articles~~this Constitution, the continuing Directors may, except in an emergency, act for the purpose of increasing the number of Directors to such minimum number, or of summoning a General Meeting of the Company, notwithstanding that there shall not be a quorum, but for no other purpose. Continuing Directors may act.
126. The Directors may delegate any of their powers to committees, consisting of such ~~M~~member or ~~M~~members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors. Powers to delegate to committees.
127. A committee may elect a Chairman of its meetings; if no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the ~~M~~members present may choose one of their number to be Chairman of the meeting. Meeting of committees.
128. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the ~~m~~Members present, and in case of an equality of votes the Chairman shall have a second or casting vote. Questions how determined.
129. All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director. Validity of acts notwithstanding defective appointment.
130. A resolution in writing signed by a majority of the Directors for the time being ~~who are not disqualified from voting pursuant to this Constitution, the Statutes or the listing rules of the Exchange~~ shall be valid and effectual as a resolution duly passed at a meeting of Directors duly convened and held, notwithstanding that such signing may take place at different times or places. Any such resolution may consist of several documents in like form, each signed by one or more Directors. The expressions "in writing" and "signed" include approval by letter, facsimile, electronic mail, text messaging or other electronic means of communication ~~telex, telex, cable or telegram~~ by any such Director. Resolutions of Directors.

MINUTES AND COMPANY RECORDS

- 131(1). The Directors shall cause minutes to be duly entered in books provided for that purpose:- Minutes and company records.
- (a) of all appointments of officers;
- (b) of the names of the Directors present at each meeting of the Directors and of any committee of Directors;
- (c) of all orders made by the Directors and committees of Directors; and
- (d) of all resolutions and proceedings of General Meetings and of meetings of the Directors or committee of Directors.

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131(2). Any such minutes of any meeting of the Directors or committee of Directors or of the Company, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be receivable as prima facie evidence of the matters stated in such minutes.

131(3). Any register, index, minute book, accounting record, minute or other document required by this Constitution or by the Act to be kept by or on behalf of the Company may be kept in hard copy form or in electronic form in accordance with the Act.

131(4). Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee of Directors, and any books, records, documents, accounting records and financial statements relating to the Company, and to certify copies thereof or extracts therefrom as true copies or extracts. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any committee of Directors which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting. Any authentication or certification made pursuant to this Regulation may be made by any electronic means approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

Authentication of documents.

THE SEAL

132(1). The Directors shall provide for the safe custody of the Seal, and the Seal shall only be used by the authority of the Directors. Every instrument to which the Seal is affixed shall bear the signatures or autographic or facsimile signatures of a Director and the Secretary or a second Director or some other person appointed by the Directors for the purpose. Any facsimile signature may be reproduced by mechanical electronic or other method approved by the Directors.

The Seal.

132(2). The Company may have a duplicate common seal which shall be a facsimile of the common seal of the Company with the addition on its face of the words "Share Seal" and a certificate for shares under such duplicate seal shall be deemed to be sealed with the common seal of the Company.

132(3). The Company may exercise all the powers conferred by Section 41(7) of the Act.

132(4). Notwithstanding the foregoing, the Company may execute any document described or expressed as a deed in accordance with the Act and without affixing the Seal.

THE SECRETARY

133. The Secretary shall be appointed by the Directors for such term and at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may be removed by them. The Directors may from time to time appoint an assistant or deputy Secretary or two or more persons as joint Secretaries upon such conditions as they may

Secretary.

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think fit.

134. Anything required or authorised by ~~these Articles~~ this Constitution or the Statutes to be done by or to the Secretary may, if the office is vacant or there is for any other reason no Secretary capable of acting, be done by or to any assistant or deputy Secretary or, if there is no assistant or deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Directors Provided Always that any provision of ~~these Articles~~ this Constitution or the Statutes requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.
- Assistant or deputy Secretary.

DIVIDENDS

135. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act: (a) all dividends in respect of shares 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 the dividend is paid. For the purposes of this Regulation, an amount paid or credited as paid on a share in advance of a call is to be ignored. ~~The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid up on the shares held by them respectively.~~
- Appropriation of profits
Apportionment of dividends.
136. The Company in General Meeting may by Ordinary Resolution declare a dividend on or in respect of any share to the Members according to their rights and interest in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.
- Declaration of Dividend.
137. No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest. The declaration of the Directors as to the net profits of the Company shall be conclusive.
- Dividend payable out of profits.
- ~~138. The declaration of the Directors as to the net profits of the Company shall be conclusive.~~
- ~~1389.~~ The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies provided no such dividends shall be declared more than once in six months.
- Interim dividend.
- 139(1). Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:-
- (a) the basis of any such allotment shall be determined by the
- Scrip dividend scheme.

