

CIRCULAR DATED 8 JULY 2015

THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF CIMB BANK BERHAD, SINGAPORE BRANCH TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

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

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

If you have sold or transferred all your ordinary shares in the capital of Action Asia Limited (the “Shares”) held through The Central Depository (Pte) Limited (“CDP”), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying proxy form to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

This Circular, the Exit Offer Letter and the Acceptance Forms (all as defined herein) shall not be construed as, and may not be used for the purpose of, and does not constitute a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstance in which such a notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.



ACTION ASIA LIMITED

(Incorporated in Singapore)
(Company Registration No. 200206715M)

CIRCULAR TO SHAREHOLDERS

in relation to the

PROPOSED VOLUNTARY DELISTING OF ACTION ASIA LIMITED PURSUANT TO RULES 1307 AND 1309 OF THE SGX-ST LISTING MANUAL

Independent Financial Adviser to the Independent Directors of Action Asia Limited



CIMB Bank Berhad (13491-P)
Singapore Branch
(Incorporated in Malaysia)

IMPORTANT DATES, TIMES AND VENUE:

Last date and time for lodgement of proxy form : 29 July 2015 at 10.30 a.m.
Date and time of Extraordinary General Meeting : 31 July 2015 at 10.30 a.m.
Venue of Extraordinary General Meeting : Ballroom 3 & 4, Level 2,
Sheraton Towers Singapore,
39 Scotts Road,
Singapore 228230

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CORPORATE INFORMATION

Board of Directors	: Li Yuan Chen @ Jack Li (Non-Executive Chairman) Peng Wen-Chih (彭文志) (Managing Director) Dato' Peng Chiun-Ping (彭君平) (Executive Director) Chao Teng-Pang (趙登榜) (Non-Executive Director) Dato' Lai Pin Yong (Independent Director) Tang Edmund Koon Kay (Independent Director)
Company Secretary	: Juliana Loh Joo Hui
Registered Office	: 3 Anson Road #27-01 Springleaf Tower Singapore 079909
Share Registrar and Transfer Office	: Intertrust Singapore Corporate Services Pte Ltd 3 Anson Road #27-01 Springleaf Tower Singapore 079909
Independent Financial Adviser to the Independent Directors in respect of the Exit Offer	: CIMB Bank Berhad Singapore Branch 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623
Legal Adviser to the Company in respect of the Exit Offer	: Morgan Lewis Stamford LLC 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315
Auditors of the Company	: PricewaterhouseCoopers LLP 8 Cross Street #17-00 PWC Building Singapore 048424

DEFINITIONS

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

“1Q2015”	:	The three-month period ended 31 March 2015
“Acceptance Forms”	:	FAA and/or FAT, as the case may be
“Action Electronics”	:	Action Electronics Co., Ltd. (億聲電子股份有限公司), the parent Company of the Offeror
“Action Electronics Group”	:	Action Electronics and its subsidiaries
“AE Undertaking”	:	The irrevocable undertaking dated 26 February 2015 provided by Action Electronics to the Offeror
“Articles”	:	The articles of association of the Company
“Auditors”	:	PricewaterhouseCoopers LLP
“AVA Valuation Report”	:	The valuation report dated 28 May 2015 from AVA Associates Limited, the independent property valuer
“CDP”	:	The Central Depository (Pte) Limited
“China Real Estate Appraiser Firm Valuation Report”	:	The valuation report dated 28 May 2015 from China Real Estate Appraiser Firm Valuation Report, the independent property valuer
“Circular”	:	This circular to Shareholders issued by the Company in relation to the proposed voluntary delisting of the Company pursuant to Rules 1307 and 1309 of the Listing Manual
“Closing Date”	:	5.30 p.m. (Singapore time) on 14 August 2015 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Exit Offer
“Code”	:	The Singapore Code on Take-overs and Mergers as amended, supplemented or modified from time to time
“Common Directors”	:	The Directors who are also directors of Action Electronics and/or the Offeror, being Peng Wen-Chih (彭文志), Dato’ Peng Chiun-Ping (彭君平) and Chao Teng-Pang (趙登榜)
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore as amended, supplemented or modified from time to time
“Company”	:	Action Asia Limited
“Controlling Shareholders”	:	Shareholders who: (a) hold directly or indirectly 15% or more of the total number of the issued Shares; or (b) in fact exercise control over the Company
“CPF”	:	Central Provident Fund

DEFINITIONS

“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“Delisting”	:	The proposed voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual
“Delisting Proposal”	:	The proposal dated 27 February 2015 presented by the Offeror to the Board to seek the Delisting
“Delisting Resolution”	:	The resolution to be proposed at the EGM to approve the Delisting
“Delisting Resolution Approval Condition”	:	The approval of the Delisting Resolution by a majority of at least 75 per cent. (75%) of the total number of issued Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, and the Delisting Resolution not being voted against by 10 per cent. (10%) or more of the total number of issued Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM
“Despatch Date”	:	8 July 2015, being the date of despatch of the Exit Offer Letter and this Circular
“Directors” or “Board”	:	The directors of the Company (including the Independent Directors) as at the Latest Practicable Date
“Directors’ Undertakings”	:	The irrevocable undertakings dated 26 February 2015 provided by each of Peng Wen-Chih (彭文志), Dato’ Peng Chiun-Ping (彭君平) and Dato’ Lai Pin Yong to the Offeror, as supplemented by their respective supplemental deeds of undertaking dated 8 May 2015
“Dissenting Shareholders”	:	Shareholders who have not accepted the Exit Offer after the Closing Date
“Distributions”	:	Any dividends, rights and other distributions declared, paid or made by the Company in respect of the Shares
“EGM”	:	The extraordinary general meeting to be convened by the Company on 31 July 2015 to seek the approval of the Shareholders for the Delisting, notice of which is given on pages N-1 to N-2 of this Circular
“Encumbrances”	:	All claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and any other third party rights and interests of any nature whatsoever
“Exit Offer”	:	The cash offer made by SAC Capital, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Forms

DEFINITIONS

“Exit Offer Letter”	:	The letter dated 8 July 2015 by SAC Capital, for and on behalf of the Offeror, to Shareholders in relation to the Exit Offer, as may be amended, revised, supplemented or updated from time to time
“Exit Offer Period”	:	The period commencing on the Joint Announcement Date until the date the Exit Offer is declared to have closed or lapsed
“Exit Offer Price”	:	S\$0.19 in cash for each Offer Share
“Exit Offer Settlement Date”	:	The settlement date in respect of the Offer Shares tendered in acceptance by Shareholders pursuant to the Exit Offer
“FAA”	:	Form of Acceptance and Authorisation in respect of the Exit Offer, which forms part of the Exit Offer Letter and which is issued to Shareholders whose Offer Shares are deposited with CDP
“FAT”	:	Form of Acceptance and Transfer in respect of the Exit Offer, which forms part of the Exit Offer Letter and which is issued to Shareholders whose Offer Shares are not deposited with CDP
“FY”	:	Financial year ended 31 December
“Group”	:	The Company, its subsidiaries and associated companies
“IFA”	:	CIMB Bank Berhad, Singapore Branch, the independent financial adviser to the Independent Directors in respect of the Exit Offer
“IFA Letter”	:	The letter from CIMB Bank Berhad, Singapore Branch setting out its advice to the Independent Directors as set out in Appendix I to this Circular
“Independent Directors”	:	Dato’ Lai Pin Yong, Tang Edmund Koon Kay and Li Yuan Chen @ Jack Li, the Directors who are considered independent for the purposes of the Exit Offer
“Irrevocable Undertakings”	:	The Directors’ Undertakings and the AE Undertaking
“Joint Announcement”	:	The joint announcement dated 27 February 2015 released by the Offeror and the Company, in connection with the Delisting and the Exit Offer
“Joint Announcement Date”	:	27 February 2015, being the date on which the Joint Announcement was made
“Last Market Day”	:	Last transacted price of the Shares on the SGX-ST on 26 February 2015, being the last Market Day on which the Shares were traded on the SGX-ST prior to the Joint Announcement Date
“Latest Practicable Date”	:	1 July 2015, being the latest practicable date prior to the printing of this Circular

DEFINITIONS

“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time up to the Latest Practicable Date
“Long-Stop Date”	:	27 August 2015
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Memorandum”	:	The memorandum of association of the Company
“NTA”	:	Net tangible assets
“Offer Shares”	:	All the Shares to which the Exit Offer relates, as more particularly described in Section 1 of this Circular
“Offeror”	:	Almond Garden Corp., a wholly-owned subsidiary of Action Electronics
“Overseas Shareholders”	:	Shareholders whose addresses are outside Singapore, as shown in the Register of Members of the Company or in the records of CDP (as the case may be)
“Record Date”	:	In relation to any Distribution, the date on which Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such Distribution
“Register”	:	The register of holders of the Shares, as maintained by the Share Registrar
“Revalued Assets”	:	The market value of all the land and buildings of the Group
“RNAV”	:	Revalued Net Asset Value
“SAC Capital”	:	SAC Capital Private Limited, the financial adviser to the Offeror in connection with the Exit Offer
“SGX Approval”	:	Approval from the SGX-ST in relation to the delisting of the Company from the Official List of the SGX-ST
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGXNET”	:	A broadcast network utilised by companies listed on the SGX-ST for the purposes of sending information (including announcements) to the SGX-ST (or any other broadcast or system networks prescribed by the SGX-ST)
“Share Registrar”	:	Intertrust Singapore Corporate Services Pte Ltd, the share registrar and transfer agent of the Company
“Shareholders”	:	Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company

DEFINITIONS

“SIC”	:	The Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person (including a corporation) who has an interest in not less than five per cent. (5%) of the issued voting Shares of the Company
“Undertaking Shareholders”	:	Action Electronics, Peng Wen-Chih (彭文志), Dato’ Peng Chiun-Ping (彭君平) and Dato’ Lai Pin Yong
“VWAP”	:	Volume weighted average price of the Shares on the SGX-ST
“%” or “per cent.”	:	Percentage or per centum

Currency

“NT\$” and “cents”	:	Taiwan dollars and cents respectively, being the lawful currency of Taiwan
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore

The term “**acting in concert**” shall have the meaning ascribed to it in the Code, and references to “**concert parties**” shall be construed accordingly.

The term “**associated company**” shall have the meaning ascribed to it in the Listing Manual.

Depositors, etc. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meaning ascribed to them respectively in Section 130A of the Companies Act.

Exit Offer Letter. References to “**Exit Offer Letter**” shall include the Acceptance Forms, unless the context otherwise requires.

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

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

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

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to Shareholders.

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

Subsidiary and Related Corporation. References to “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

DEFINITIONS

Time and Date. Any reference to a time of the day and date in this Circular shall be a reference to Singapore time and date, respectively, unless otherwise stated.

Total number of issued Shares. References in this Circular to the total number of issued Shares are based on 398,035,000 Shares in issue as at the Latest Practicable Date (excluding 1,965,000 treasury Shares) (based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore on such date), unless otherwise stated.

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “if”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

INDICATIVE TIMETABLE

Last date and time for lodgement of proxy form for the EGM	:	29 July 2015 at 10.30 a.m.
Date and time of the EGM	:	31 July 2015 at 10.30 a.m.
Expected date and time of trading suspension of the Shares by the SGX-ST	:	To be announced by or on behalf of the Company
Expected Closing Date and time	:	14 August 2015 at 5.30 p.m. or such other date(s) as may be announced from time to time by or on behalf of the Offeror
Expected Date for the Delisting	:	18 August 2015 or such other date(s) as may be announced from time to time by the Company
Expected Date for the payment of the Exit Offer Price, in respect of valid acceptances of the Exit Offer	:	Within 10 days: (a) after the Delisting Resolution has been passed at the EGM (where valid acceptances of the Exit Offer are tendered on or prior to the date of the Delisting Reduction being passed at the EGM); or (b) after the date of receipt of valid acceptances of the Exit Offer (where such acceptances are tendered after the Delisting Resolution has been passed at the EGM but before the close of the Exit Offer)

Shareholders should note that, save for the last date and time for lodgement of proxy forms for the EGM, the date and time of the EGM, the above timetable is indicative only and may be subject to change. For events listed above which are described as “expected”, please refer to future announcement(s) by or on behalf of the Company and/or the Offeror via SGXNET for the exact dates and times of such events.

PLEASE NOTE THAT THE EXIT OFFER IS CONDITIONAL UPON THE DELISTING RESOLUTION BEING PASSED AT THE EGM. PURSUANT TO RULE 1307 OF THE LISTING MANUAL, THE DELISTING RESOLUTION IS CONSIDERED PASSED IF IT IS APPROVED BY A MAJORITY OF AT LEAST 75 PER CENT. (75%) OF THE TOTAL NUMBER OF SHARES (EXCLUDING TREASURY SHARES) HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY AT THE EGM, AND IF THE DELISTING RESOLUTION HAS NOT BEEN VOTED AGAINST BY 10 PER CENT. (10%) OR MORE OF THE TOTAL NUMBER OF SHARES (EXCLUDING TREASURY SHARES) HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY, AT THE EGM. IF THIS CONDITION IS NOT SATISFIED AT THE EGM TO BE CONVENED, THE DELISTING WILL NOT PROCEED, AND THE COMPANY WILL REMAIN LISTED ON THE SGX-ST AND THE EXIT OFFER WILL LAPSE.

PLEASE ALSO NOTE THAT APPROVING THE DELISTING RESOLUTION AT THE EGM DOES NOT AUTOMATICALLY MEAN THAT YOU HAVE ACCEPTED THE EXIT OFFER. PLEASE REFER TO THE ACCEPTANCE PROCEDURES SET OUT IN APPENDIX 1 TO THE EXIT OFFER LETTER IF YOU WISH TO ACCEPT THE EXIT OFFER.

LETTER TO SHAREHOLDERS

ACTION ASIA LIMITED

(Incorporated in Singapore)
(Company Registration No. 200206715M)

Board of Directors:

Li Yuan Chen @ Jack Li (*Non-Executive Chairman*)
Peng Wen-Chih (彭文志) (*Managing Director*)
Dato' Peng Chiun-Ping (彭君平) (*Executive Director*)
Chao Teng-Pang (趙登榜) (*Non-Executive Director*)
Dato' Lai Pin Yong (*Independent Director*)
Tang Edmund Koon Kay (*Independent Director*)

Registered Office:

3 Anson Road
#27-01
Springleaf Tower
Singapore 079909

8 July 2015

To: The Shareholders of the Company

Dear Sir / Madam

PROPOSED VOLUNTARY DELISTING OF ACTION ASIA LIMITED PURSUANT TO RULES 1307 AND 1309 OF THE LISTING MANUAL

1. INTRODUCTION

On 27 February 2015, the Company and Almond Garden Corp. (the "**Offeror**"), a wholly-owned subsidiary of Action Electronics, jointly announced that the Offeror had presented the Delisting Proposal to the Company to seek the voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

Under the terms of the Delisting Proposal, for and on behalf of the Offeror, SAC Capital will make an exit offer to acquire all the Shares (excluding treasury shares), other than those Shares already owned, controlled or agreed to be acquired by the Offeror and Action Electronics ("**Offer Shares**").

The Directors, having considered the Delisting Proposal, have resolved to convene the EGM to seek the approval of the Shareholders for the Delisting and to make an application to the SGX-ST for approval of the Delisting.

The purpose of this Circular is to provide Shareholders with information relating to the Delisting Proposal and the Exit Offer, and to seek Shareholders' approval at the EGM for the Delisting Resolution to be passed.

Electronic copies of the Exit Offer Letter and this Circular are also available on the website of the SGX-ST at www.sgx.com.

2. THE DELISTING PROPOSAL

Under the terms of the Delisting Proposal, the Offeror is making the Exit Offer to acquire the Offer Shares. The Delisting and making of the Exit Offer are conditional on (a) the SGX-ST agreeing to the application by the Company to delist from the Official List of the SGX-ST; and (b) the Delisting Resolution being passed at the EGM. Pursuant to Rule 1307 of the Listing Manual, the Delisting Resolution is considered passed if it is approved by a majority of at least 75 per cent. (75%) of the total number of Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, and if the Delisting Resolution has not been voted against by 10 per cent. (10%) or more of the total number of Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy, at the EGM. The Delisting Resolution, if passed by Shareholders at the EGM, will result in the delisting of the Company from the Official List of the SGX-ST.

LETTER TO SHAREHOLDERS

2.1 Rules 1307 and 1309 of the Listing Manual

Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the Official List of the SGX-ST if:

- (a) the Company convenes an EGM to obtain Shareholders' approval of the Delisting Resolution;
- (b) the Delisting Resolution is approved by a majority of at least 75 per cent. (75%) of the total number of issued Shares (excluding treasury shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (Directors and Controlling Shareholders are not required to abstain from voting on the Delisting Resolution); and
- (c) the Delisting Resolution is not voted against by ten per cent. (10%) or more of the total number of issued Shares (excluding treasury shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

In addition, Rule 1309 of the Listing Manual requires that if the Company is seeking to delist from the Official List of the SGX-ST:

- (i) a reasonable exit alternative, which should normally be in cash, should be offered to the Shareholders and holders of any other classes of listed securities to be delisted; and
- (ii) the Company should normally appoint an independent financial adviser to advise on the Exit Offer.

2.2 Application to the Securities Industry Council

As stated in the Exit Offer Letter, an application was made by the Offeror to the SIC to seek clarification regarding the extent to which the provisions of the Code applied to the Exit Offer. Please refer to Section 10 of the Exit Offer Letter for the rulings of the SIC.

3. THE EXIT OFFER

As stated in the Exit Offer Letter, for and on behalf of the Offeror, SAC Capital will make the Exit Offer to acquire all the Offer Shares, on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Form(s), subject to the Delisting Resolution being passed at the EGM.

3.1 Terms of the Exit Offer

As stated in the Exit Offer Letter, the Offeror will make the Exit Offer for the Offer Shares on the following basis:

For each Offer Share: S\$0.19 in cash ("Exit Offer Price")

The Offeror does not intend to revise the Exit Offer Price.