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Directors;

- (b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation 139;
- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, provided always that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
- (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the "elected shares") and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of Regulation 148, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company's reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

139(2). The shares of the relevant class allotted pursuant to the provisions of Regulation 139(1) shall rank *pari passu* in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

139(3). The Directors may, on any occasion when they resolve as provided in Regulation 139(1), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of shares in the Register or (as the case may be) in the Depository

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Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of Regulation 139 shall be read and construed subject to such determination.

139(4). The Directors may, on any occasion when they resolve as provided in Regulation 139(1), further determine that:-

(a) no allotment of shares or rights of election for shares under Regulation 139(1) shall be made available or made to Members whose registered addresses entered in the Register or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared; and

(b) no allotment of shares or rights of election for shares under Regulation 139(1) shall be made available or made to a person, or any persons, if such allotment or rights of election would in the opinion of the Directors cause such person, or such persons, to hold or control voting shares in excess of any shareholding or other limits which may from time to time be prescribed in any Statute, without the approval of the applicable regulatory or other authority as may be necessary.

139(5). Notwithstanding the foregoing provisions of this Regulation, if at any time after the Directors' resolution to apply the provisions of Regulation 139(1) in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of Regulation 139(1).

139(6). The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of Regulation 139(1), with full power to make such provisions as they think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).

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| 140. | The Directors may retain any dividends 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. | Debts may be deducted. |
| 141. | A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor's name in the Depository Register, as the case may be. | Effect of transfer. |
| 142. | Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures, or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where | Dividend in specie. |

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- any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payments shall be made to any Member upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividends as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 63 of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective.
143. The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmissions of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same. Power to retain dividends.
144. In case several persons are registered in the Register or entered in the Depository Register, as the case may be, as the holders of any share, any resolution of the Directors or the Company in General Meeting declaring a dividend on shares of any class may specify that the dividend shall be payable to such persons at the close of business on a particular date and thereupon the dividend shall be payable in accordance with their respective holdings so registered. Any person registered in the Register or in the Depository Register, as the case may be, as the holder or joint holder of any share or is entitled jointly to a share in consequence of the death or bankruptcy of the holder may give effectual receipts for dividends, bonuses, other moneys payable or properties distributable and payment on account of dividends on or in respect of such shares. Payment to and receipt by joint holders.
145. Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement. Notice of dividend.
146. Unless otherwise directed, any dividend may be paid by cheque, dividend warrant or Post Office Order, sent through the post to the registered address appearing in the Register or the Depository Register, as the case may be, of the Member or person entitled, or where two or more persons are registered in the Register or entered in the Depository Register, as the case may be, as joint holders or are entitled to the dividend as a result of the death or bankruptcy of the holder, to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect thereof and every cheque, dividend warrant or Post Office Order so sent shall be made payable to the order of the person to whom it is sent or to any person and address as such Member(s) or persons(s) may direct in writing. The Company shall not be responsible for the loss of any cheque, dividend warrant or Post Office Order, which shall be sent by post duly addressed to and at the sole risk of the Member or person for whom it is intended. Payment of the cheque, dividend warrant or Post Office Order by the bank upon which they are respectively drawn shall be a full and valid discharge to the Company. Notwithstanding the provisions of ~~these Articles~~ this Constitution, payment by the Company to the Depository of any dividend payable to a Depositor shall also be a full and valid discharge of the Company from liability to the Depositor in respect of that payment to the extent of the payment made to the Depository. Payment by post.
147. The Depository will hold all dividend unclaimed for six years after having Unclaimed

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been declared and paid before release to the Directors, and the Directors may invest or otherwise make use of the unclaimed dividends for the benefit of the Company until claimed. dividends.

BONUS ISSUE AND CAPITALISATION OF PROFITS AND RESERVES

148(1). The Directors may, with the sanction of the Company by way of an Ordinary Resolution, including any Ordinary Resolution passed pursuant to Regulation 7(1):- Capitalisation of profits and reserves.