The Exit Offer Price shall be applicable to any number of Offer Shares which are tendered in acceptance of the Exit Offer. Each Shareholder who accepts the Exit Offer will receive S\$190 for every 1,000 Offer Shares tendered in acceptance of the Exit Offer.

As stated in the Exit Offer Letter, the Offer Shares will be acquired (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any), the Record Date for which falls on or after the Joint Announcement Date.

LETTER TO SHAREHOLDERS

Without prejudice to the generality of the foregoing, the Exit Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distributions, the Record Date for which falls on or after the Joint Announcement Date. In the event of any such Distribution, the Exit Offer Price payable to a Shareholder who validly accepts or has validly accepted the Exit Offer shall be reduced by an amount which is equal to the amount of such Distribution as follows, depending on when the Exit Offer Settlement Date falls:

- (a) if the Exit Offer Settlement Date falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholders the unadjusted Exit Offer Price of S\$0.19 in cash for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; and
- (b) if the Exit Offer Settlement Date falls after the Record Date, the Exit Offer Price payable for each Offer Share tendered in acceptance shall be reduced by an amount which is equal to the Distribution in respect of such Offer Share, as the Offeror will not receive such Distribution from the Company.

3.2 Conditions

As stated in the Exit Offer Letter, the Delisting and the making of the Exit Offer will be conditional upon:

- (a) the approval of the Delisting Resolution by a majority of at least 75 per cent. (75%) of the total number of issued Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, and the Delisting Resolution not being voted against by 10 per cent. (10%) or more of the total number of issued Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM (collectively, the “**Delisting Resolution Approval Condition**”); and
- (b) confirmation by the SGX-ST that it has no objection to the Delisting, subject to the satisfaction of the Delisting Resolution Approval Condition.

By way of letters issued on 30 June 2015 and 1 July 2015, the SGX-ST informed the Company that it has no objection to the Delisting, subject to compliance with Rule 1307 and Rule 1309 of the Listing Manual (the “**SGX Approval**”). However, the SGX Approval is not to be taken as an indication of the merits of the Delisting.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it hold in aggregate 298,952,580 Shares¹, representing approximately 75.11% of the total number of issued Shares².

As at the Latest Practicable Date, the Offeror intends to vote all of the 29,042,000 Shares held by it (representing approximately 7.30% of the total number of issued Shares) in favour of the Delisting Resolution at the EGM. Further, as at the Latest Practicable Date, the Offeror has also obtained:

- (i) the AE Undertaking from Action Electronics, which owns or controls an aggregate of 244,937,310 Shares (representing approximately 61.54% of the total number of issued Shares), whereby it has undertaken, *inter alia*, to vote all of its Shares in favour of the Delisting Resolution at the EGM; and

1 These comprise 29,042,000 Shares directly held by the Offeror, 244,937,310 Shares directly held by Action Electronics, 13,500,000 Shares directly held by Peng Wen-Chih (彭文志), 9,000,730 Shares directly held by Dato' Peng Chiun-Ping (彭君平) and 2,472,540 Shares directly held by Lai Wen Hsin (賴文鑫) (being the corporate representative of Far Year Invest Limited (華憶投資有限公司), a company wholly-owned by Lai Wen Hsin (賴文鑫) and his associates, on the board of directors of Action Electronics), as at the Latest Practicable Date.

2 Unless otherwise stated, references in this Exit Offer Letter to the total number of issued Shares are based on 398,035,000 Shares (excluding 1,965,000 shares in treasury), based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

- (ii) the Directors' Undertakings from Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Dato' Lai Pin Yong, who collectively own or control an aggregate of 46,439,640 Shares (representing approximately 11.67% of the total number of issued Shares), that they will, *inter alia*, vote all of their respective Shares in favour of the Delisting Resolution at the EGM.

Accordingly, as at the Latest Practicable Date, an aggregate of 320,418,950 Shares, representing approximately 80.50% of the total number of issued Shares, will be voted in favour of the Delisting Resolution at the EGM.

Shareholders are to note that the Delisting and the Exit Offer will be conditional upon the Delisting Resolution being passed at the EGM. If the Delisting Resolution Approval Condition is not fulfilled, the Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

Shareholders should also note that if the Delisting Resolution is approved in accordance with the requirements of the Listing Manual, the Company will be delisted. Following the Delisting, Shareholders who do not accept the Exit Offer will continue to hold shares in the Company, which will then be an unlisted company. Please refer to Section 10.1 of this Circular for the implications of Delisting for Shareholders.

Approving the Delisting Resolution at the EGM does NOT automatically mean that you have accepted the Exit Offer. Please refer to Section 18 of this Circular entitled "Action to be taken by Shareholders" and Appendix 1 to the Exit Offer Letter entitled "Procedures for Acceptance and Settlement of the Exit Offer" for further details on the actions to take if you wish to accept the Exit Offer.

3.3 Warranty

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

3.4 Duration

As stated in the Exit Offer Letter, Shareholders may choose to accept the Exit Offer from the date of despatch of the Exit Offer Letter before the EGM. However, such acceptances would be conditional on the Delisting Resolution being approved at the EGM. If the Delisting Resolution is not approved at the EGM, the condition to the Delisting and the Exit Offer will not be satisfied and the Exit Offer will lapse, and both the Shareholders and the Offeror will cease to be bound by any prior acceptance of the Exit Offer by any Shareholder.

If the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will remain open for acceptance by the Shareholders for a period of at least 14 days after the date of announcement of the Shareholders' approval of the Delisting. Accordingly, the Exit Offer will close at **5.30 p.m. (Singapore time) on 14 August 2015** or such later date(s) as may be announced from time to time by or on behalf of the Offeror (the "Closing Date").

If the Exit Offer is extended, an announcement will be made of such extension and the Exit Offer will remain open for acceptance for such period as may be announced.

If the Delisting Resolution Approval Condition is not satisfied within six (6) months from 27 February 2015 (the "Long-Stop Date"), the Delisting shall not take place and the Exit Offer will lapse (unless the Long-Stop Date is further extended by the Offeror and such extension is approved by the SIC).

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4. IRREVOCABLE UNDERTAKINGS

4.1 AE Undertaking

(a) Principal terms of the AE Undertaking

The Offeror has obtained an irrevocable undertaking from Action Electronics, the parent company of the Offeror, which holds 244,937,310 Shares, representing approximately 61.54% of the total number of issued Shares as at the Latest Practicable Date, *inter alia*, that:

- (i) it shall exercise or procure the exercise of the voting rights attached to its Shares to **vote in favour** of the Delisting Resolution pursuant to Rules 1307 and 1309 of the Listing Manual and all matters ancillary thereto at the EGM to be convened to obtain the approval of Shareholders for the same; and
- (ii) it shall **not** tender, or procure the tendering of any of its Shares in acceptance of the Exit Offer.

(b) Duration of the AE Undertaking

The AE Undertaking shall terminate and cease to have any effect at the earlier of:

- (i) approval by Shareholders for the Delisting not having been obtained within 6 months from the Joint Announcement Date; or
- (ii) the Exit Offer having been withdrawn, lapsed or closed, or failed to become or be declared unconditional in all respects for any reason (other than as a result of breach by Action Electronics of its obligations under the AE Undertaking), provided that such termination and cessation shall be subject to the prior written confirmation of the Offeror and SAC Capital.

4.2 Directors' Undertakings

As at the Joint Announcement Date, the Offeror has obtained irrevocable undertakings from each of Peng Wen-Chih (彭文志)³, Dato' Peng Chiun-Ping (彭君平)⁴ and Dato' Lai Pin Yong⁵, who collectively own or control an aggregate of 46,439,640 Shares, representing approximately 11.67% of the total number of issued Shares as at the Latest Practicable Date.

(a) Principal terms of the Directors' Undertakings

Each of Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Dato' Lai Pin Yong has provided an irrevocable undertaking to the Offeror that, *inter alia*:

- (i) he shall exercise or procure the exercise of the voting rights attached to his Shares to **vote in favour** of the Delisting Resolution pursuant to Rules 1307 and 1309 of the Listing Manual and all matters ancillary thereto at the EGM to be convened to obtain the approval of Shareholders for the same; and

3 Peng Wen-Chih (彭文志) is a director of Action Electronics and the Managing Director of the Company. As at the Latest Practicable Date, he directly owns 1,796,707 shares in Action Electronics, representing approximately 0.65% of the total number of issued shares of Action Electronics (excluding treasury shares).

4 Dato' Peng Chiun-Ping (彭君平) is a director of Action Electronics and the Offeror, and the Executive Director of the Company. As at the Latest Practicable Date, he directly owns 20,184,303 shares in Action Electronics, representing approximately 7.28% of the total number of issued shares of Action Electronics (excluding treasury shares).

5 Dato' Lai Pin Yong is an Independent Director of the Company.

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- (ii) he shall tender, or procure the tendering of all (and not some only) of his Shares in full acceptance of the Exit Offer at the Exit Offer Price, within 5 business days after the commencement of the Exit Offer (and in any event not later than the Closing Date).
- (b) Duration of the Directors' Undertakings
- The Directors' Undertakings shall terminate and cease to have any effect at the earlier of:
- (i) approval by Shareholders for the Delisting not having been obtained within (6) months from the Joint Announcement Date; or
 - (ii) the Exit Offer having been withdrawn, lapsed or closed, or failed to become or be declared unconditional in all respects for any reason (other than as a result of breach by the relevant undertaking shareholder of his obligations under his irrevocable undertaking), provided that such termination and cessation shall be subject to the prior written confirmation of the Offeror and SAC Capital.

As mentioned in the announcement dated 8 May 2015 by SAC Capital, for and on behalf of the Offeror, pursuant to the Directors' Undertakings, each of Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Dato' Lai Pin Yong had on 8 May 2015 entered into a supplemental deed of undertaking with the Offeror, whereby each of them had agreed that any payment of cash consideration in respect of their Shares to be tendered in acceptance of the Exit Offer shall be deferred to a date as may be mutually agreed with the Offeror. Such payment will be made by the Offeror within 10 business days of the date of delisting of the Company from the Official List of the SGX-ST.

4.3 No other Irrevocable Undertakings

As stated in Section 11.4 of the Exit Offer Letter, based on the latest information available to the Offeror as at the Latest Practicable Date, save as disclosed in Sections 4.1 and 4.2 above, none of the Offeror and its concert parties has received any irrevocable undertaking from any party to accept or reject the Exit Offer.

5. INFORMATION ON THE OFFEROR AND ACTION ELECTRONICS

5.1 The Offeror

The Offeror is a company incorporated in the British Virgin Islands on 29 July 1994 and is a direct wholly-owned subsidiary of Action Electronics. Its principal activities are those of an investment holding company. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of US\$20,000,000 (equivalent to NT\$752,029,700 as at 31 March 2015 converted at historical exchange rates) comprising 20,000,000 issued ordinary shares with a par value of US\$1.00 each.

As at the Latest Practicable Date, the directors of the Offeror are Dato' Peng Chiun-Ping (彭君平), Chao Teng-Pang (趙登榜) and Peng Ting-Yu (彭亭玉). Dato' Peng Chiun-Ping (彭君平) and Chao Teng-Pang (趙登榜) are also Directors of the Company.

As at the Latest Practicable Date, the Offeror owns an aggregate of 29,042,000 Shares, representing approximately 7.30% of the total number of issued Shares.

Save for the above, the Offeror does not have any relationships with any of the Controlling Shareholders or Directors of the Company.

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5.2 Action Electronics

Action Electronics is a company incorporated in Taiwan, the Republic of China and is listed on the Taiwan Stock Exchange. The Action Electronics Group is primarily engaged in the manufacture and marketing of high resolution colour televisions, liquid crystal display televisions, video compact discs and mini televisions. The Action Electronics Group markets its products under the ACTION brand name and exports its products to Europe, America and Asia.

As at the Latest Practicable Date, Action Electronics has 277,157,496 issued shares (excluding 5,000,000 shares held in treasury)⁶ and a market capitalisation of approximately NT\$1,396.9 million (equivalent to approximately S\$61.3 million based on an exchange rate of S\$1 : NT\$22.8).

As at the Latest Practicable Date, the directors of Action Electronics are Dato' Peng Chiun-Ping (彭君平), Peng Wen-Chih (彭文志), Peng Ting-Yu (彭亭玉), Chao Teng-Pang (趙登榜), Da Bo Invest Limited corporate representative B.Z. Peng (大柏投資有限公司代表人彭柏彰), Far Year Invest Limited corporate representative Lai Wen Hsin (華憶投資有限公司代表人賴文鑫), Shuy Jin-Lu (徐金爐), Liu Chiu Chi (劉秋其), Tang Peng Chin (湯鵬縉), Soren S.J. Liao (廖述仁) and Su Long Te (蘇隆德). Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Chao Teng-Pang (趙登榜) are also Directors of the Company.

As at the Latest Practicable Date, Dato' Peng Chiun-Ping (彭君平) and his associates (as defined under the Listing Manual) hold a controlling interest of approximately 16.70% in Action Electronics (excluding treasury shares).

As at the Latest Practicable Date, Action Electronics owns an aggregate of 244,937,310 Shares, representing approximately 61.54% of the total number of issued Shares, and is also deemed interested in the Shares held by the Offeror in the Company. The Offeror and Action Electronics collectively own an aggregate of 273,979,310 Shares, representing 68.83% of the total number of issued Shares.

Please refer to Section 5 of the Exit Offer Letter and Appendices 2 and 3 to the Exit Offer Letter for additional information on the Offeror and Action Electronics respectively.

6. INFORMATION ON THE COMPANY

The Company is a company incorporated in Singapore on 2 August 2002 and is listed on the Mainboard of the SGX-ST. Its principal activities are those of an investment holding company. The Group is engaged in the design, manufacture and assembly of mobile audio and video electronic products for lifestyle entertainment and in-car-usage such as multi-functional digital video player, digital photo frame and digital mobile television. The Group's lifestyle entertainment multimedia products are used mainly in homes, hospitals and outdoors while its in-car entertainment multimedia products are installed mainly in automobiles and commercial vehicles.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 398,035,000 Shares (excluding 1,965,000 shares held in treasury) and a market capitalisation of approximately S\$75.2 million.

As at the Latest Practicable Date, the Directors are Li Yuan Chen @ Jack Li, Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平), Dato' Lai Pin Yong, Tang Edmund Koon Kay and Chao Teng-Pang (趙登榜). Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Chao Teng-Pang (趙登榜) are also directors of Action Electronics, the parent company of the Offeror. In addition, Dato' Peng Chiun-Ping (彭君平) and Chao Teng-Pang (趙登榜) are also directors of the

⁶ As at the Latest Practicable Date, the total number of issued shares of Action Electronics (including the 5,000,000 shares held in treasury) is 282,157,496 shares.

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Offeror. Accordingly, each of Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Chao Teng-Pang (趙登榜) is deemed to be acting in concert with the Offeror in relation to the Exit Offer.

Additional information on the Company and the Group is set out in Appendix II to this Circular.

7. RATIONALE FOR THE DELISTING AND THE EXIT OFFER

The rationale for the Delisting and the Exit Offer, as set out in Section 7 of the Exit Offer Letter, is reproduced below:

“7.1 No Need for Access to Capital Markets

Since its initial public offering in 2004, the Company has not carried out any fund-raising exercise on the SGX-ST. The Company is unlikely to require access to the Singapore capital markets in the foreseeable future to finance its operations and accordingly, it may not be necessary for the Company to remain listed on the SGX-ST.

7.2 Realisation of Investments for Cash at a Premium

The Exit Offer will present Shareholders with an opportunity to realise their entire shareholding for cash at an attractive premium of approximately 69.6% over the last transacted price per Share of S\$0.112 on 26 February 2015, being the Last Market Day on which the AAL Shares were traded on the SGX-ST prior to the Joint Announcement Date, and an attractive premium of approximately 68.1%, 66.7%, 65.2% and 54.5% over the VWAP of the AAL Shares for the one-month, three-month, six-month and 12-month periods, respectively, prior to and including the Last Market Day.

The AAL Shares have not traded at or above the Exit Offer Price in the three-year period preceding the Joint Announcement Date.

The Exit Offer provides Shareholders with an option to realise the value of their investments for cash at a significant premium over the historical traded prices of the AAL Shares which may not otherwise be readily available given the low trading volume of the AAL Shares prior to the Joint Announcement Date, without incurring brokerage or other trading costs.

7.3 Low Trading Volume of the AAL Shares

The historical trading volume of the AAL Shares has been generally low. The average daily trading volume of the AAL Shares for the one-month, three-month, six-month and 12-month periods prior to and including the Last Market Day are as follows:

<i>Period prior to and including the Last Market Day</i>	<i>Average Daily Trading Volume⁽¹⁾ ('000)</i>	<i>Approximate percentage of total number of AAL Shares⁽²⁾ (%)</i>
<i>Last one-month</i>	<i>79</i>	<i>0.02</i>
<i>Last three-months</i>	<i>39</i>	<i>0.01</i>
<i>Last six-months</i>	<i>25</i>	<i>0.01</i>
<i>Last 12 months</i>	<i>33</i>	<i>0.01</i>

Source: Bloomberg L.P.

Notes:

(1) *The average daily trading volume is computed based on the total trading volume of the AAL Shares (excluding off-market transactions) for days on which the SGX-ST is open for trading in securities (“Market Days”) for the relevant periods immediately prior to and including the Last Market Day, divided by the total number of Market Days during the respective periods.*

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(2) *Based on 398,035,000 issued AAL Shares (excluding treasury shares) in the capital of the Company as at the Joint Announcement Date.*

The Exit Offer will provide an exit opportunity, at a significant premium over the historical traded prices of the AAL Shares, for Shareholders who wish to realise their entire investment in the AAL Shares but find it difficult to do so as a result of the low trading volume of the AAL Shares.

7.4 Greater Management Flexibility

The Delisting will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the AAL Group and facilitating the implementation of any strategic initiatives and/or operational changes of the AAL Group to achieve greater efficiency and competitiveness without the attendant costs, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST.