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register or (as the case may be) the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 7(1)) such other date as may be determined by the Directors.

in proportion to their then holdings of shares; and

(b) capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of the profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register or (as the case may be) the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 7(1)) such other date as may be determined by the Directors.

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

~~The Company in General Meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve funds or to the credit of the profit and loss account or otherwise available for distribution; and accordingly that such sum be set free for distribution amongst the holders of shares in the Register or in the Depository Register, as the case may be, who would have been entitled thereto if distributed by way of dividends and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up on full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such holders or in their nominees in the~~

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~~proportion aforesaid or partly in the one way and partly in the other and the Directors shall give effect to such resolution. Provided Always that a capital redemption reserve fund may, for the purpose of this Article, only be applied in the paying up of unissued shares to be issued to such holders as fully paid bonus shares unless otherwise permitted by the provisions of the Act.~~

148(2). ~~The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under Regulation 148(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter, on behalf of all the Members interested, into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned. Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the amounts resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register or in the Depository Register, as the case may be, under such resolution to a fractional part of a share by the issue of fractional certificates or by payment in cash or otherwise as they think fit and also to authorise any persons to enter on behalf of such holders entitled thereto or their nominees into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares to which they may be entitled upon such capitalisation; and any agreement made under such authority shall be effective and binding on all such holders and their nominees.~~

148(3). ~~In addition and without prejudice to the powers provided for by Regulations 148(1) and 148(2), the Directors shall have the power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full unissued shares, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting, in such manner and on such terms as the Directors shall think fit.~~

RESERVE FUND

149. The Directors may, before declaring any dividend or bonus in respect of any class of shares out of or in respect of the earnings or profits of the Company for any yearly or other period, cause to be reserved or retained and set aside out of such sums as they may determine to form a Reserve Fund to meet contingencies or depreciation in the value of the property of the Company, or for equalising dividends or for special dividends or for distribution of bonuses or for repairing, improving and maintaining any of the property of the Company, or for such other purposes the Directors shall, in their absolute discretion, think conducive to the interest of the Company.
- Formation and object of Reserve Fund.

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ACCOUNTS/ FINANCIAL STATEMENTS

150. The Directors shall cause ~~true accounts to be kept~~ such accounting and other records as are necessary to comply with the Act. ~~in books provided for such purpose:-~~ Accounting records to be kept.
- (a) ~~of all sales and purchases by the Company;~~
- (b) ~~of the sums of money received and expended by the Company, and the matter in respect of which such receipt and expenditure takes place; and~~
- (c) ~~of the assets and liabilities of the Company.~~
151. The ~~books of accounts~~ accounting records shall be kept at the Office of the Company, or at such other place or places as the Directors shall think fit. The Directors shall from time to time determine whether and to what extent and at what times and places and what conditions or regulations the accounting records ~~accounts and books~~ of the Company shall be open to the inspection of Members and no Member (not being a Director) shall have any right of inspecting any accounting record ~~account~~ or book or document of the Company except as conferred by the Statutes or authorised by the Directors or by a resolution of the Company in General Meeting. Books Accounting records to be kept at Office.
152. The Directors shall ~~at some date not later than eighteen months after the date of the incorporation of the Company and subsequently once at least in every calendar year at intervals or not more than fifteen months~~ lay before the Company at its Annual General Meeting the financial statements a profit and loss account and a balance sheet for the financial year or period in respect of which the Annual General Meeting is held ~~since the preceding Annual General Meeting (or in the case of the first account and balance sheet, since the date of incorporation of the Company) made up to a date not more than six months before the date of the Meeting.~~ Presentation of financial statements. Profit and loss account.
153. The interval between the close of the financial year of the Company and ~~the date of the Annual General Meeting at which the financial statements relating to that financial year shall be laid before the Company~~ issue of the profit and loss account and the balance sheet relating to it shall not exceed six-four months (or such other period as may be prescribed by the listing rules of the Exchange or the Act). Interval between accounts from close of financial year.
154. A copy of the financial statements, and if required, the balance sheet ~~every balance sheet (including every document required by law to be annexed thereto) which is duly audited and~~ which is to be laid before the Company in General Meeting, together with a copy of the Auditors' report thereon, shall not less than fourteen clear days before the date of the Meeting, be sent to all persons entitled to receive notices of General Meetings of the Company, provided that:- Copy of financial statements balance sheet to be sent to persons entitled.
- (a) these documents may, subject to the listing rules of the Exchange, be sent less than fourteen days before the date of the General Meeting if all persons entitled to receive notices of General Meetings from the Company so agree; and
- (b) this Regulation 154 shall not require a copy of these documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of a share in the Company, but any Member to whom a copy of these documents

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has not been sent shall be entitled to receive a copy free of charge on application at the Office.

AUDITS

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| 155. | Once at least in every year the <u>accounting records</u> accounts of the Company shall be examined and the correctness of the <u>financial statements</u> profit and loss account and balance sheet ascertained by one or more Auditors. | Annual audits. |
| 156. | The appointment and duties of such Auditor or Auditors shall be in accordance with the Statutes <u>and the listing rules of the Exchange</u> which may be in force in relation to such matters. | Appointment of Auditors. |
| 157. | If any casual vacancy occurs in the office of Auditor, the Directors may fill the same, but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. | Casual vacancy. |
| 158. | Every account <u>financial statement of the Directors</u> when audited and approved by a General Meeting shall be conclusive, except as regards any error discovered <u>within one month after the approval or adoption thereof. Whenever any such error is discovered</u> within that period, the account <u>financial statement</u> shall forthwith be corrected, and thenceforth shall be conclusive. | Audited account <u>financial statements</u> to be conclusive. |

NOTICES

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| 159(1). | A notice or other document may be served by the Company upon a Member, either personally, or by sending it through the post in a prepaid letter or <u>wrapper</u> by telex or facsimile transmission addressed to such Member at his address as appearing in the Register or in the Depository Register, as the case may be. | How notices and documents to be served. |
| 159(2). | Notwithstanding the aforesaid provisions , where the Directors have determined that any notice or other document shall not be served to a Member in any country or jurisdiction outside the Republic of Singapore, any Member who is described in the Register or in the Depository Register, as the case may be, by an address not within the Republic of Singapore shall be deemed to be duly served with such notice or document when such notice or document is duly posted up in the Office <u>or advertised in a newspaper circulating in Singapore.</u> | |
| 159(3). | <u>Without prejudice to the provisions of Regulations 159(1) and 159(2), but subject to any applicable laws relating to electronic communications and the listing rules of the Exchange, any notice or document (including without limitation, any financial statements, balance sheet or report) which is required or permitted to be given, sent or served under the Act or this Constitution by the Company, or by the Directors, to a Member may be given, sent or served using electronic communications:-</u>

(a) <u>to the current address of that person; or</u>

(b) <u>by making it available on a website prescribed by the Company from time to time; or</u>

(c) <u>in such manner as such Member expressly consents to by giving notice in writing to the Company,</u>

<u>in accordance with the provisions of this Constitution, the Act and/or any other applicable regulations or procedures.</u> | <u>Electronic communications.</u> |

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- 159(4). For the purposes of Regulation 159(3), a Member shall be implied to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document, unless otherwise provided under the Act or the listing rules of the Exchange. Implied consent.
- 159(5). Notwithstanding Regulation 159(4), the Directors may, at their discretion, at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and such Member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document, unless otherwise provided under the Act or the listing rules of the Exchange, provided always that a Member shall be entitled to revoke his consent or deemed consent to receive such notice or document by way of electronic communications by giving such revocation by notice in writing to the Company, and until such fresh election in writing is received by the Company, the election that is communicated to the Company last in time shall prevail over all previous elections as such Member's valid and subsisting election in relation to all notices and documents to be sent. Deemed consent.
- 159(6). Where a notice or document is given, sent or served by electronic communications:- When notice given by electronic communications deemed served.
- (a) to the current address of a person pursuant to Regulation 159(3)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Act or the listing rules of the Exchange; or
- (b) by making it available on a website pursuant to Regulation 159(3)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, or unless otherwise provided under the Act or the listing rules of the Exchange.
- 159(7). Where a notice or document is given, sent or served to a Member by making it available on a website pursuant to Regulation 159(3)(b), the Company shall, subject to the listing rules of the Exchange, give separate notice to the Member of the publication of the notice or document on the website (or, if the notice or document is not available on the website on the date of such notification, the date on which such notice or document will be available), the address of the website and the manner in which the notice or document may be accessed by any one or more of the following means: Notice to be given of service on website.
- (a) by sending such separate notice to the Member personally or through the post pursuant to Regulation 159(1);
- (b) by sending such separate notice to the Member using electronic communications to his current address pursuant to Regulation

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159(3)(a);

(c) by way of advertisement in the daily press; and/or

(d) by way of announcement through the Exchange.