7.5 Eliminate Compliance Costs of Maintaining Listing Status

The Company incurs compliance and associated costs in maintaining its listed status on the SGX-ST. The Delisting would allow the Company to realise cost savings by eliminating listing, compliance and other related expenses associated with ongoing compliance with the listing requirements under the Listing Manual, thereby enabling the Company to focus its resources on its business operations.”

8. THE OFFEROR’S INTENTIONS FOR THE COMPANY

The Offeror’s intentions for the Company, as set out in Section 8 of the Exit Offer Letter, is reproduced below:

“The Offeror currently has no intention to (a) propose any major changes to the existing businesses of the AAL Group; (b) re-deploy the fixed assets of the AAL Group; or (c) discontinue the employment of the existing employees of the AAL Group, other than in the ordinary course of business. Nonetheless, the Offeror retains the flexibility at any time to consider and evaluate options or opportunities in relation to the AAL Group which may present themselves, and which it may regard to be in the interests of the Offeror and/or the Company.

Following the close of the Exit Offer, the Offeror will undertake a comprehensive review of the businesses and fixed assets of the AAL Group. This review will assist the Offeror in determining the optimal business strategy for the AAL Group.”

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9. FINANCIAL ASPECTS OF THE EXIT OFFER

9.1 Benchmarking the Exit Offer Price

The Exit Offer Price represents the following premia over the historical traded prices of the Shares prior to the Joint Announcement Date:

Description	Share Price (S\$)	Premium over Share Price (%)
Last Market Day	0.112	69.6
VWAP for the one-month period up to and including the Last Market Day	0.113	68.1
VWAP for the three-month period up to and including the Last Market Day	0.114	66.7
VWAP for the six-month period up to and including the Last Market Day	0.115	65.2
VWAP for the 12 month period up to and including the Last Market Day ⁽¹⁾	0.123	54.5

Source: Bloomberg L.P.

Note:

(1) This excludes the acquisition of Shares by Action Electronics via off-market transactions.

9.2 Revalued NAV

In connection with the Exit Offer, the Group has commissioned independent valuations to determine the market value of all the land and buildings of the Group, a summary of which is set out in Section 7.4.1 of the IFA Letter (the “**Revalued Assets**”). Based on the AVA Valuation Report and China Real Estate Appraiser Firm Valuation Report, the open market value for the Revalued Assets is S\$85.04 million.

The table below, as reproduced from Section 7.4.1 of the IFA Letter, sets out the computation of the RNAV of the Group and the discount of the Exit Offer Price to the RNAV per Share based on the open market value of the Revalued Assets:

NAV of the Group as at 31 March 2015 (S\$'mil)	92.6
(Add): Gross revaluation surplus arising from the open market value of the Revalued Assets (S\$'mil)	19.8
(Less): Potential tax liabilities on sale ¹	(11.0)
Net: Revaluation surplus on Revalued Assets	8.8
RNAV of the Group as at 31 March 2015 (S\$'mil)	101.3
RNAV per Share as at 31 March 2015 (S\$)	0.255
Discount of Exit Offer Price to RNAV per Share (%)	(25.5)

Note:

(1) Based on the Company's management estimates in consultation with its tax advisers

Source: Group's unaudited consolidated financial statements as at 31 March 2015, Valuation Reports and CIMB analysis, Bloomberg L.P.

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Based on the above, the Exit Offer Price represents a discount of approximately 25.5% to the RNAV per Share as at 31 March 2015.

The NAV and RNAV methodology provides an indication of the value of the Company assuming a hypothetical sale of its assets. In this regard, the Directors have confirmed that the Group does not have any plans for an impending material disposal and/or conversion of the use of its assets and/or material change in the nature of the Group's businesses as at the Latest Practicable Date. The Offeror currently has no plans to re-deploy the fixed assets of the Group or to propose any major changes to the Group's business.

The Directors confirm that to the best of their knowledge, there are no contingent liabilities which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date.

10. IMPLICATIONS OF COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS

10.1 Implications of Delisting for Shareholders

Shareholders should note that if the Delisting Resolution is approved in accordance with the requirements of the Listing Manual, the Company will be delisted. Following the Delisting, Shareholders who do not accept the Exit Offer will continue to hold shares in the Company, which will then be an unlisted company.

Shareholders should note that shares of unlisted companies are generally valued at discount to the shares of comparable listed companies due to the lack of marketability. Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. Even if such Shareholders were able to sell their Shares, they would likely receive a lower price as compared with the market prices of the shares of comparable listed companies, or as compared with the Exit Offer Price. Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

Shareholders should also note that, under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six (6) months of the close of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer.

If the Company is delisted from the Official List of the SGX-ST, it will no longer be required to comply with the listing requirements of the SGX-ST. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Memorandum and Articles, and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act and the Company's Memorandum and Articles.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with the CDP and does not accept the Exit Offer will be entitled to one share certificate representing his delisted Shares. The Company's Share Registrar, Intertrust Singapore Corporate Services Pte. Ltd., will arrange to forward the share certificates to such Shareholders who are not CPFIS Investors, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping. The share certificates belonging to CPFIS Investors will be forwarded to their respective CPF Agent Banks for their safekeeping.

Shareholders who are in doubt of their position should seek independent legal advice.

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10.2 Compulsory Acquisition of Shares by the Offeror

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires 90 per cent. (90)% or more of the Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date and excluding any Shares held by the Company as treasury shares), the Offeror will be entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer ("**Dissenting Shareholders**"), at a price equal to the Exit Offer Price.

As stated in the Exit Offer Letter, the Offeror intends to make the Company its wholly-owned subsidiary. Accordingly, should the Offeror acquire 90 per cent. (90)% or more of the Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date and excluding any Shares held by the Company as treasury shares), which would result in the Offeror, its related corporations and their respective nominees holding an aggregate of 96.88% of the Shares, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act. However, in the event that the Offeror, its related corporations and their respective nominees do not hold an aggregate of 96.88% of the Shares, the Offeror would not be able to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act. Accordingly, Shareholders will not be able to sell their Shares to the Offeror after the Closing Date if they fail to accept the Exit Offer, unless Section 215(3) of the Companies Act applies (as described below).

Dissenting Shareholders will have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares at the Exit Offer Price and on the same terms as the Exit Offer, in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90 per cent. (90)% or more of the total number of issued Shares (excluding treasury shares). **Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.**

In the event that the Delisting is approved by Shareholders at the EGM but neither the Offeror nor the Dissenting Shareholders are entitled to exercise their rights under Section 215(1) and Section 215(3) of the Companies Act respectively, the Company will be delisted, and Shareholders who do not accept the Exit Offer will be left holding Shares in an unlisted company.

11. CONFIRMATION OF FINANCIAL RESOURCES

SAC Capital, as the financial adviser to the Offeror in connection with the Exit Offer, has confirmed that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Exit Offer Price payable by the Offeror for all the Offer Shares (excluding those Shares which are the subject of the Directors' Undertakings as set out in Section 3.2 of the Exit Offer Letter).

12. NO COMPETING OFFER RECEIVED

As at the Latest Practicable Date, no competing offer has been received by the Company.

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13. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

13.1 Interests in respect of the Directors

The Independent Directors are independent for the purposes of the Exit Offer and are required to make a recommendation to Shareholders in respect of the Exit Offer. The SIC has ruled on 13 February 2015, *inter alia*, that the Common Directors are exempted from the requirement under the Code to make a recommendation to Shareholders on the Exit Offer and the Delisting. The Common Directors, however, must still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer and the Delisting.

13.2 Shareholding Structure of the Company

The shareholding structure of the Company (including the interest of each of the Directors and Substantial Shareholders in the Shares) as at the Latest Practicable Date is set out below:

Directors	Number of Shares					
	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% of Issued Shares ⁽¹⁾	No. of Shares	% of Issued Shares ⁽¹⁾	No. of Shares	% of Issued Shares ⁽¹⁾
Peng Wen-Chih (彭文志) ⁽²⁾	13,500,000	3.39	–	–	13,500,000	3.39
Dato' Peng Chiun -Ping (彭君平) ⁽²⁾	9,000,730	2.26	–	–	9,000,730	2.26
Dato' Lai Pin Yong ⁽²⁾	23,938,910	6.01	–	–	23,938,910	6.01
Li Yuan Chen @ Jack Li ⁽³⁾	–	–	157,000	0.04	157,000	0.04
Substantial Shareholders (excluding Directors)						
Offeror	29,042,000	7.30	–	–	29,042,000	7.30
Action Electronics ⁽²⁾⁽⁴⁾	244,937,310	61.54	29,042,000	7.30	273,979,310	68.83
Other Shareholders						
Public Shareholders	77,616,050	19.50	–	–	77,616,050	19.50

Notes:

- (1) Based on 398,035,000 issued Shares (excluding 1,965,000 treasury shares) in the capital of the Company as at the Latest Practicable Date.
- (2) As at the Latest Practicable Date, an aggregate of 291,376,950 Shares are held by the Undertaking Shareholders, representing approximately 73.20% of the total number of issued Shares.
- (3) As at the Latest Practicable Date, Li Yuan Chen @ Jack Li, the Non-Executive Chairman of the Company has a deemed interest in 157,000 Shares, which is held by his spouse, Wong Shioh Ling.
- (4) Action Electronics is deemed to have an interest in 29,042,000 Shares held by its wholly-owned subsidiary, the Offeror, through UOB Kay Hian Pte Ltd, pursuant to Section 7 of the Companies Act.

Apart from the above, no other Director has any direct or deemed interest in the Shares.

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14. ADVICE OF INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS IN RELATION TO THE EXIT OFFER

14.1 IFA

CIMB Bank Berhad, Singapore Branch has been appointed as independent financial adviser to the Independent Directors in relation to the Exit Offer. The letter from CIMB Bank Berhad, Singapore Branch setting out its advice to the Independent Directors is set out in Appendix I to this Circular ("**IFA Letter**"). Shareholders are advised to read and consider the IFA Letter in its entirety.

14.2 IFA's Advice

Information relating to the advice of CIMB Bank Berhad, Singapore Branch to the Independent Directors in relation to the Exit Offer and the key factors it has taken into consideration have been extracted from Section 8 of the IFA Letter (and reproduced below), and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the IFA Letter unless otherwise stated:

"In arriving at our advice to the Independent Directors on the Exit Offer, we have considered, inter alia, the following factors which should be read in the context of the full text of this Letter:

- (i) The Exit Offer Price falls well within the range and above the mid-point of our estimated sum-of-parts valuation for the Shares;*
- (ii) Trading in the Shares have historically been illiquid. During the 1-year period leading up to the Joint Announcement Date, trading in the Shares occurred on only approximately 32.1% of all Market Days with an average trading volume of only 33,242 Shares representing 0.04% of the Company's free float;*
- (iii) The Shares have not traded above the Exit Offer Price for the last 3 years prior to the Joint Announcement Date;*
- (iv) The Exit Offer Price represents a significant premium of between approximately 41.9% to 67.6% over the 1-month, 3-month, 6-month, 1-year, 2-year and 3-year corresponding VWAP of the Shares prior to the Joint Announcement Date;*
- (v) The Exit Offer Price represents a significant premium of approximately 69.6% over the closing price of the Shares on the last traded Market Day prior to the Joint Announcement Date;*
- (vi) The Shares have not traded above the Exit Offer Price between the Joint Announcement Date and the Latest Practicable Date;*
- (vii) It is highly likely that the market price of the Shares as at the Latest Practicable Date is supported by the Exit Offer and may not be maintained at such levels after the close of the Exit Offer;*
- (viii) The market price premia implied by the Exit Offer Price is significantly higher than the corresponding mean and median premia of the Precedent Takeovers;*
- (ix) The Exit Offer Price values the Shares at a discount of approximately 18.3% and 25.5% to the NAV per Share and RNAV per Share respectively;*
- (x) The P/NAV multiple as implied by the Exit Offer Price is higher than the average historical trailing P/NAV multiple of the Shares for the 3-year and 1-year periods prior to the Joint Announcement Date;*

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- (xi) *The P/RNAV multiple implied by the Exit Offer Price is within the range and in line with the median P/RNAV multiples of the Precedent Takeovers;*
- (xii) *The Company has not paid out any dividends in the last 2 financial years;*
- (xiii) *The Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror;*
- (xiv) *Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no ready mechanism for such Shareholders to exit their investment in the Shares;*
- (xv) *The Offeror intends to make the Company its wholly-owned subsidiary. Accordingly, when entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act;*
- (xvi) *The Exit Offer is the only offer for the Shares under consideration;*
- (xvii) *The Group's revenue and net profit has been declining in the past three years due to a combination of pricing pressure and lower demand following weak consumer demand in Europe and US, particularly for the Group's EM Business' products. The Group is also affected by prevailing global uncertainties and challenging business conditions in China; and*
- (xviii) *The Offeror currently has no intention to propose any major changes to the business of the Group.*

Based upon, and having considered, inter alia, the factors described above and the information that has been made available to us at the Latest Practicable Date, we are of the opinion that the financial terms of the Exit Offer are fair and reasonable and not prejudicial to the interests of Shareholders under the market, economic and other relevant conditions prevailing as at the Latest Practicable Date.

We wish to highlight that unless the Delisting Resolution is voted against by 10% or more of the total number of Shares held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, the Delisting Resolution is certain of being passed at the EGM.

In the event that the requirements of Delisting under Rules 1307 and 1309 of the Listing Manual are met, the Company will be delisted from the Official List of the SGX-ST.

Accordingly, we advise the Independent Directors to recommend that Shareholders should either ACCEPT the Exit Offer or sell their Shares on the open market if they can obtain a price equal to or higher than the Exit Offer Price (after deducting expenses) in the event that the Delisting Resolution is passed and they do not intend or are not prepared to hold unlisted Shares. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date after the close of the Exit Offer.

We would also advise the Independent Directors to caution the Shareholders that they should not rely on our advice to the Independent Directors as the sole basis for deciding whether or not to accept the Exit Offer.

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In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.”

15. INDEPENDENT DIRECTORS’ RECOMMENDATIONS

Shareholders are advised by the Independent Directors to read and consider carefully the following recommendation of the Independent Directors and the advice of the IFA contained in the letter from the IFA to the Independent Directors as reproduced in Appendix I to this Circular in its entirety. The Independent Directors would also like to draw the attention of the Shareholders to Section 10 of this Circular entitled “Implications of Compulsory Acquisition and Delisting for Shareholders”.

The Independent Directors have reviewed the terms of the Delisting Proposal (including the Exit Offer) and have carefully considered the advice of the IFA in its letter set out in Appendix I to this Circular. The Independent Directors concur with the advice of CIMB Bank Berhad, Singapore Branch in respect of the Exit Offer. Accordingly, the Independent Directors recommend that Shareholders should **VOTE IN FAVOUR** of the Delisting Resolution.

In relation to the Exit Offer and in the event that Delisting Resolution is passed, the Independent Directors recommend that Shareholders who are not prepared to accept the implications and consequences of holding shares in an unlisted company or the uncertainties relating to the future prospects of the Group (taking into consideration the Offeror’s stated intentions) should either (i) **ACCEPT** the Exit Offer; or (ii) **SELL** their Shares in the open market if they are able to obtain a price higher than the Exit Offer Price net of related expenses (such as brokerage and trading costs).

In rendering the above opinion and giving the above recommendations, both the IFA and the Independent Directors have not had regard to the general or specific investment objectives, financial situation, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that an individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Accordingly, the Independent Directors advise that the opinion and advice of the IFA should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Exit Offer.

16. OVERSEAS SHAREHOLDERS

This Circular does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Circular, in any jurisdiction in contravention of applicable law. The Exit Offer will be made solely by the Exit Offer Letter and the relevant Acceptance Forms accompanying the Exit Offer Letter, which set out the full terms and conditions of the Exit Offer Letter, including details on how the Exit Offer may be accepted.

The availability of the Exit Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions. **If you are in doubt about your position, you should consult your professional adviser in the relevant jurisdiction. Please refer to Section 13 of the Exit Offer Letter for the points to be noted by Overseas Shareholders in relation to the Exit Offer.**

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17. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 and N-2 of this Circular, will be held at Ballroom 3 & 4, Level 2, Sheraton Towers Singapore, 39 Scotts Road, Singapore 228230 on 31 July 2015 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without any modification, the Delisting Resolution set out in the Notice of EGM.

18. ACTION TO BE TAKEN BY SHAREHOLDERS

18.1 Proxy Form

A Shareholder who is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, may complete, sign and return the proxy form accompanying this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the office of the Company's Share Registrar, Intertrust Singapore Corporate Services Pte Ltd at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909, not later than 10.30 a.m. on 29 July 2015. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM, if he wishes to do so, in place of his proxy.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat. A Depositor who wishes to attend and vote at the EGM and whose name appears on the Depository Register maintained by the CDP not less than 48 hours before the EGM, may attend as CDP's proxy.

18.2 Exit Offer Letter and Acceptance Forms

The Exit Offer Letter and the relevant Acceptance Forms have been despatched together with this Circular. Depositors whose Securities Accounts are credited with the Offer Shares can also collect the FAA during normal business hours within the Exit Offer Period from CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Shareholders who hold Offer Shares represented by share certificate(s) can collect the FAT during normal business hours within the Exit Offer Period from the office of Intertrust Singapore Corporate Services Pte Ltd at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909. Electronic copies of this Circular, the Exit Offer Letter and the Acceptance Forms are also available on the website of the SGX-ST at <http://www.sgx.com>. **Shareholders should note that if the Delisting Resolution is not approved at the EGM, the conditions to the Exit Offer will not be fulfilled and the Exit Offer will lapse.**

18.3 Accepting the Exit Offer

Subject to the Delisting Resolution being approved at the EGM, to accept the Exit Offer, you should complete, sign and return the relevant Acceptance Form in accordance with the provisions and instructions stated in the Exit Offer Letter and the relevant Acceptance Form. Additional information on the procedures for acceptance and settlement of the Exit Offer is set out in Appendix 1 to the Exit Offer Letter.

18.4 Not Accepting the Exit Offer

If you decide not to accept the Exit Offer, you do not need to take any action. In the event that the Delisting Resolution is approved by Shareholders and the Company is delisted from the Official List of the SGX-ST, you will continue to hold unquoted Shares in the Company as an unlisted company. If you hold Shares that are deposited with CDP, share certificates in respect of your Shares that are deposited with CDP will be sent, by ordinary mail and at your own risk, to your mailing address as it appears in the records of CDP, after the Company has been delisted from the Official List of the SGX-ST.

LETTER TO SHAREHOLDERS

18.5 Information pertaining to CPFIS Investors

Information on the Exit Offer pertaining to CPFIS Investors is set out in Section 14 of the Exit Offer Letter.

19. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors 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 Delisting and the Group (excluding those relating to the Offeror and the parties acting in concert with it, the Exit Offer, the recommendation of the Independent Directors and Appendices I to V to this Circular), and the Directors 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 Directors 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.

20. CONSENTS

- 20.1 The IFA, CIMB Bank Berhad, Singapore Branch, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter and all references to them and its name in the form and context in which they appear in this Circular.
- 20.2 The independent property valuer, AVA Associates Limited, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the Summary of the AVA Valuation Report in Appendix IV to this Circular and all references to its name in the form and context in which it appears in this Circular.
- 20.3 The independent property valuer, China Real Estate Appraiser Firm, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the Summary of the China Real Estate Appraiser Firm Valuation Report in Appendix V to this Circular and all references to its name in the form and context in which it appears in this Circular.
- 20.4 The Company's Share Registrar, Intertrust Singapore Corporate Services Pte Ltd, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to its name in the form and context in which it appears in this Circular.

21. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Intertrust Singapore Corporate Services Pte Ltd at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909 during normal business hours, from the date of this Circular until the date of the EGM:

- (a) Memorandum and Articles;
- (b) the annual reports of the Company for FY2012, FY2013 and FY2014;
- (c) the unaudited consolidated income statement of the Group for 1Q2015 dated 15 May 2015;
- (d) the Joint Announcement;
- (e) the Delisting Proposal;

LETTER TO SHAREHOLDERS

- (f) the Exit Offer Letter;
- (g) the IFA Letter;
- (h) the AVA Valuation Report;
- (i) the China Real Estate Appraiser Firm Valuation Report; and
- (j) the letters of consent referred to in Section 20 of this Letter to Shareholders.

22. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices which form part of this Circular.

Yours faithfully,
For and on behalf of the Board of Directors
ACTION ASIA LIMITED

Li Yuan Chen @ Jack Li
Director

APPENDIX I – IFA LETTER

CIMB BANK BERHAD (13491-P)
SINGAPORE BRANCH

(Incorporated in Malaysia)

50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623

8 July 2015

To: **The Independent Directors**
Action Asia Limited
3 Anson Road #27-01
Springleaf Tower
Singapore 079909

Dear Sirs,

PROPOSED VOLUNTARY DELISTING OF ACTION ASIA LIMITED (THE “COMPANY”) PURSUANT TO RULES 1307 AND 1309 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED LISTING MANUAL

1. INTRODUCTION

On 27 February 2015 (the “**Joint Announcement Date**”), the Company, together with Almond Garden Corp (the “**Offeror**”), jointly announced that the Board of the Company (the “**Board**”) has received a joint proposal from the Offeror (the “**Delisting Proposal**”) to seek the voluntary delisting of the Company from the Official List of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) pursuant to Rules 1307 and 1309 of the Listing Manual of the SGX-ST (the “**Delisting**”).

Under the Delisting Proposal, for and on behalf of the Offeror, SAC Capital Private Limited will make an exit offer (the “**Exit Offer**”) to acquire all the Shares (excluding treasury shares), other than those Shares already owned, controlled or agreed to be acquired by the Offeror and Action Electronics Co. Ltd. (“**Action Electronics**”) (the “**Offer Shares**”) at S\$0.19 in cash for each Offer Share.

The directors of the Company (“**Directors**”), having considered the Delisting Proposal, have resolved to convene an extraordinary general meeting (“**EGM**”) to seek the approval of the Company’s shareholders (the “**Shareholders**”) for the Delisting and to make an application to the SGX-ST for approval of the Delisting.

CIMB Bank Berhad, Singapore Branch (“**CIMB**”) has been appointed as the independent financial adviser to advise the directors of the Company who are independent for the purpose of making a recommendation to the Shareholders in connection with the Exit Offer (“**Independent Directors**”).

This Letter sets out, *inter alia*, our evaluation of the financial terms of the Exit Offer and our advice thereon. It forms part of the circular to Shareholders dated 8 July 2015 issued by the Company providing, *inter alia*, details of the Delisting Proposal and the recommendations of the Independent Directors in respect thereof (the “**Circular**”).

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meanings herein. Any differences between the amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

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2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the Exit Offer in compliance with Rule 1309 of the Listing Manual.

We have confined our evaluation to the financial terms of the Exit Offer and our terms of reference do not require us to evaluate or comment on the commercial risks and/or commercial merits of the Exit Offer or the future prospects of the Group or any of its associated or joint venture companies and we have not made such evaluation or comment. However, we may draw upon the views of the Directors and the management of the Company or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter. We have not been requested, and we do not express any opinion on the relative merits of the Exit Offer as compared to any other alternative transaction. We have not been requested or authorized to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares.

We have held discussions with the Directors and the management of the Company and have examined publicly available information collated by us as well as information, both written and verbal, provided to us by the Directors, the management of the Company and the Company's other professional advisers. We have not independently verified such information, whether written or verbal, and accordingly we cannot and do not warrant or make any representation (whether express or implied) regarding, or accept any responsibility for, the accuracy, completeness or adequacy of such information. However, we have made such enquiries and exercised our judgment as we deem necessary on such information and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors (including those who may have delegated supervision of the Circular) that they have taken all reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are fair and accurate in all material respects. The Directors have confirmed to us, that to the best of their knowledge and belief, all material information relating to the Group, its associated or joint venture companies, the Delisting Proposal and the Exit Offer have been disclosed to us, that such information is fair and accurate in all material respects and that there are no other material facts and circumstances the omission of which would make any statement in the Circular inaccurate, incomplete or misleading in any material respect.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, real property) of the Group or of any of its associated or joint venture companies and we have not been furnished with any such evaluation or appraisal, except for the AVA Valuation Report and China Real Estate Appraiser Firm Valuation Report ("**Valuation Reports**"), extracts which has been reproduced in Appendix IV and Appendix V of the Circular. With respect to such Valuation Reports, we are not experts in the evaluation or appraisal of the assets concerned and we have relied on these summary valuation reports for such asset appraisals and have not made any independent verification of the contents thereof.

Our analysis and opinion are based upon market, economic, industry, monetary and other conditions prevailing as at 1 July 2015 (the "**Latest Practicable Date**"), as well as the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a short period of time. Shareholders should take note of any announcement and/or documents relevant to their consideration of the Exit Offer which may be released or published by or on behalf of the Company and/or the Offeror after the Latest Practicable Date.

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

APPENDIX I – IFA LETTER

The Company has been separately advised in the preparation of the Circular (other than this Letter). We were not involved in and have not provided any advice in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for, and express no views (express or implied) on, the contents of the Circular (other than this Letter).

3. THE EXIT OFFER

The Circular sets out in Section 3, *inter alia*, the following key terms and conditions of the Exit Offer:

3.1 Terms of the Exit Offer

Based on Section 3.1 of the Circular, the Exit Offer will be made on the following basis:

For each Offer Share: S\$0.190 in cash (“Exit Offer Price”)

The Offeror does not intend to revise the Exit Offer Price

The Exit Offer Price shall be applicable to any number of Offer Shares which are tendered in acceptance of the Exit Offer. Each Shareholder who accepts the Exit Offer will receive S\$190 for every 1,000 Offer Shares tendered in acceptance of the Exit Offer.

As stated in the Exit Offer Letter, the Offer Shares will be acquired (a) fully paid and (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any), the Record Date for which falls on or after the Joint Announcement Date.

3.2 Conditions

As stated in the Exit Offer Letter, the Delisting and the making of the Exit Offer will be conditional upon:

- (a) the approval of the Delisting Resolution by a majority of at least 75 per cent. (75%) of the total number of issued Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, and the Delisting Resolution not being voted against by 10 per cent. (10%) or more of the total number of issued Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM (collectively, the **“Delisting Resolution Approval Condition”**); and
- (b) confirmation by the SGX-ST that it has no objection to the Delisting, subject to the satisfaction of the Delisting Resolution Approval Condition.

On 29 May 2015, the Company submitted an application to the SGX-ST to delist from the Official List of the SGX-ST. By way of letters issued on 30 June 2015 and 1 July 2015, the SGX-ST informed the Company that it has no objection to the Delisting, subject to compliance with Rule 1307 and Rule 1309 of the Listing Manual (the **“SGX Approval”**). However, the SGX Approval is not to be taken as an indication of the merits of the Delisting.

Shareholders may accept the Exit Offer in full or in part. The Exit Offer is **not** conditional on a minimum number of acceptances being received by the Offeror.

Pursuant to Rule 1307 of the Listing Manual, all Shareholders (including the Offeror and parties acting in concert with the Offeror who hold Shares and the Directors who hold Shares) are entitled to vote on the Delisting Resolution.

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As at the Latest Practicable Date, the Offeror and parties acting in concert with it hold in aggregate 298,952,580 Shares¹, representing approximately 75.11% of the total number of issued Shares².

As at the Latest Practicable Date, the Offeror intends to vote all of the 29,042,000 Shares held by it (representing approximately 7.30% of the total number of issued Shares) in favour of the Delisting Resolution at the EGM. Further, as at the Latest Practicable Date, the Offeror has also obtained:

- (i) the AE Undertaking from Action Electronics, who own or control an aggregate of 244,937,310 Shares (representing approximately 61.54% of the total number of issued Shares), that it will, *inter alia*, **vote all of its Shares in favour** of the Delisting Resolution at the EGM; and
- (ii) the Directors' Undertakings from Peng Wen-Chih, Dato' Peng Chiun-Ping and Dato' Lai Pin Yong, who collectively own or control an aggregate of 46,439,640 Shares (representing approximately 11.67% of the total number of issued Shares), that they will, *inter alia*, **vote all of their respective Shares in favour** of the Delisting Resolution at the EGM.

Accordingly, as at the Latest Practicable Date, an aggregate of 320,418,950 Shares, representing approximately 80.50% of the total number of issued Shares, will be voted in favour of the Delisting Resolution at the EGM.

In addition, the Offeror has also obtained from Action Electronics and each of Peng Wen-Chih, Dato' Peng Chiun-Ping and Dato' Lai Pin Yong the following as at the Latest Practicable Date:

- (i) the AE Undertaking from Action Electronics, that it **shall not tender, or procure the tendering of any of its Shares in acceptance of the Exit Offer**; and
- (ii) the Directors' Undertakings from Peng Wen-Chih, Dato' Peng Chiun-Ping and Dato' Lai Pin Yong that he **shall tender, or procure the tendering of all (and not some only) of his Shares in full acceptance of the Exit Offer** at the Exit Offer Price, within 5 business days after the commencement of the Exit Offer (and in any event not later than the Closing Date).

Shareholders are to note that if the Delisting Resolution Approval Condition is not fulfilled, the Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

3.3 Duration

As stated in the Exit Offer Letter, Shareholders may choose to accept the Exit Offer from the date of despatch of the Exit Offer Letter before the EGM. However, such acceptances would be conditional on the Delisting Resolution being approved at the EGM. If the Delisting Resolution is not approved at the EGM, the condition to the Delisting and the Exit Offer will not be satisfied and the Exit Offer will lapse, and both the Shareholders and the Offeror will cease to be bound by any prior acceptance of the Exit Offer by any Shareholder.

If the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will remain open for acceptance by the Shareholders for a period of at least 14 days after the date of announcement of the Shareholders' approval of the Delisting. Accordingly, the Exit Offer will close at 5.30 p.m. (Singapore time) on 14 August 2015 or such later date(s) as may be announced from time to time by or on behalf of the Offeror (the "**Closing Date**").

1 These comprise 29,042,000 Shares directly held by the Offeror, 244,937,310 Shares directly held by Action Electronics, 13,500,000 Shares directly held by Peng Wen-Chih, 9,000,730 Shares directly held by Dato' Peng Chiun-Ping and 2,472,540 AAL Shares directly held by Lai Wen Hsin (being the corporate representative of Far Year Invest Limited, a company wholly-owned by Lai Wen Hsin and his associates, and which is a director of Action Electronics) as at the Latest Practicable Date.

2 Unless otherwise stated, references in this Exit Offer Letter to the total number of issued Shares are based on 398,035,000 Shares (excluding 1,965,000 shares in treasury), based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore as at the Latest Practicable Date.

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If the Exit Offer is extended, an announcement will be made of such extension, and the Exit Offer will remain open for acceptance for such period as may be announced.

If the Delisting Resolution Approval Condition is not satisfied within six (6) months from 27 February 2015, (the “**Long-Stop Date**”), the Delisting shall not take place and the Exit Offer will lapse (unless the Long-Stop Date is further extended by the Offeror and such extension is approved by the SIC).

4. RATIONALE FOR THE DELISTING AND THE EXIT OFFER AND THE INTENTION OF THE OFFEROR IN RELATION TO THE COMPANY

The rationale for the Delisting, as set out in paragraph 7 of the Exit Offer Letter, is reproduced below:

“7.1 No Need for Access to Capital Markets

Since its initial public offering in 2004, the Company has not carried out any fund-raising exercise on the SGX-ST. The Company is unlikely to require access to the Singapore capital markets in the foreseeable future to finance its operations and accordingly, it may not be necessary for the Company to remain listed on the SGX-ST.

7.2 Realisation of Investments for Cash at a Premium

The Exit Offer will present Shareholders with an opportunity to realise their entire shareholding for cash at an attractive premium of approximately 69.6% over the last transacted price per Share of S\$0.112 on 26 February 2015, being the Last Market Day on which the AAL Shares were traded on the SGX-ST prior to the Joint Announcement Date, and an attractive premium of approximately 68.1%, 66.7%, 65.2% and 54.5% over the VWAP of the AAL Shares for the one-month, three-month, six-month and 12-month periods, respectively, prior to and including the Last Market Day.

The AAL Shares have not traded at or above the Exit Offer Price in the three-year period preceding the Joint Announcement Date.

The Exit Offer provides Shareholders with an option to realise the value of their investments for cash at a significant premium over the historical traded prices of the AAL Shares which may not otherwise be readily available given the low trading volume of the AAL Shares prior to the Joint Announcement Date, without incurring brokerage or other trading costs.

7.3 Low Trading Volume of the AAL Shares

The historical trading volume of the AAL Shares has been generally low. The average daily trading volume of the AAL Shares for the one-month, three-month, six-month and 12-month periods prior to and including the Last Market Day are as follows:

<i>Period prior to and including the Last Market Day</i>	<i>Average Daily Trading Volume ('000)⁽¹⁾</i>	<i>Approximate percentage of total number of AAL Shares⁽²⁾ (%)</i>
<i>Last one-month</i>	<i>79</i>	<i>0.02</i>
<i>Last three-months</i>	<i>39</i>	<i>0.01</i>
<i>Last six-months</i>	<i>25</i>	<i>0.01</i>
<i>Last 12 months</i>	<i>33</i>	<i>0.01</i>

Source: Bloomberg L.P.

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Notes:

- (1) *The average daily trading volume is computed based on the total trading volume of the AAL Shares (excluding off-market transactions) for days on which the SGX-ST is open for trading in securities (“Market Days”) for the relevant periods immediately prior to and including the Last Market Day, divided by the total number of Market Days during the respective periods.*
- (2) *Based on 398,035,000 issued AAL Shares (excluding 1,965,000 treasury shares) in the capital of the Company as at the Joint Announcement Date.*

The Exit Offer will provide an exit opportunity, at a significant premium over the historical traded prices of the AAL shares, for Shareholders who wish to realise their entire investment in the AAL Shares but find it difficult to do so as a result of the low trading volume of the AAL Shares.

7.4 Greater Management Flexibility

The Delisting will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the AAL Group and facilitating the implementation of any strategic initiatives and/or operational changes of the AAL Group to achieve greater efficiency and competitiveness without the attendant costs, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST.

7.5 Eliminate Compliance Costs of Maintaining Listing Status

The Company incurs compliance and associated costs in maintaining its listed status on the SGX-ST. The Delisting would allow the Company to realise cost savings by eliminating listing, compliance and other related expenses associated with ongoing compliance with the listing requirements under the Listing Manual, thereby enabling the Company to focus its resources on its business operations.”

5. INFORMATION ON THE OFFEROR

Information on the Offeror and its concert parties can be found in Section 5 of the Circular.

6. INFORMATION ON THE COMPANY

Information on the Company can be found in Section 6 of the Circular.

7. FINANCIAL EVALUATION OF THE TERMS OF THE OFFER

Methodology

In assessing the financial terms of the Exit Offer, we have considered the following:

- (i) Sum-of-parts valuation of the Group;
- (ii) Historical market price and trading activity of the Shares prior to the Joint Announcement Date;
- (iii) Premia / discounts paid in recent de-listings or privatisations of listed companies on the SGX-ST (the “**Precedent Takeovers**”);
- (iv) NAV and RNAV of the Group;
- (v) Dividend track record of the Company
- (vi) Other relevant considerations which have a significant bearing on our assessment.