160. All notices directed to be given to the Members shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Register or in the Depository Register, as the case may be, and notice so given shall be sufficient notice to all the holders of such share. Notice to joint holders.
161. Any Member described in the Register or the Depository Register, as the case may be, by an address not within the Republic of Singapore who shall from time to time give the Company an address within the Republic of Singapore at which notices may be served upon him shall be entitled to have served upon him at such address any notice to which he would be entitled under ~~these Articles~~this Constitution. Address for service.
162. As regards Members who have no address appearing in the Register or the Depository Register, as the case may be, a notice served in accordance with Regulation 159(2) posted up in the Office shall be deemed to be duly served on them at the expiration of twenty-four hours after it is so posted up. Where no address.
163. Any document other than a notice required to be served on a Member may be served in like manner as a notice may be given to him under ~~these Articles~~this Constitution. The signature to any such notice or document may be written or printed. Service of documents.
164. Any notice or other document required to be sent or served upon the Company or upon any officer of the Company may be sent or served by leaving the same or sending it through the post in a prepaid letter, envelope or wrapper or by facsimile transmission addressed to the Company or to such officer at the Office. Service on Company.
165. Any notice or other document, if served or sent by post, shall be deemed to have been served at the time the same is left at the address of the Member in the Register or in the Depository Register, as the case may be, if served personally and at the time when the letter containing the same is put into the post if sent by post, (and in proving such service or sending it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post office). When service personally or by post effected.
166. Every person who, by operation of law, transfer or any other means whatsoever, shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being registered in the Register or in the Depository Register, as the case may be, shall be duly given to the person from whom he derives his title to such share. Transferees bound by prior notice.
167. Any notice or document served upon or sent to, or left at the address of any Member in the Register or in the Depository Register, as the case may be, pursuant to this Constitution, shall, notwithstanding that such Member be then deceased or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share held by such Member, whether held solely or jointly with other persons, until some other person be Notice valid though Member deceased.

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registered in his stead as the holder or joint holder of such share, and such service shall, for all purposes of this Constitution, be deemed a sufficient service of such notice or document on his executors, administrators or assigns, and all persons (if any) jointly interested with him in such share.

WINDING UP

168. The Directors shall have the power to present a petition to the court in the name and on behalf of the Company for the Company to be wound up. Directors have power to present petition.
169. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up paid up or which ought to have been paid up on the shares held by them respectively. But this Regulation is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions. Distribution of assets in winding up.
170. If the Company shall be wound up, the liquidators may, with the sanction of a Special Resolution, divide among the Members in specie any part of the assets of the Company and any such division may be otherwise than in accordance with the existing rights of the Members, but so that if any division is resolved or otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to Section 306 of the Act. A Special Resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any share or other consideration receivable by the liquidators amongst the Members otherwise than in accordance with their existing rights; and any such determination, shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section. Distribution of assets in specie.

INDEMNITY

171. Subject to the provisions of and so far as may be permitted by the Statutes, every Director or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses or liabilities (including any such liability as is mentioned in the Act) incurred or to be incurred by him in or about the execution of the duties of his office or otherwise in relation thereto, and no such Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Regulation shall only have effect in so far as its provisions are not avoided by the Act. Indemnity of officers.

SECRECY

172. No Member shall be entitled to require the Company to disclose any information relating to any trade, business, product or process which is secret in nature which may relate to the conduct of the business of the Secrecy in the best interest of the Members.

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

Company and which the Directors determine to be inexpedient and inadvisable to communicate in the best interest of the Members save as may be authorised by law or required by the listing rules of the Exchange.