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General bases and assumptions

We have relied on the following general bases in our analysis:

- (i) As at the Latest Practicable Date, the total number of issued Shares are based on 398,035,000 Shares (excluding 1,965,000 Shares in treasury); and
- (ii) The underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., FactSet, MergerMarket, Thomson Research, SGX-ST and other public filings as at the Latest Practicable Date. CIMB makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

Valuation Ratios

We have applied the following valuation multiples in our analysis:

Valuation Multiples	General Description
P/E	“P/E” or “price-to-earnings” ratio illustrates the ratio of the market price of a company’s shares relative to its earnings per share (excluding exceptional items). The P/E ratio is affected by, inter alia, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.
EV/EBITDA	“EV” or “enterprise value” is the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents. “EBITDA” stands for historical earnings before interest, tax, depreciation and amortisation expenses, inclusive of share of associates’ and joint ventures’ income but excluding exceptional items. The EV/EBITDA ratio illustrates the market value of a company’s business relative to its historical pre-tax operating cash flow performance, without regard to the company’s capital structure.
P/NAV	“P/NAV” or “price-to-NAV” multiple illustrates the market price of a company’s shares relative to its historical book NAV (as defined herein) per share as recorded in its financial statements. The Net Asset Value of a company (“NAV”) is defined as its total assets (including intangible assets) less its total liabilities, and excludes, where applicable, minority interests. The NAV figure provides an estimate of the value of a company assuming the sale of all its assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by difference in their respective accounting policies, in particular their depreciation and asset valuation policies. Where the value of a Company’s key assets are adjusted to their current market values, the NAV figure derived is referred to as its revalued NAV or “RNAV” .

7.2 Sum-of-Parts Valuation Analysis

Given that the Group is engaged in separate and distinct businesses namely the (i) consumer LEM and In-car EM Products (**“EM Business”**), and (ii) Warehouse and Logistic Services (**“Warehouse Business”**) we consider it appropriate to value each of the Group’s businesses separately to arrive at a range of aggregate equity valuation of the Group on a sum-of-parts basis.

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We set out below a summary of our sum-of-parts valuation analysis of the Group.

	Low Valuation (S\$'million)	High Valuation (S\$'million)	Valuation Methodology
EM Business	31.0	50.9	Relative valuation using comparable companies ¹ (See Section 7.2.1)
Warehouse Business	32.0	33.9	Relative valuation using comparable companies ¹ (See Section 7.2.2)
Others ²	(1.0)	(1.0)	Netbook value
Sum-of-parts valuation of the Group	62.0	83.8	
Sum-of parts valuation of each Share ³	0.156	0.211	
Implied premium / (discount) of Exit Offer Price over / (to) sum-of-parts valuation of each Share	21.8%	(10.0%)	

Notes:

- (1) The range of valuation for these business segments was determined using the appropriate low and mean P/E, EV/EBITDA and P/NAV ratios of the relevant comparable companies.
- (2) Comprises mainly net liabilities pertaining to general corporate and administrative expenses
- (3) Based on the total number of issued Shares of 398,035,000 Shares (excluding 1,965,000 Shares in treasury)

We note that the Exit Offer Price falls well within the range and above the mid-point of the estimated sum-of-parts valuation of the Shares a per-share basis, being at a 21.8% premium to the lower end of the valuation range.

For the purpose of our sum-of-parts valuation, we have not applied any holding company or conglomerate discount nor any control premium that may be applicable. The quantification of such discount or premium are highly subjective and depends on various factors such as the nature and diversity of a company's business, a purchaser's intentions for the target company and the potential synergies which a purchaser can derive from the target company.

In arriving at the range of valuation for the EM Business and Warehouse Business, we have applied the valuation ratios of selected listed companies on the SGX-ST which are principally engaged in the manufacture and sale of electronic consumer and entertainment ("**EM Comparable Companies**") and those engaged in the warehouse and logistic services ("**Warehousing Comparable Companies**") which are broadly comparable to the EM Business and the Warehouse Business, respectively. We have also taken into consideration the profitability, size and track record of the relevant comparable companies relative to the Group. Please refer to the Annexure I for a brief description of the EM Comparable Companies and Warehousing Comparable Companies respectively.

We wish to highlight that the EM Comparable Companies and Warehousing Comparable Companies are not exhaustive and they differ from the Group in terms of, inter alia, listing exchange, portfolio of brands and distributorship, market capitalisation, size of operations, clientele base, asset base, geographical spread and distribution network, track record, operating and

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financial leverage, risk profile, liquidity, accounting standards and policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

7.2.1 EM Business

The applicable valuation multiples of the EM Comparable Companies set out below are based on their respective last transacted share prices as at the Latest Practicable Date. We note that as compared to the EM Business, the EM Comparable Companies generally recorded higher gross and EBITDA margins in their latest financial year and have exhibited stronger net profitability over the last 3 financial years. In contrast, the EM Business has been loss making in the last 2 financial years despite an increase in revenue during the same period. As such, we have considered the low and mean valuation multiples of the EM Comparable Companies in ascribing the value of the EM Business.

Companies	Market Cap (S\$'mil)	P/E ⁽¹⁾ (x)	EV/ EBITDA ^{(2),(3)} (x)	P/NAV ⁽¹⁾ (x)
Creative Technology Ltd. (“Creative”)	93.9	n.m.	0.58x	0.67x
CDW Holding Limited (“CDW”)	93.9	8.41x	1.40x	1.00x
TSH Corporation Limited (“TSH”)	20.9	20.08x	2.93x	0.46x
PlastoForm Holdings Limited (“Plastoform”)	18.1	21.12x	2.58x	0.87x
Low		8.41x	0.58x	0.46x
Mean		16.54x	1.87x	0.75x
Implied valuation of the EM Business based on the low of valuation ratio (S\$'million)⁽⁴⁾		n.m.	n.m.	31.0
Implied valuation of the EM Business based on the mean of valuation ratio (S\$'million)⁽⁴⁾		n.m.	n.m.	50.9

Source: FactSet, Company Filings, and CIMB analysis

Notes:

n.m. – Means that the multiples of these companies are not measurable as the companies are loss-making in their respective last financial year

- (1) The P/E multiples of the EM Comparable Companies are based on their respective earnings over the last twelve months and their P/NAV multiples are based on the NAV values as set out in their latest available financial statements as at the Latest Practicable Date.
- (2) The EV of the respective EM Comparable Companies were based on (i) their market capitalization as at the Latest Practicable Date; (ii) their preferred equity, minority interests, interest in associates and/or joint ventures, and net debt (if any) as set out in their respective latest available financial statements as at the Latest Practicable Date.
- (3) Based on earnings and EBITDA over last twelve month and excludes exceptional items.
- (4) The last twelve months losses, last twelve months EBITDA and NAV as of 31 March 2015 attributable to the EM Business as provided by the Company’s management amounted to approximately S\$1.73 million, S\$1.70 million and S\$68.07 million respectively.

Due to the low EBITDA and net losses recorded by the EM Business, it would be more appropriate to determine the valuation of the EM Business as derived using the P/NAV ratio. Accordingly, we have not taken into consideration the valuation implied by the P/E and EV/EBITDA valuation ratios. Based on the low and mean of the P/NAV valuation ratio of the EM Comparable Companies, we ascribe the valuation of the EM Business to be between approximately S\$31.0 million and S\$50.9 million.

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7.2.2 Warehouse Business

The applicable valuation multiples of the Warehousing Comparable Companies set out below are based on their respective last transacted share prices as at the Latest Practicable Date. We note that in comparison to the Warehouse Business, the Warehousing Comparable Companies have far more established track records, having owned and managed more warehousing facilities across various industries for a longer period of time, while the Warehouse Business was only recently established in FY2014, and is much smaller in terms of size as compared to the Warehousing Comparable Companies. As such, we have considered the low and mean valuation multiples of the Warehousing Comparable Companies in ascribing the value of the Warehouse Business.

Companies	Market Cap (S\$'mil)	P/E ⁽⁶⁾ (x)	EV/ EBITDA ^{(7),(8)} (x)	P/NAV ⁽⁶⁾ (x)
Vibrant Group Ltd (“ Vibrant ”)	261.0	11.44x	14.67x	0.95x
Cogent Holdings Limited (“ Cogent ”)	193.8	10.30x	6.77x	2.01x
Poh Tiong Choon Logistics Limited (“ PTC ”)	168.8	21.06x	7.59x	2.36x
Low		10.30x	6.77x	0.95x
Mean		14.27x	9.68x	1.77x
Implied valuation of the Warehouse Business based on the low of valuation ratio (S\$'million)^{(9),(10)}		23.1	22.7	33.9
Implied valuation of the Warehouse Business based on the mean of valuation ratio (S\$'million)^{(9),(10)}		32.0	33.8	63.3

Source: FactSet, Company Filings, and CIMB analysis

Notes:

n.m. – Means that the multiples of these companies are not measurable as the companies are loss-making in their respective last financial year

- (5) The P/E multiples of the Warehousing Comparable Companies are based on their respective earnings over the last twelve months and their P/NAV multiples are based on the NAV values as set out in their latest available financial statements as at the Latest Practicable Date.
- (6) The EV of the respective Warehousing Comparable Companies were based on (i) their market capitalization as at the Latest Practicable Date; (ii) their preferred equity, interest in associates and/or joint ventures, minority interests and net debt (if any) as set out in their respective latest available financial statements as at the Latest Practicable Date.
- (7) Based on earnings and EBITDA over last twelve months and excludes exceptional items
- (8) The last twelve months net earnings, last twelve months EBITDA and NAV as of 31 March 2015 attributable to the Warehouse Business, as provided by the Company’s management, amounted to approximately S\$2.25 million, S\$3.82 million and S\$35.76 million respectively.
- (9) The net debt attributable to the Warehouse Business as of 31 March 2015, as provided by the Company’s management amounted to approximately S\$3.17 million

Given the nature of the Warehouse Business, we have applied both an earnings-based and an asset-based valuation approach in determining the valuation of this segment. In this regard, we have considered the spread of valuation derived from the various low and mean valuation ratios of the Warehousing Comparable Companies and have determined that a reasonable valuation range for the Warehouse Business to be between approximately S\$32.0 million and S\$33.9 million.

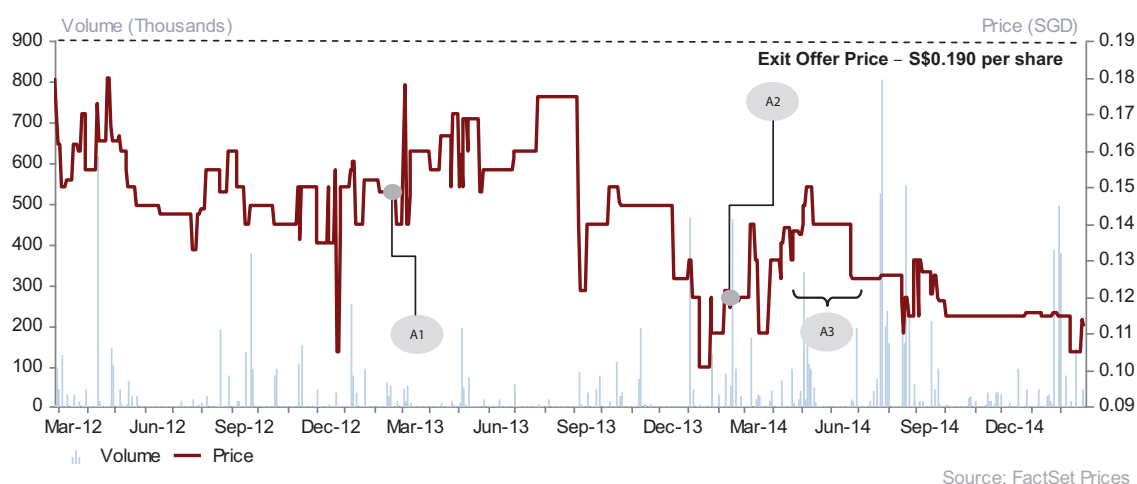
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7.3 Share Price Performance of the Company

We have compared the Exit Offer Price to the historical price performance of the Shares and considered the historical trading volume of the Shares.

7.3.1 Market Price Performance and Trading Activity of the Shares

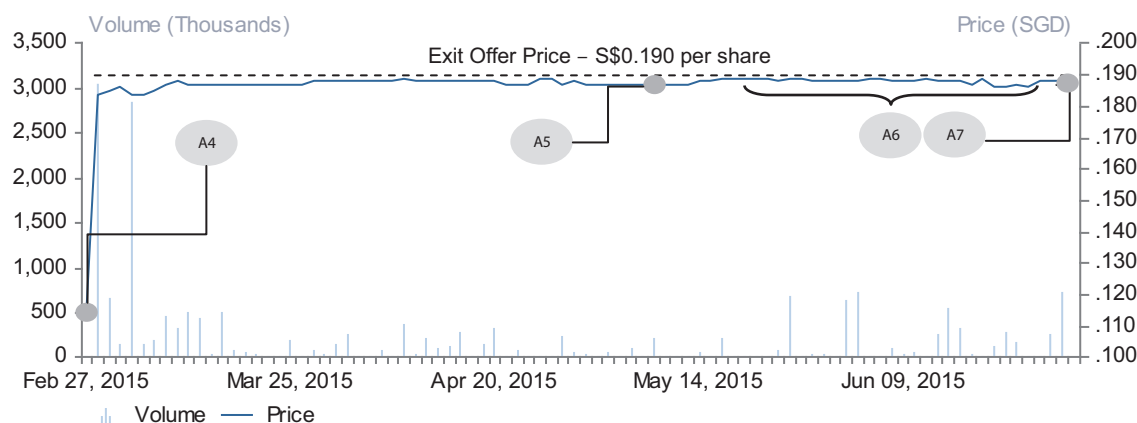
We set out below the daily closing prices and trading volumes of the Shares for the period between 27 February 2012 (being 3 years prior to the Joint Announcement Date) and 26 February 2015 (being the last Market Day prior to the Joint Announcement Date).



- A1 01 March 2013.** The Company announced that revenue further declined from S\$238.7m to S\$188.6m in FY12, mainly due to intense competition, which resulted in pricing pressure and lower volume of orders. Orders from customers have also remained weak due to unfavorable economic conditions. PATMI declined accordingly from S\$11.5m to S\$3.4m.
- A2 28 February 2014.** The Company announced that revenue further declined from S\$188.6m to S\$112.8m in FY13, with PATMI declining from S\$3.4m to a loss of S\$4.7m. The Company cites the challenging business environment as the reason for the decline, with demand remaining soft and pricing pressure intensifying in the industry.
- A3 May to July 2014.** The Company re-purchased a total of 0.9m shares through during this period in accordance with the share buyback mandate at a price range of S\$0.126 to S\$0.150. During the same period, Action Electronics Co. Ltd. ("ParentCo") purchased a total of 27.9m shares off market at S\$0.150 per share in married trades. Please refer to Section 7.3.3 for more details.

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We set out below the daily closing prices and trading volumes of the Shares for the period after the Joint Announcement Date and up to the Latest Practicable Date:



Source: FactSet Prices

- A4 27 Feb 2015.** The Company released a joint announcement with the Offeror for the Delisting Proposal. On the same date, the Company released its FY14 results. The Company recorded an increase in PATMI from a loss of S\$4.7m to a profit of S\$0.2m to FY14, mainly driven by an increase in revenue from S\$112.8m to S\$136.6m. The Company stated that the increase in revenue is due to an increase in demand for warehousing and logistic services in Shanghai, where the Group's new facilities have been substantially occupied since April 2014. Nevertheless, the Company expects the business environment for its other business segments to remain challenging going forward.
- A5 15 May 2015.** The Company announced that revenue increased quarter-on-quarter from S\$21.5m to S\$22.4m in the first quarter ended 31 March 2015 ("1Q2015"), with PATMI declining from a loss of S\$1.6m to S\$2.3m. This is primarily due to a one-off gain from the sale of office building in Singapore in 1Q2014 amounting to S\$0.6m, partially offset by an increase in employee compensation as the Group recruited more sales and marketing staff in China for the EM Segment.
- A6 26 May 2015 to 29 June 2015.** The Offeror purchased a total of 1.7m shares during this period at a price range of S\$0.188 to S\$0.189, please refer to the table below for details

Date	Volume	Price (S\$)
29/06/2015	146,000	0.188
26/06/2015	150,000	0.188
16/06/2015	334,500	0.188
15/06/2015	379,500	0.188
26/05/2015	696,000	0.189
Total	1,706,000	

We note that the Shares purchased by the Offeror were made at around the Exit Offer Price level.

- A7 30 June 2015.** The Company released a joint announcement with the Offeror to announce that the SGX-ST advised that it has no objection to the proposed Delisting of the Company from the Official List of the SGX-ST, subject to the assumption that the proposed Delisting complies with the rules of the Listing Manual and the Company has disclosed all the information required by the rules of the Listing Manual in the Circular.

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We set out below (i) the premia implied by the Exit Offer Price over the historical volume weighted average transacted price (“**VWAP**”) or closing prices of the Shares; and (ii) the historical trading volume of the Shares for the 3-year period prior to the Joint Announcement Date and up to the Latest Practicable Date.

	Price (S\$)	Premium of Exit Offer Price over Price (%)	High ⁽¹⁾ (S\$)	Low ⁽¹⁾ (S\$)	Average daily trading volume ⁽²⁾	Average daily trading volume as a percentage of free float ⁽³⁾ (%)
3-year VWAP prior to Joint Announcement Date	0.134	41.9	0.180	0.101	16,798	0.02%
2-year VWAP prior to Joint Announcement Date	0.127	49.7	0.178	0.101	18,863	0.02%
1-year VWAP prior to Joint Announcement Date	0.123	54.0	0.150	0.105	33,242	0.04%
6-month VWAP prior to Joint Announcement Date	0.116	64.5	0.130	0.105	25,310	0.03%
3-month VWAP prior to Joint Announcement Date	0.114	66.7	0.116	0.105	38,679	0.04%
1-month VWAP prior to Joint Announcement Date	0.113	67.6	0.115	0.105	78,671	0.11%
Closing price on the Market Day prior to the Joint Announcement Date	0.112	69.6	0.112	0.112	310,000	0.38%
VWAP between the Joint Announcement Date and the Latest Practicable Date	0.185	2.6	0.189	0.112	225,126	0.28%
Last traded price on the Latest Practicable Date	0.189	0.5	0.189	0.189	10,000	0.01%

Source: FactSet and CIMB Analysis

Notes:

- (1) The high and low prices for the respective benchmark periods are based on the closing prices.
- (2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the relevant period divided by the total number of market days during that period.
- (3) Free float refers to those Shares in which the directors and the substantial shareholders of the Company have no interests and amounts to approximately 81,000,123 Shares or approximately 20.35% of the issued share capital of the Company as at the Joint Announcement Date.

We note the following:

- (i) During the 1-year period leading up to the Joint Announcement Date, trading in the Shares occurred on only approximately 32.1% of all Market Days with an average trading volume of 33,242 Shares representing 0.04% of the Company’s free float. Moreover we note that approximately 870,000 Shares or 10.4% of the trading volume in the Shares during this period were attributed to share buybacks by the Company;
- (ii) The Shares have not traded above the Exit Offer Price for the last 3 years prior to the Joint Announcement Date;

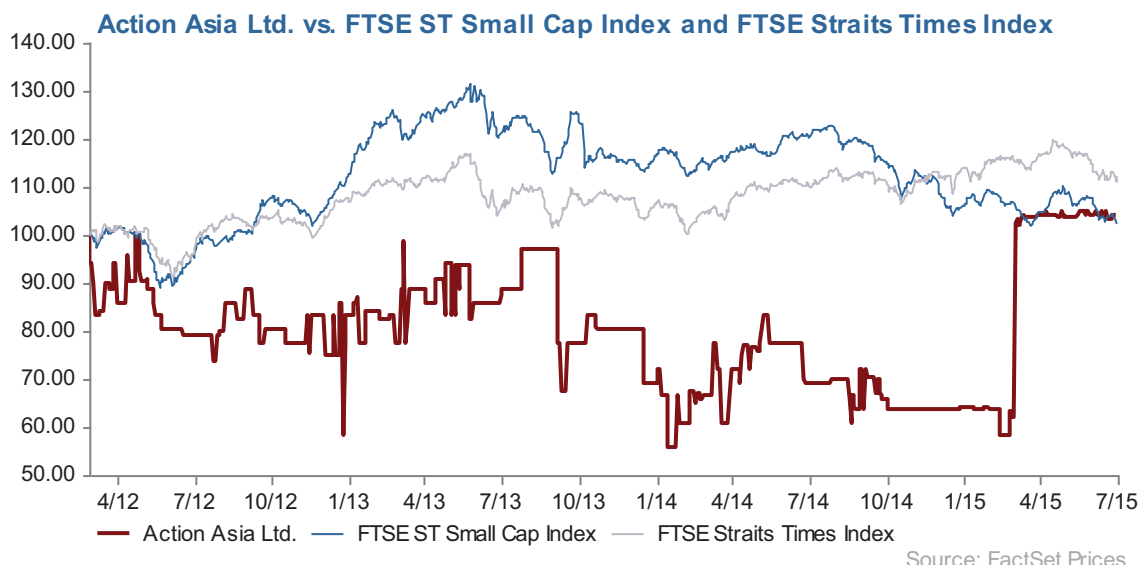
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- (iii) The Exit Offer Price represents a significant premium of between approximately 41.9% to 67.6% over the 1-month, 3-month, 6-month, 1-year, 2-year and 3-year corresponding VWAP of the Shares prior to the Joint Announcement Date;
- (iv) The Exit Offer Price represents a significant premium of approximately 69.6% over the closing price of the Shares on the last traded Market Day prior to the Joint Announcement Date;
- (v) The share prices have not traded above the Exit Offer Price between the Joint Announcement Date and the Latest Practicable Date
- (vi) The Shares closed at a 0.5% discount to the Exit Offer Price level on the Latest Practicable Date; and
- (vii) The Company does not have any consistent coverage from broker research analysts.

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

7.3.2 Relative Share Price Performance

To gauge the market price performance of the Shares relative to the general share price performance of the stock market, we set out below the normalized market price movement of the Shares against the FTSE ST Small Cap Index (“FSSTSCI”) and FTSE Straits Times Index (“FSSTI”) for the period between 27 February 2012 (being 3 years prior to the Joint Announcement Date) and the Latest Practicable Date.



Notes:

- (1) The FSSTCI comprises of companies within the top 98% by full market capitalization of the SGX Mainboard, that are not large enough to be constituents of the STI and FTSE ST Mid Cap Index, and that pass the relevant investability screens set by FTSE
- (2) The FSSTI comprises the top 30 SGX Mainboard listed companies on the Singapore Exchange selected by market capitalization

Based on the above, we note the following:

- (i) For the last 3 years leading up to the market day preceding the Joint Announcement, we note that the Shares has significantly underperformed the FSSTSCI and FSSTI;

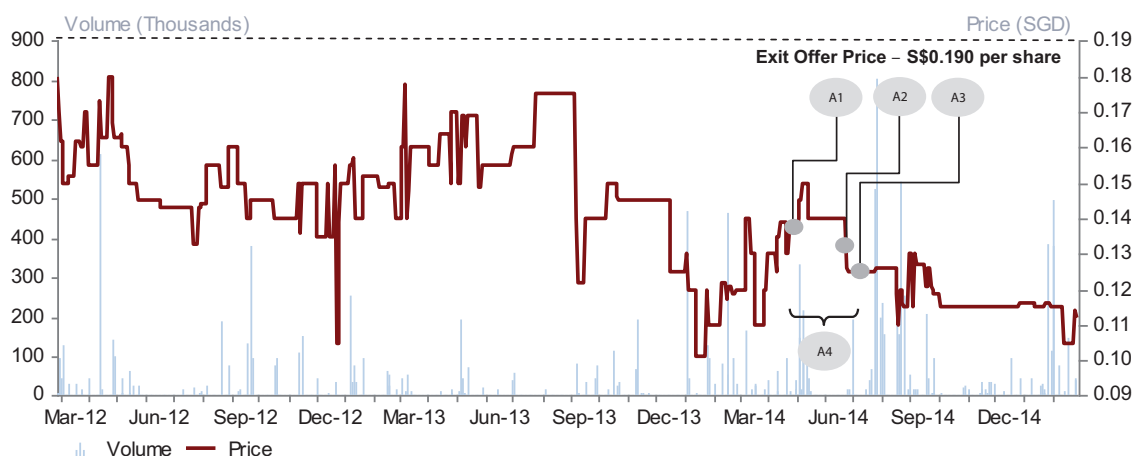
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- (ii) Between the market day preceding the Joint Announcement Date and the Latest Practicable Date, the Shares recorded an increase of 68.8% in price levels which is significantly higher than the price performance of the FSSTSCI and FSSTI. During this period, besides the announcement of the Delisting Proposal, the Company also released its 1Q2015 results where the Group reported an increase in net losses from S\$1.6m in 1Q2014 to S\$2.3m in 1Q2015; and
- (iii) Between the market day preceding the Joint Announcement Date and the Latest Practicable Date, the Shares recorded an average daily trading volume of approximately 225,126 Shares which is significantly higher than the average daily trading volumes of about 16,798 Shares and 33,242 Shares over the 3-year period and 1-year period prior to the Joint Announcement Date respectively.

Based on the foregoing, we conclude that it is highly likely that the market price of the Shares as at the Latest Practicable Date is supported by the Exit Offer and may not be maintained at such levels after the close of the Exit Offer.

7.3.3 Share Purchases by Action Electronics Co. Ltd. (“Action Electronics”) and the Company

Between May and July 2014, Action Electronics and the Company purchased Shares through off-market transactions and Shares re-purchased under the share buyback mandate respectively, as shown below:



Source: FactSet Prices

Share Purchases made by Action Electronics

- A1** **19 May 2014.** Action Electronics purchased 9.7m Shares off-market at S\$0.150 per share in a married trade
- A2** **25 June 2014.** Action Electronics purchased 16.3m Shares off-market at S\$0.150 per share in a married trade
- A3** **21 July 2014.** Action Electronics purchased 1.9m Shares off-market at S\$0.150 per share in a married trade

Share Buybacks made by the Company

- A4** **6 May 2014 to 30 July 2014.** The Company re-purchased a total of 0.9m Shares during this period in accordance with the share buyback mandate at a price range of S\$0.126 to S\$0.150, please refer to the table below for details

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Date	Volume	Price (S\$)
30/07/2014	165,000	0.126
25/07/2014	200,000	0.126
23/07/2014	100,000	0.126
14/05/2014	27,000	0.150
12/05/2014	100,000	0.150
08/05/2014	110,000	0.150
07/05/2014	147,000	0.150
06/05/2014	21,000	0.145
Total	870,000	

We note that the Shares purchased by Action Electronics and the Company were made at between S\$0.126 to S\$0.150 per Share and are significantly below the Exit Offer Price.

7.4 NAV of the Group

Based on the Company's unaudited consolidated financial statements for 1Q2015, the unaudited NAV of the Group was approximately S\$92.6 million or approximately S\$0.233 per Share.

The Exit Offer Price is at a discount of approximately 18.3% to the unaudited consolidated NAV per Share of the Group as at 31 March 2015.

7.4.1 RNAV of the Group

In connection with the Exit Offer, the Group has commissioned independent valuations to determine the market value of all the land and buildings of the Group, a summary of which is set out below (the "Revalued Assets").

Location of Property	Type of Property	Open Market Value (FCY)	Open Market Value (S\$'mil) ⁽¹⁾	Book Value (S\$'mil) ⁽²⁾	Gross Revaluation Surplus (S\$'mil) ⁽²⁾
No. 2480, Tingkat Perusahaan 6, Prai Free Industrial Zone, Prai Industrial Estate, 13600 Prai, Pulau Pinang, Malaysia	Factory Complex	RM19,000,000	7.03	3.54	3.64
No. 26, 26-A & 26-B, Jalan Perai Jaya 4, Bandar Perai Jaya, 13600 Prai, Pulau Pinang, Malaysia	Shop-Office	RM400,000	0.15		
Dede Industrial Park Jian'an Road, High-Tech Industrial Park Fuyong Street, Bao'an District Shenzhen, 518103 People's Republic of China	Factory Complex	RMB145,673,000	30.59	20.18	10.41
Shanghai Jiading Industrial Zone Lot 36/1 and Lot 37/2, 315 Street North Zone, Shanghai Jiading People's Republic of China	Warehouse Facilities	RMB225,000,000	47.25	41.45	5.80
Total			85.04	65.18	19.84

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Notes:

- (1) Translated at the exchange rate of S\$1:RMB4.76 and S\$1:RM2.70 as at the Latest Practicable Date
- (2) As of 31 March 2015

Source: Bloomberg L.P.

Based on the AVA Valuation Report and China Real Estate Appraiser Firm Valuation Report as appended in Appendix IV and Appendix V of the Circular respectively, the aggregate open market value for the Revalued Assets is S\$85.04 million.

The table below sets out the computation of the RNAV of the Group and the discount of the Exit Offer Price to the RNAV per Share based on the open market value of the Revalued Assets.

NAV of the Group as at 31 March 2015 (S\$'mil)	92.6
(Add): Gross revaluation surplus arising from the open market value of the Revalued Assets (S\$'mil)	19.8
(Less): Potential tax liabilities on sale ¹	(11.0)
Net: Revaluation surplus on Revalued Assets	8.8
RNAV of the Group as at 31 March 2015 (S\$'mil)	101.3
RNAV per Share as at 31 March 2015 (S\$)	0.255
Discount of Exit Offer Price to RNAV per Share (%)	(25.5)

Note:

- (1) Based on the Company's management estimates in consultation with its tax advisers.

Source: Group's unaudited consolidated financial statements as at 31 March 2015, Valuation Reports and CIMB analysis, Bloomberg L.P.

Based on the above, we note that the Exit Offer Price represents a discount of approximately 25.5% to the RNAV per Share as at 31 March 2015.

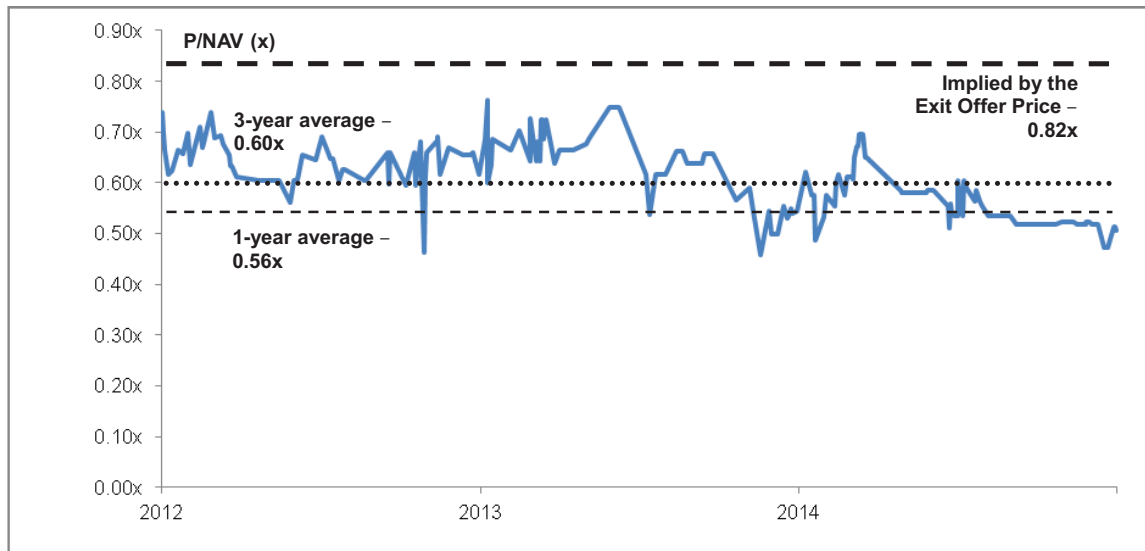
The NAV and RNAV methodology provides an indication of the value of the Company assuming a hypothetical sale of its assets. In this regard, we wish to highlight that the Directors have confirmed to us that the Group does not have any plans for an impending material disposal and/or conversion of the use of its assets and/or material change in the nature of the Group's businesses as at the Latest Practicable Date. We also note that the Offeror currently has no plans to re-deploy the fixed assets of the Group or to propose any major changes to the Group's business.

The Directors have also confirmed to us that to the best of their knowledge, there are no contingent liabilities which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date.

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7.4.2 Historical Trailing P/NAV Multiple of the Shares

We have compared the P/NAV multiple of the Shares implied by the Exit Offer Price (based on the Group's latest announced net asset value as at 31 March 2015) against the trailing P/NAV multiples of the Shares (based on the Group's latest announced net asset value for the applicable time periods) for the 3-year period prior to the Joint Announcement Date.



Source: Company announcements and CIMB analysis

Based on the above, we note that the average P/NAV multiple for the 3-year and 1-year periods prior to the Joint Announcement Date was 0.60 times and 0.56 times respectively. In comparison, the P/NAV multiple as implied by the Exit Offer Price is 0.82 times, and is significantly higher than the average P/NAV multiple for the 3-year and 1-year periods prior to the Joint Announcement Date.

7.5 Precedent Takeovers Analysis

We note that it is the intention of the Offeror to delist the Company from the Official List of the SGX-ST and to make the Company its wholly-owned subsidiary. In this regard, and for the purpose of providing an illustrative guide as to whether the financial terms of the Exit Offer are attractive relative to other delistings and privatizations, we have compared the financial terms of the Exit Offer with those in recent successful delistings, privatizations and schemes of arrangements for companies listed on the SGX-ST, in the last 2 years prior to the Joint Announcement Date ("**Precedent Takeovers**").

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

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A summary of the relevant financial terms of the Precedent Takeovers is set out below.

	Date of Announcement	Premium / (Discount) to Pre-Announcement Share Price ⁽¹⁾			P/NAV (x)	P/RNAV (x)
		Last transacted (%)	1-month (%)	3-month (%)		
Delistings						
Pan Pacific Hotel Group Limited	10-May-13	9.0	8.2	6.1	1.7x	1.0x
Armstrong Industrial Corporation Limited	05-Jul-13	11.1	14.0	17.0	2.0x	n/a
Superior Multi Packaging Limited	06-Sep-13	0.0	0.5	10.8	1.0x	0.7x
Sound Global Ltd	10-Sep-13	22.8	18.9	22.6	1.5x	n/a
Internet Technology Group Limited	25-Sep-13	35.3	9.0	5.7	0.9x	0.7x
Consciencefood Holdings Limited	28-Sep-13	23.5	23.3	18.0	0.9x	n/a
Devotion Energy Group Limited	07-Oct-13	23.4	24.2	25.0	0.8x	0.8x
Medi-Flex Limited	11-Oct-13	15.4	21.0	27.1	3.2x	n/a
China Energy Limited	11-Nov-13	-14.8	-13.0	-20.6	2.3x	4.9x
WBL Corporation Limited	19-Nov-13	27.0	26.2	24.3	1.4x	n/a
Malacca Trust Limited	23-Dec-13	15.4	15.4	15.4	2.1x	n/a
Chemoil Energy Limited	25-Feb-14	29.0	31.1	32.5	0.9x	n/a
Asia Power Corporation Limited	24-Mar-14	0.0	1.2	2.1	0.6x	n/a
China XLX Fertiliser Ltd.	31-Mar-14	23.1	28.9	24.8	0.8x	n/a
EUNetworks Group Limited	17-Nov-14	32.6	58.4	69.2	1.9x	n/a
Keppel Land Limited	23-Jan-15	20.0	25.0	29.0	0.9x	0.7x
Privatizations						
Tsit Wing International Holdings Limited	11-Jun-13	36.7	36.7	36.2	1.3x	1.1x
Guthrie GTS Ltd	21-Jun-13	21.4	21.9	19.7	0.9x	0.8x
Food Junction Holdings Limited	24-Jun-13	40.1	37.8	37.1	1.4x	n/a
Viz Branz Limited	05-Jul-13	15.0	17.9	15.6	2.6x	2.3x
Berger International Limited	21-Aug-13	78.6	67.8	86.6	2.8x	1.7x
Superbowl Holdings Limited	07-Oct-13	15.4	34.9	41.0	2.1x	0.6x
People's Food Holdings Limited	19-Oct-13	2.6	4.2	10.0	1.2x	n/a
Singapore Land Limited	24-Feb-14	11.2	16.9	13.9	0.7x	0.7x
CapitaMalls Asia Limited	14-Apr-14	23.0	27.0	25.5	1.2x	0.8x
ASJ Holdings Limited	07-May-14	18.2	43.7	55.4	0.8x	0.7x
Lee Kim Tah Holdings Limited	25-Sep-14	6.4	11.8	12.3	1.0x	1.0x
UE E&C Ltd	03-Oct-14	-2.3	1.5	1.5	1.3x	1.2x
Perennial China Retail Trust	27-Oct-14	29.6	34.0	33.0	0.9x	n/a
Forterra Trust	04-Nov-14	32.4	51.1	49.7	0.6x	0.6x
ECS Holdings Limited	14-Nov-14	11.5	9.0	11.5	0.6x	n/a
Popular Holdings Limited	14-Jan-15	39.1	39.7	37.3	1.1x	1.1x
Schemes of Arrangement						
Kreuz Holdings Limited	05-Nov-13	4.6	6.9	6.4	1.8x	n/a
Goodpack	27-May-14	23.1	30.8	31.3	3.0x	n/a
High		78.6	67.8	86.6	3.2x	4.9x
Low		(14.8)	(13.0)	(20.6)	0.6x	0.6x
Mean		20.0	23.1	24.5	1.4x	1.2x
Median		20.7	22.6	23.5	1.2x	0.8x
Implied by the Exit Offer Price	27-Feb-15	69.6	67.6	66.7	0.82x	0.75x

Source: Relevant offer documents and Bloomberg L.P.