PERSONAL DATA

- 173(1). Any natural person, by subscribing for or acquiring (whether from the Company or any third party) any shares, debentures or other securities, rights, options or other interests in or relating to the Company, becoming a Director or other officer of the Company, accepting appointment and/or acting as proxy, attorney or corporate representative of any Member, or participating in any corporate action relating to the Company, consents to the collection, use and disclosure of his personal data by the Company, its agents or service providers (whether such personal data has been provided directly by him or collected through a third party), from time to time for any of the following purposes:-
- Consent relating to personal data.
- (a) facilitating appointment as a Director or other officer or corporate representative of the Company;
 - (b) implementation and administrative of any corporate action by the Company (or its agents or service providers);
 - (c) internal analysis and/or market research by the Company (or its agents or service providers);
 - (d) investor relations communications by the Company (or its agents or service providers);
 - (e) administration of the Company (including but not limited to the maintenance of statutory registers, payment of remuneration of Directors and other officers of the Company, and administration of holdings of shares, debentures or other securities of the Company), by the Company or its agents or service providers;
 - (f) implementation and administration or any service provided by the Company (or its agents or service providers) to the Members or holders of shares, debentures other securities of the Company, to receive notices of meeting, annual reports, circulars and letters, and other communications to Members or holders of other securities, and/or for proxy appointment, whether by electronic means or otherwise;
 - (g) processing, administration and analysis by the Company (or its agents or service providers) of attorneys, proxies and representatives appointed for any general meeting (including any adjournment thereof), and the preparation and compilation of the attendance lists, notes of meeting, minutes of meeting and other documents relating to any general meeting (including any adjournment thereof), including but not limited to making the same available to the Members or on the Company's website or in any other media;
 - (h) implementation and administration of, and compliance with, any provision of this Constitution;
 - (i) compliance with any applicable laws and regulations, listing rules (including but not limited to any relating to the disclosure of material information or prescribed information), take-over rules,

APPENDIX I: PROPOSED AMENDMENTS TO EXISTING CONSTITUTION

codes and/or guidelines, and provision of assistance and information in connection with regulatory inquiries and investigations by relevant authorities;

(j) any other purposes specified in the Company's prevailing privacy or data protection policies; and

(k) any purposes which are reasonably related to any of the above purposes.

173(2). Without prejudice to Regulation 173(1), where any Member or any other person or entity provides any personal data relating to any proxy, attorney, corporate representative or other third party for any general meeting or any adjournment thereof or in connection with any of the matters referred to in Regulation 173(1), such Member warrants to the Company that he has obtained the prior consent of that proxy, attorney, corporate representative or other third party for the collection, use and disclosure of the personal data for any and all purposes set out in Regulation 173(1), and is deemed to have agreed to indemnify the Company in respect of any claims, actions, proceedings, losses, damages, liabilities, penalties, costs and expenses brought against the Company or suffered or incurred by the Company as a result of such Member's breach of warranty.

AMENDMENTS

174. No deletion, amendment, addition or other modification shall be made to this Constitution without the prior written approval of the Exchange.

Exchange approval.

NOTICE OF EXTRAORDINARY GENERAL MEETING

TSH CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200003865N)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of **TSH CORPORATION LIMITED** (the “**Company**”) will be held at 1 Irving Place #08-10, The Commerze @ Irving, Singapore 369546 on 25 January 2019 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTIONS

RESOLUTION 1: PROPOSED ACQUISITION

That contingent upon passing of Resolutions 2, 3, 4 and 5 in this Notice:

- (a) approval be and is hereby given to the Company for the acquisition by the Company of the entire issued share capital of Sloshed! Pte. Ltd. (“**Proposed Acquisition**”) from Teo Kok Woon, Chua Khoon Hui and Lim Kian Boon Charles at a consideration of S\$19,400,000 (“**Purchase Consideration**”) and on the terms and subject to the conditions set out in the sale and purchase agreement dated 31 August 2018 entered into between the Company and the Vendors; and
- (b) the directors of the Company (“**Directors**”) and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Resolution.

RESOLUTION 2: PROPOSED SHARE CONSOLIDATION

That contingent upon passing of Resolutions 1, 3, 4 and 5 in this Notice:

- (a) approval be and is hereby given for every twenty (20) existing ordinary shares in the capital of the Company to be consolidated into one (1) ordinary share in the capital of the Company (“**Consolidated Share**”) with effect from a date to be fixed by the Directors (the “**Proposed Share Consolidation**”);
- (b) the Directors are hereby authorised to disregard any fraction of a Consolidated Share which may arise from the Proposed Share Consolidation pursuant to paragraph (a) above, and all fractions of Consolidated Shares to which holders of the existing shares would otherwise be entitled to, be aggregated and dealt with in such manner (including the cancellation thereof) as the Directors may, in their absolute discretion, deem fit in the interest of the Company; and
- (c) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Resolution.