Based on the foregoing, we note that:

- (i) The market price premia implied by the Exit Offer Price is significantly higher than the corresponding mean and median premia of the Precedent Takeovers;

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- (ii) The P/NAV multiple implied by the Exit Offer Price is within the range but lower than the mean and median of the P/NAV multiples of the Precedent Takeovers; and
- (iii) The P/RNAV multiple implied by the Exit Offer Price is within the range and in line with the median P/RNAV multiples of the Precedent Takeovers.

7.6 Dividend Analysis

For the purpose of assessing the Exit Offer, we have considered the historical dividend record of the Shares for the last 3 financial years prior to the Joint Announcement Date and compared them with the returns which a Shareholder may potentially obtain by re-investing the proceeds from the Exit Offer in other selected alternative equity investments.

Historical dividends paid by the Company

The dividend track record of the Company is as follows:

Financial year ended 31 December	Net dividend per Share (S\$)	Net dividend payout ⁽¹⁾ (%)	Implied net dividend yield ⁽²⁾ (%)
2012	0.007	81.40	3.68%
2013	nil	n/a	n/a
2014	nil	n/a	n/a

Source: CIMB's computations

Notes:

- (1) Based on the net dividend per Share divided by the consolidated basic earnings per Share as reported in the Company's annual reports for the respective financial years. The earnings per Share used for the purpose of the computation above have not been adjusted for the changes in the Group's accounting policies nor any exceptional one-off items over the years.
- (2) Based on the net dividend per Share divided by Exit Offer Price.

We note that the Company has not paid a dividend in the last two financial years. As at 31 March 2015, the Group had retained earnings of approximately S\$30.3 million based on the latest unaudited financial statement for the financial period ending 31 March 2015.

Investment in selected alternative investments

Shareholders who accept either of the Exit Offer may re-invest the proceeds from the Exit Offer in selected alternative equity investments including the equity of the EM Comparable Companies and Warehousing Comparable Companies (collectively, the "**Comparable Companies**") and/or a broad market index instrument such as the SPDR STI ETF.

In this regard, we note that of the Comparable Companies, Creative, CDW and Plastoform and all of the Warehousing Comparable Companies had paid dividends in respect of their last financial year. The SPDR STI ETF paid a dividend yield of 2.70% in respect of FY2014.

This suggests that a shareholder who receives the proceeds from the Exit Offer Price may potentially experience an increase in investment income if he re-invests the proceeds from the Exit Offer Price in the shares of the Comparable Companies that has paid out dividends in their respective last financial year or the SPDR STI ETF. This is on the assumption that the Comparable Companies that has paid out dividends in their respective last financial year and the SPDR STI ETF maintain their respective net dividend per share at the same level as that set out above.

We wish to highlight that the above dividend analysis serves only as an illustrative guide and is not an indication of the Company's future dividend policy nor that of any of the Comparable Companies or the SPDR STI ETF. Furthermore, an investment in the equity of the Comparable Companies or the SPDR STI ETF also presents different risk-return profiles compared to an investment in the Shares. Moreover, there is no assurance that the Company or any of the above selected alternative investments will continue to pay dividends in the future or maintain the level of dividends paid in past periods.

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7.7 Other Considerations

Irrevocable Undertakings

The following has been extracted from paragraph 2 of the Exit Offer Letter and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Exit Offer Letter. Shareholders are advised to read the extract below carefully:

“...Accordingly, as at the Latest Practicable Date, an aggregate of 320,418,950 Shares, representing approximately 80.50% of the total number of issued Shares, will be voted in favour of the Delisting Resolution at the EGM.”

We note from the above statement that the Offeror, Action Electronics and the Undertaking Shareholders intend to vote in favour of the Delisting Resolution at the EGM in respect of all its Shares. We wish to highlight that unless the Delisting Resolution is voted against by 10% or more of the total number of Shares held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, the Delisting Resolution will be passed at the EGM.

We further note from paragraph 3 of the Exit Offer Letter that as at the Latest Practicable Date, (a) Action Electronics has provided an irrevocable undertaking to the Offeror that it shall **not tender, or procure the tendering of any of its Shares in acceptance of the Exit Offer**, and (b) each of Peng-Wen Chih, Dato’ Peng Chiun-Ping and Dato’ Lai Pin Yong has provided an irrevocable undertaking to the Offeror that he **shall tender, or procure the tendering of all (and not some only) of his Shares in full acceptance of the Exit Offer**.

Offeror’s Intentions

The following has been extracted from paragraph 8 of the Exit Offer Letter and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Exit Offer Letter. Shareholders are advised to read the extract below carefully:

“The Offeror currently has no intention to (a) propose any major changes to the existing businesses of the Action Asia Group; (b) re-deploy the fixed assets of the Action Asia Group; or (c) discontinue the employment of the existing employees of the Action Asia Group, other than in the ordinary course of business. Nonetheless, the Offeror retains the flexibility at any time to consider and evaluate options or opportunities in relation to the Action Asia Group which may present themselves, and which it may regard to be in the interests of the Offeror and/or the Company.

Following the close of the Exit Offer, the Offeror will undertake a comprehensive review of the businesses and fixed assets of the Action Asia Group. This review will assist the Offeror in determining the optimal business strategy for the Action Asia Group.”

Implications of Delisting for Shareholders

Shareholders should note that if the Delisting Resolution is approved in accordance with the requirements of the Listing Manual, the Company will be delisted. Following the Delisting, Shareholders who do not accept the Exit Offer will continue to hold shares in the Company, which will then be an unlisted company.

Shareholders should note that shares of unlisted companies are generally valued at discount to the shares of comparable listed companies due to the lack of marketability. Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. Even if such Shareholders were able to sell their Shares, they would likely receive a lower price as compared with the market prices of the shares of comparable listed companies.

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If the Company is delisted from the Official List of the SGX-ST, it will no longer be required to comply with the listing requirements of the SGX-ST. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Memorandum and Articles, and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with the CDP and does not accept the Exit Offer will be entitled to one share certificate representing his delisted Shares. The Company's Share Registrar, Intertrust Singapore Corporate Services Pte. Ltd., will arrange to forward the share certificates to such Shareholders who are not CPFIS Investors, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping. The share certificates belonging to CPFIS Investors will be forwarded to their respective CPF Agent Banks for their safekeeping.

Shareholders who are in doubt of their position should seek independent legal advice.

Compulsory Acquisition

As stated in the Exit Offer Letter, the Offeror intends to make the Company its wholly-owned subsidiary. Accordingly, should the Offeror acquire 90% or more of the Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date and excluding any Shares held by the Company as treasury shares), which would result in the Offeror and its related corporations holding an aggregate of 96.88% of the Shares, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act.

Please refer to paragraph 9 of the Exit Offer Letter for details on, inter alia, the rights of the Offeror and Shareholders under Section 215 of the Companies Act.

No Revision of Exit Offer and No Competing Offer

We wish to highlight that the Offeror has stated that in the Exit Offer Letter that it does not intend to revise the terms of the Exit Offer.

We also wish to refer to Section 12 of the Circular which states that as at the Latest Practicable Date, no competing offer has been received by the Company. We believe that the possibility of an alternative offer is highly remote because the Offeror, which together with its Concert Parties, collectively own an aggregate of approximately 80.50 per cent. of the total number of issued Shares as at the Latest Practicable Date.

Accordingly, the Exit Offer is the only offer for the Shares under consideration.

Limitation on Future Purchases of Shares by the Offeror

As the Exit Offer (when made) is unconditional, we wish to highlight that under Rule 33.2 of the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within 6 months of the Closing date, make a second offer to, or acquire any Shares from any shareholder on terms better than those under the Exit Offer.

Financial Performance of the Group

A summary of the consolidated profit and loss statements of the Group for last three financial years from FY2012 to FY2014, and 1Q2015 as well as its comparative for the first three months ended 31 March 2014 ("**1Q2014**") is set out below. The following summary should be read together with the annual reports of the Company in respect of FY2012 to FY2014, and the financial statements of the Group for 1Q2015 including the notes thereto.

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(S\$'000)	FY2012 (Audited)	FY2013 (Audited)	FY2014 (Audited)	1Q2014 (Unaudited)	1Q2015 (Unaudited)
Sales	188,632	112,839	136,596	21,530	22,423
Cost of sales ¹	(143,689)	(90,707)	(107,137)	(17,564)	(17,465)
Gross profit	44,943	22,132	29,459	3,966	4,958
Profit / (Loss) before income tax	5,567	(4,183)	186	(1,856)	(2,276)
Net profit / (loss) attributable to equity holders of the Company	3,424	(4,715)	195	(1,587)	(2,310)

Notes:

- (1) Consists of raw materials and consumables used as well as changes in inventories of finished goods and work-in-progress.
- (2) The summary in this table was extracted from the Company's annual report from FY2012 to FY2014 and the unaudited consolidated financial statements of the Group for 1Q2015 and 1Q2014

FY2012 to FY2014

From FY2012 to FY2014, the Group's revenue decreased by approximately S\$52.0 million, or 27.6% from approximately S\$188.6 million to approximately S\$136.6 million. The decrease in revenue was mainly due to a combination of pricing pressure and lower demand following weak consumer demand in Europe and US, particularly for the Group's EM Business' products.

The Group's net profit attributable to equity holders of the Company has declined in tandem with the decrease in revenue, where net profit has decreased by approximately S\$3.2 million, or 94.3% from approximately S\$3.4 million to S\$0.2 million during the same period. This was partially offset by contribution from the operations of the Warehousing Business, which only commenced in FY2014. We also note that the Group recorded a loss attributable to equity holders of the Company of S\$4.7 million in FY2013.

1Q2015 vs 1Q2014

Revenue increased marginally by S\$0.9 million, mainly due to higher revenue from the Warehouse Business. Overall, the Group recorded a higher loss before tax of S\$2.3 million in 1Q2015 compared to a loss of S\$1.9 million in 1Q2014. This was mainly due to a one-off gain of approximately S\$0.6 million from the sale of office building in Singapore in 1Q2014.

Outlook of the Group

We would like to draw the attention of Shareholders to paragraph 10 of the Company's results announcements released on 15 May 2015 which is reproduced in italics below.

"The Group's performance in 1Q2015, historically a slow period for orders, was affected by prevailing global uncertainties and challenging business conditions in China.

According to the latest trade data released by China's General Administration of Customs showed export sales shrank by 15% in March from a year ago - China's worst performance for March since 2009 during the depths of the financial crisis. Along with the shrinking of export sales, imports fell by 12.7% for the third straight month of decline.

All these figures point to weaker than expected economic growth in the Chinese economy. Indeed, the International Monetary Fund (IMF) projected that China's growth would fall below the generally anticipated 7% mark to 6.8% in 2015, and 6.3% in 2016.

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Against these headwinds, the Group will remain cautious and exercise prudence in managing market risks while sticking to our strategy of leveraging on R&D to drive innovation to enhance sales and grow our customer base. We also expect warehousing and logistics to continue with its positive contribution to the Group's performance in the coming months."

8. SUMMARY OF ANALYSIS

In arriving at our advice to the Independent Directors on the Exit Offer, we have considered, *inter alia*, the following factors which should be read in the context of the full text of this Letter:

- (i) The Exit Offer Price falls well within the range and above the mid-point of our estimated sum-of-parts valuation for the Shares;
- (ii) Trading in the Shares have historically been illiquid. During the 1-year period leading up to the Joint Announcement Date, trading in the Shares occurred on only approximately 32.1% of all Market Days with an average trading volume of only 33,242 Shares representing 0.04% of the Company's free float;
- (iii) The Shares have not traded above the Exit Offer Price for the last 3 years prior to the Joint Announcement Date;
- (iv) The Exit Offer Price represents a significant premium of between approximately 41.9% to 67.6% over the 1-month, 3-month, 6-month, 1-year, 2-year and 3-year corresponding VWAP of the Shares prior to the Joint Announcement Date;
- (v) The Exit Offer Price represents a significant premium of approximately 69.6% over the closing price of the Shares on the last traded Market Day prior to the Joint Announcement Date;
- (vi) The Shares have not traded above the Exit Offer Price between the Joint Announcement Date and the Latest Practicable Date;
- (vii) It is highly likely that the market price of the Shares as at the Latest Practicable Date is supported by the Exit Offer and may not be maintained at such levels after the close of the Exit Offer;
- (viii) The market price premia implied by the Exit Offer Price is significantly higher than the corresponding mean and median premia of the Precedent Takeovers;
- (ix) The Exit Offer Price values the Shares at a discount of approximately 18.3% and 25.5% to the NAV per Share and RNAV per Share respectively;
- (x) The P/NAV multiple as implied by the Exit Offer Price is higher than the average historical trailing P/NAV multiple of the Shares for the 3-year and 1-year periods prior to the Joint Announcement Date;
- (xi) The P/RNAV multiple implied by the Exit Offer Price is within the range and in line with the median P/RNAV multiples of the Precedent Takeovers;
- (xii) The Company has not paid out any dividends in the last 2 financial years;
- (xiii) The Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror;
- (xiv) Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no ready mechanism for such Shareholders to exit their investment in the Shares;

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- (xv) The Offeror intends to make the Company its wholly-owned subsidiary. Accordingly, when entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act;
- (xvi) The Exit Offer is the only offer for the Shares under consideration;
- (xvii) The Group's revenue and net profit has been declining in the past three years due to a combination of pricing pressure and lower demand following weak consumer demand in Europe and US, particularly for the Group's EM Business' products. The Group is also affected by prevailing global uncertainties and challenging business conditions in China; and
- (xviii) The Offeror currently has no intention to propose any major changes to the business of the Group.

Based upon, and having considered, inter alia, the factors described above and the information that has been made available to us at the Latest Practicable Date, we are of the opinion that the financial terms of the Exit Offer are fair and reasonable and not prejudicial to the interests of Shareholders under the market, economic and other relevant conditions prevailing as at the Latest Practicable Date.

We wish to highlight that unless the Delisting Resolution is voted against by 10% or more of the total number of Shares held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, the Delisting Resolution is certain of being passed at the EGM.

In the event that the requirements of Delisting under Rules 1307 and 1309 of the Listing Manual are met, the Company will be delisted from the Official List of the SGX-ST.

Accordingly, we advise the Independent Directors to recommend that Shareholders should either ACCEPT the Exit Offer or sell their Shares on the open market if they can obtain a price equal to or higher than the Exit Offer Price (after deducting expenses) in the event that the Delisting Resolution is passed and they do not intend or are not prepared to hold unlisted Shares. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date after the close of the Exit Offer.

We would also advise the Independent Directors to caution the Shareholders that they should not rely on our advice to the Independent Directors as the sole basis for deciding whether or not to accept the Exit Offer.

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

Yours faithfully
For and on behalf of
CIMB BANK BERHAD, SINGAPORE BRANCH

MAH KAH LOON
MANAGING DIRECTOR AND HEAD
INVESTMENT BANKING

JASON CHIAN SIET HENG
MANAGING DIRECTOR
INVESTMENT BANKING

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Annexure I

EM Comparable Companies

Companies	Company Description
Creative	■ Creative engages in design, manufacture and distribution of digitized sound and video boards, computers and related multimedia and personal digital entertainment products. Creative's products include speakers, headphones, headsets, web and video cameras, keyboards, and music players.
CDW	■ CDW engages in the production and trading of LCD backlight units, metal and plastic frames, flexible printed circuits and other precision accessories, such as labels, insulators, and shock absorbers.
TSH	■ TSH operates its business through the Homeland Security Services and Consumer Electronic Products segment. The Homeland Security Services segment is involved in the provision of homeland security related sales and services as well as the supply and choreography of pyrotechnics and firework displays. The Consumer Electronic Products segment is involved in the original design and manufacture of consumer products and the assembly of high volume printed circuit board.
Plastoform	■ Plastoform is involved in the design, development and manufacturing of audio products for personal computers, mobile, and multimedia devices. The company offers a range of audio and multimedia accessories from MP3, iPods, iPhones compatible multimedia speakers, high fidelity home theatre sound systems, bluetooth, and wireless portable products.