NOTICE OF EXTRAORDINARY GENERAL MEETING

RESOLUTION 3: PROPOSED ALLOTMENT AND ISSUE OF CONSIDERATION SHARES

That contingent upon passing of Resolutions 1, 2, 4 and 5 in this Notice and pursuant to section 161 of the Companies Act (Chapter 50) ("**Companies Act**"):

- (a) the Directors be hereby authorised to allot and issue 32,333,333 new ordinary shares in the capital of the Company ("**Consideration Shares**") at an issue price of S\$0.60 for each share in satisfaction of the Purchase Consideration for the Proposed Acquisition; and
- (b) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Resolution.

RESOLUTION 4: PROPOSED WHITEWASH RESOLUTION

That contingent upon passing of Resolutions 1, 2, 3 and 5 in this Notice, the shareholders of the Company other than Teo Kok Woon, Chua Khoon Hui, parties acting in concert with them, as well as parties not independent of them or the Proposed Acquisition, hereby resolve, on a poll, unconditionally and irrevocably to waive their rights to receive a mandatory general offer in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers from Teo Kok Woon and Chua Khoon Hui for all the shares in the capital of the Company in issue not already owned, controlled or agreed to be acquired by Teo Kok Woon, Chua Khoon Hui and their concert parties as a result of the allotment and issue of the Consideration Shares to Teo Kok Woon and Chua Khoon Hui pursuant to the Proposed Acquisition.

RESOLUTION 5: PROPOSED APPOINTMENT OF CHUA KHOON HUI AS DIRECTOR

That contingent upon completion of the Proposed Acquisition ("**Completion**") and the passing of Resolutions 1, 2, 3 and 4 in this Notice, Chua Khoon Hui be and is hereby appointed as a Director of the Company with effect from Completion.

SPECIAL RESOLUTION

RESOLUTION 6: PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY

That:

- (a) the regulations of the Company contained in the new constitution as set out in Appendix H of the circular to shareholders of the Company dated 31 December 2018 be approved and adopted as the constitution of the Company in substitution for, and to the exclusion of, the existing constitution, comprising the memorandum and articles of association, of the Company; and
- (b) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Resolution.

By Order of the Board

Dr Yu Lai Boon
Non-Executive Chairman and Independent Director
Singapore, 31 December 2018

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:-

- (i) Unless otherwise permitted under the Companies Act, Chapter 50 (the "**Companies Act**"), member of the Company entitled to attend and vote at the EGM may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (ii) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. If the proportion is not specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding of that member and the second named proxy shall be deemed to be an alternate of the first named proxy.
- (iii) A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.
- (iv) If the member is a corporation, the instrument appointing the proxy must be under its common seal or signed by its duly authorised officer or attorney.
- (v) The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 51 Changi Business Park Central 2, #04-05 The Signature, Singapore 486066 not less than 48 hours before the time appointed for holding the EGM.

Personal data privacy:-

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Company's Sponsor has not independently verified the contents of this notice.*

This notice has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Mr. Bernard Lim, Director, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65)6232 3200.

PROXY FORM

TSH CORPORATION LIMITED

Incorporated in the Republic of Singapore
(Company Registration No.: 200003865N)

IMPORTANT:

1. For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

PROXY FORM

I/We _____ (Name) _____ (NRIC/Passport/Registration No.)
of _____ (Address)

being a *member/members of TSH CORPORATION LIMITED (the “**Company**”) hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Meeting, as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf, at the EGM of the Company to be held at 1 Irving Place #08-10, The Commerze @ Irving, Singapore 369546 on 25 January 2019 at 3.00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the EGM and at any adjournment thereof.

No.		For	Against
ORDINARY RESOLUTIONS			
1.	To approve the Proposed Acquisition		
2.	To approve the Proposed Share Consolidation		
3.	To approve the proposed allotment and issue of Consideration Shares		
4.	To approve the Proposed Whitewash Resolution		
5.	To approve the proposed appointment of Chua Khoo Hui as Director		
SPECIAL RESOLUTION			
6.	To approve the Proposed Adoption of the New Constitution		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolution as set out in the Notice of the Meeting.)

*Delete where applicable.

Signed this _____ day of _____ 2018/2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



PROXY FORM

Notes:-

1. Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), a member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If the proportion is not specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding of that member and the second named proxy shall be deemed to be an alternate of the first named proxy.
3. A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.
5. This proxy form duly executed must be deposited at the registered office of the Company at 51 Changi Business Park Central 2, #04-05 The Signature, Singapore 486066 not less than 48 hours before the time set for the EGM.
6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.
8. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
9. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 31 December 2018.