Warehousing Comparable Companies

Companies	Company Description
Vibrant	■ Vibrant provides freight forwarding, warehousing and logistics solutions including international freight forwarding services, distribution, storage and warehousing services, records management, document storage, provision of chemical logistics, transportation and warehousing activities. Vibrant also engages in the Financial Services and Real Estate segments.
Cogent	■ Cogent engages in the provision of logistics management services including provision of dry hubbing logistics solutions and transportation services, provision of warehousing services, including packing, drumming and other related ancillary storage services as well as provision of storage of shipping containers and maintenance and repair works on the containers.
PTC	■ PTC provides logistics services including bulk cargo handling and stevedoring; warehousing, drumming and related services: trading, leasing, and terminal management. It also owns and operates fleets of cargo vehicles in Singapore.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

1. DIRECTORS

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

<u>Name</u>	<u>Address</u>	<u>Designation</u>
Li Yuan Chen @ Jack Li	3 Anson Road #27-01 Springleaf Tower Singapore 079909	Non-Executive Chairman
Peng Wen-Chih (彭文志)	3 Anson Road #27-01 Springleaf Tower Singapore 079909	Managing Director
Dato' Peng Chiun-Ping (彭君平)	3 Anson Road #27-01 Springleaf Tower Singapore 079909	Executive Director
Chao Teng-Pang (趙登榜)	3 Anson Road #27-01 Springleaf Tower Singapore 079909	Non-Executive Director
Dato' Lai Pin Yong	3 Anson Road #27-01 Springleaf Tower Singapore 079909	Independent Director
Tang Edmund Koon Kay	3 Anson Road #27-01 Springleaf Tower Singapore 079909	Independent Director

2. REGISTERED OFFICE

The registered office of the Company is at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909. The principal place of business of the Company is at Dede Industrial Park, Jian'an Road, High-Tech Industrial Park, Fuyong Street, Bao'an District, Shenzhen 518103, People's Republic of China.

3. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 2 August 2002 and is listed on the Mainboard of the SGX-ST. The principal activity of the Company is the holding of investments. The Group is engaged in the design, manufacture and assembly of mobile audio and video electronic products for lifestyle entertainment and in-car-usage such as multi-functional digital video player, digital photo frame and digital mobile television.

4. SHARE CAPITAL OF THE COMPANY

4.1 Issued Share Capital

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$54,168,808 comprising 398,035,000 issued Shares (excluding 1,965,000 treasury shares).

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

4.2 Rights in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Memorandum and Articles, which are available for inspection at the Company's registered office at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909. The relevant provisions have been extracted from the Articles and are reproduced in Appendix III to this Circular. Capitalised terms and expressions not defined in Appendix III have the meanings ascribed to them in the Articles and/or the Companies Act.

4.3 New Issues

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2014.

4.4 Options

There are no other outstanding instruments convertible into, rights to subscribe for, and options in respect of, the Shares, as at the Latest Practicable Date.

4.5 Transfer Restrictions

There is no restriction in the Memorandum and Articles on the right to transfer any Offer Shares, which has the effect of requiring the holders of such Offer Shares, before transferring them, to offer them for purchase to members of the Company or to any other person.

5. FINANCIAL INFORMATION

5.1 Consolidated Income Statements

A summary of the audited consolidated income statements of the Group for FY2012, FY2013 and FY2014, and the unaudited consolidated income statement of the Group for 1Q2015 is set forth below.

	Audited FY2012 S\$'000	Audited FY2013 S\$'000	Audited FY2014 S\$'000	Unaudited 1Q2015 S\$'000
Revenue	188,632	112,839	136,596	22,423
Other Income	1,711	3,903	1,618	85
Other (losses) / gains – net	(602)	243	874	363
Changes in inventories of finished goods and work-in-progress	(6,485)	3,095	1,765	1,301
Raw materials and consumables used	(137,204)	(93,802)	(108,902)	(18,766)
Employee compensation	(17,977)	(15,156)	(16,095)	(3,988)
Depreciation expense				
- Investment properties	–	(219)	(576)	(184)
- Property, plant and equipment	(4,889)	(3,701)	(2,992)	(791)
Other operating expenses	(16,888)	(10,874)	(11,200)	(2,531)
Finance expenses	(731)	(511)	(902)	(188)
Profit/(loss) before income tax	5,567	(4,183)	186	(2,276)
Income tax expense	(616)	(71)	(126)	(49)
Total profit/(loss)	4,951	(4,254)	60	(2,325)

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

	Audited FY2012 S\$'000	Audited FY2013 S\$'000	Audited FY2014 S\$'000	Unaudited 1Q2015 S\$'000
Attributable to:				
Equity holders of the Company	3,424	(4,715)	195	(2,310)
Non-controlling interests	1,527	461	(135)	(15)
	4,951	(4,254)	60	(2,325)
Earnings / (loss) per share for profit / (loss) attributable to equity holders of the Company (\$ per share)				
- Basic and diluted	0.0086	(0.0118)	0.0005	(0.0058)
Net dividend per Share (S\$)	0.007	–	–	–

5.2 Balance Sheet

A summary of the audited consolidated balance sheet of the Group as at 31 December 2013 and 31 December 2014, and the unaudited consolidated balance sheet of the Group as at 31 March 2015 is set out below.

	Audited as at 31 December 2013 S\$'000	Audited as at 31 December 2014 S\$'000	Unaudited as at 31 March 2015 S\$'000
ASSETS			
Current assets			
Cash and cash equivalents	51,146	29,826	24,223
Restricted Cash	–	–	13,765
Trade and other receivables	46,475	58,411	32,663
Tax recoverable	2,096	991	947
Inventories	17,294	19,607	23,726
	117,011	108,835	95,324
Non-current assets held for sale	549	–	–
	117,560	108,835	95,324
Non-current assets			
Other non-current assets	2,301	2,728	2,825
Investment Properties	26,289	32,394	34,968
Property, plant and equipment	32,700	32,446	32,774
Deferred income tax assets	966	398	450
	62,256	67,966	71,017
Total assets	179,816	176,801	166,341

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

	Audited as at 31 December 2013 S\$'000	Audited as at 31 December 2014 S\$'000	Unaudited as at 31 March 2015 S\$'000
LIABILITIES			
Current liabilities			
Trade and other payables	23,859	41,745	24,880
Current income tax liabilities	621	156	220
Borrowings	44,605	26,196	31,461
Provisions	7,240	5,210	4,945
	76,325	73,307	61,506
Non-current liabilities			
Provisions	3,144	1,576	1,532
Deferred income tax liabilities	789	494	494
	3,933	2,070	2,026
Total liabilities	80,258	75,377	63,532
NET ASSETS	99,558	101,424	102,809
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	54,169	54,169	54,169
Treasury shares	(120)	(253)	(253)
Other reserves	3,277	4,995	8,331
Retained profits	32,654	32,658	30,306
	89,980	91,569	92,553
Non-controlling interests	9,578	9,855	10,256
Total equity	99,558	101,424	102,809

5.3 Consolidated NTA per Share

The consolidated NTA per Share of the Group based on the unaudited consolidated financial statements of the Group for 1Q2015 is S\$0.233. As at the Latest Practicable Date, the Directors are not aware of any material changes which may affect the above stated consolidated NTA per Share.

5.4 Significant Accounting Policies and Changes

As at the Latest Practicable Date, there are no significant accounting policies nor any points from notes of the accounts of the Group which are of major relevance for the interpretation of the financial statements of the Group referred to in this Circular.

As at the Latest Practicable Date, there is no change in the accounting policies of the Group which will cause the figures disclosed in this Appendix II to be not comparable to a material extent.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

5.5 Material Changes in Financial Position

Save as set out in publicly available information on the Group, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 31 March 2015, being the date to which the Company's last published unaudited financial statements were made up.

6. DISCLOSURE OF INTERESTS

6.1 Shareholdings

- (a) The Company or its subsidiaries does not have any direct or deemed interest in (i) any shares of the Offeror or (ii) any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror, as at the Latest Practicable Date.
- (b) Neither the Company nor its subsidiaries have dealt for value in (i) any shares of the Offeror or (ii) any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.
- (c) As at the Latest Practicable Date, none of the Directors has any direct or deemed interests in any (i) shares of the Offeror or (ii) convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.
- (d) None of the Directors has dealt for value in any (i) Shares and (ii) convertible securities, warrants, options or derivatives in respect of any Shares during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.
- (e) Save as disclosed below, none of the Directors has any direct or indirect interest in the (i) Shares or (ii) convertible securities, warrants, options or derivatives in respect of any Shares as at the Latest Practicable Date.

Director	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% of Issued Shares ⁽ⁱ⁾	No. of Shares	% of Issued Shares ⁽ⁱ⁾	No. of Shares	% of Issued Shares ⁽ⁱ⁾
Peng Wen-Chih (彭文志)	13,500,000	3.39	–	–	13,500,000	3.39
Dato' Peng Chiun-Ping (彭君平)	9,000,730	2.26	–	–	9,000,730	2.26
Dato' Lai Pin Yong	23,938,910	6.01	–	–	23,938,910	6.01
Li Yuan Chen @ Jack Li ⁽ⁱⁱ⁾	–	–	157,000	0.04	157,000	0.04

Notes:

- (i) Based on 398,035,000 issued Shares (excluding 1,965,000 treasury shares) in the capital of the Company as at the Latest Practicable Date.
- (ii) As at the Latest Practicable Date, Li Yuan Chen @ Jack Li, the Non-Executive Chairman of the Company has a deemed interest in 157,000 Shares, which is held by his spouse, Wong Shiow Ling.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

6.2 Directors' Intentions in relation to the Exit Offer

Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Dato' Lai Pin Yong have irrevocably undertaken to vote all their respective Shares in favour of the Delisting Resolution at the EGM to be convened in connection with the Delisting and that they will accept the Exit Offer. As set out in Section 4.2 of this Circular, each of Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Dato' Lai Pin Yong have agreed to receive deferred payment of cash consideration in respect of their Shares to be tendered in acceptance of the Exit Offer.

The other Directors do not hold any Shares.

6.3 Other Disclosures

- (a) There are no service contracts between any of the Directors or proposed directors with the Company or its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation. There are no such service contracts entered into or amended by the Company or its subsidiaries during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.
- (b) It is not proposed that any payment or other benefit be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Exit Offer.
- (c) Save for the Directors' Undertakings, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Exit Offer.

6.4 Material Contract

Save as disclosed in this Circular, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror as at the Latest Practicable Date.

7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Save for the transactions conducted pursuant to the mandate under Chapter 9 of the Listing Manual from its Shareholders last renewed by the Company during the annual general meeting held on 28 April 2015 for recurrent transactions of a revenue or trading nature or those necessary for its day to day operations, neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with persons who are Interested Persons (as defined in the Note on Rule 23.12 of the Code) during the period commencing three (3) years prior to the Joint Announcement Date and ending on the Latest Practicable Date.

"Interested Person" is defined in Rule 23.12 of the Code as:

- (a) *a director, chief executive officer or substantial shareholder of the Company;*
- (b) *the immediate family of a director, the chief executive officer or a substantial shareholder (being an individual) of the Company;*
- (c) *the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;*
- (d) *any company in which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family together (directly or indirectly) have an interest of 30% or more;*

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

- (e) *any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or*
- (f) *any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.”*

8. MATERIAL LITIGATION

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

9. MATERIAL CHANGE IN INFORMATION

Save as disclosed in this Circular and save for information relating to the Company, the Group or the Exit Offer and the Delisting that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Joint Announcement Date and ending on the Latest Practicable Date.

APPENDIX III – PROVISIONS IN THE ARTICLES RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

ISSUE OF SHARES

3. Subject to the Statutes and the provisions of these presents, no shares may be issued by the Directors without the prior approval of the Company by Ordinary Resolution but subject thereto and to Article 7, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of shares to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, PROVIDED THAT:
- (a) (subject to any direction to the contrary that may be given by the Company in a General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 7(A) with such adaptations as are necessary shall apply; and
 - (b) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same and in the provisions of these presents.
- 4.(A) Preference shares may be issued subject to such limitation thereof as may be prescribed by any securities exchange upon which shares in the Company are listed. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking 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 arrear.
- (B). The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

VARIATION OF RIGHTS

- 5(A) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the Statutes, be varied or abrogated either with the consent in writing of holders who represent at least three-quarters of the total voting rights of all the shares of that class or by a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting, all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of all the shares of that class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the shares of that class concerned within two Months of such General Meeting shall be as valid and effectual as a Special Resolution passed at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

APPENDIX III – PROVISIONS IN THE ARTICLES RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

- (B) *The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from holders who represent at least of three-quarters of the total voting rights of all the preference shares concerned within two Months of the General Meeting, shall be as valid and effectual as a Special Resolution carried at the General Meeting.*
- (C) *The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

ALTERATION OF SHARE CAPITAL

6. *The Company in General Meeting may from time to time by Ordinary Resolution increase its capital by the allotment and issue of new shares.*
- 7.(A) *Subject to the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed or to any direction to the contrary that may be given by the Company in a General Meeting, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 7(A).*
- (B) *Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*
8. *The Company may by Ordinary Resolution:*
- (a) *consolidate and divide all or any of its shares;*
 - (b) *cancel any shares which, at the date of the passing of the resolution, have been forfeited and diminish the amount of its capital by the number of shares so cancelled;*
 - (c) *sub-divide its shares, or any of them in accordance with the Statutes and the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; or*
 - (d) *subject to the Statutes, convert any class of paid-up shares into any other class of paid-up shares.*

APPENDIX III – PROVISIONS IN THE ARTICLES RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

- 9.(A) *The Company may reduce its share capital or any reserve in any manner and with and subject to any incident authorised and consent required by law.*
- (B) *Subject to the Statutes, the Company may purchase or otherwise acquire any of its issued shares on such terms and in such manner as the Company may from time to time think fit and in the manner prescribed by the Statutes. If required by the Statutes, any share which is so purchased or acquired by the Company, unless held as treasury shares in accordance with the Statutes, shall be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share (including treasury shares) which is so purchased or acquired by it in accordance with the Statutes.*
10. *Shares that the Company purchases or otherwise acquires may be held as treasury shares in accordance with the provisions of these presents and the Act.*
11. *Where the shares purchased or otherwise acquired are held as treasury shares by the Company, the Company shall be entered in the Register of Members as the member holding the treasury shares.*
12. *The Company shall not exercise any right in respect of the 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.*

SHARES

13. *Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way (except by the Statutes or the provisions of these presents) to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee, as the case may be) entered in the Register of Members as the registered holder thereof or (as the case may be) a person whose name is entered in the Depository Register in respect of that share.*
14. *Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are liable to be redeemed.*
15. *Subject to the provisions of these presents and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in a General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.*
16. *The Company may exercise the powers of paying commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.*
17. *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 securities exchange upon which shares in the Company are listed) of any such application. The Directors may, at any time after the allotment of any share but before any person has been*

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entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

STOCK

48. *The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.*
49. *The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.*
50. *The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by any number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.*

GENERAL MEETINGS

51. *Subject to the Statutes, an Annual General Meeting shall be held once in every Year and not more than fifteen Months after the holding of the last preceding Annual General Meeting, at such time and place as may be determined by the Directors. All other General Meetings shall be Extraordinary General Meetings.*
52. *The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.*

NOTICE OF GENERAL MEETINGS

- 53.(A) *Subject to the Statutes, any General Meeting at which it is proposed to pass a Special Resolution shall be called by twenty-one days' notice in writing at the least. An Annual General Meeting and any other Extraordinary General Meeting shall be called by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereafter mentioned to all members other than those who are not under the provisions of these presents entitled to receive such notices from the Company PROVIDED THAT a General Meeting which has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:*
 - (a) *in the case of an Annual General Meeting, by all the members entitled to attend and vote thereat; and*
 - (b) *in the case of an Extraordinary General Meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the members having a right to vote at that meeting,*

except the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting.

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- (B) *Where special notice is required of a resolution pursuant to the Statutes, notice of the intention to move the resolution shall be given to the Company and notice of any General Meeting shall be called in accordance with the Statutes and in particular, Section 185 of the Act.*
- (C) *Subject to the Statutes or the bye-laws or listing rules of the securities exchange on which shares in the Company are listed, for so long as the shares in the Company are listed on the Securities Exchange, notices convening any General Meeting at which it is proposed to pass a Special Resolution shall be provided to the Securities Exchange and sent to members entitled to attend and vote at the meeting at least fifteen Market Days before the meeting. Notices convening any other General Meeting must be provided to the Securities Exchange and sent to members entitled to attend and vote at the meeting at least ten Market Days before the meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any securities exchange upon which shares in the Company are listed.*
- 54.(A) *Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.*
- (B) *In the case of an Annual General Meeting, the notice shall also specify the meeting as such.*
- (C) *In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.*
55. *Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:*
- (a) *declaring dividends;*
 - (b) *receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;*
 - (c) *appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;*
 - (d) *re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);*
 - (e) *fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and*
 - (f) *fixing the fees of the Directors proposed to be passed under Article 81.*
56. *Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.*

PROCEEDINGS AT GENERAL MEETINGS

57. *The Chairman of the Board, failing whom the Deputy Chairman of the Board, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present and willing to act within five minutes after the time appointed for holding the meeting, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.*

APPENDIX III – PROVISIONS IN THE ARTICLES RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

58. *No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy, PROVIDED THAT (i) a proxy representing more than one member shall only count as one member for the purpose of determining the quorum and (ii) 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.*
59. *If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting, any one or more members present in person or by proxy shall be a quorum.*
60. *The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or *sine die*) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned *sine die*, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or *sine die*, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.*
61. *Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.*
62. *If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.*
63. *At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:*
- (a) the chairman of the meeting;*
 - (b) not less than five members having the right to vote at the meeting;*
 - (c) a member having the right to vote at the meeting representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or*
 - (d) a member having the right to vote at the meeting and holding not less than ten per cent. of the total sum paid-up on all shares of the Company conferring that right (excluding treasury shares),*
- PROVIDED THAT no poll shall be demanded on the choice of a chairman or on a question of adjournment.*
64. *A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner*

APPENDIX III – PROVISIONS IN THE ARTICLES RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

(including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

65. *In the 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 shall be entitled to a casting vote.*
66. *A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.*

VOTES OF MEMBERS

67. *Each member who is a holder of ordinary shares in the capital of the Company shall be entitled to be present at any General Meeting. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 12, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote PROVIDED THAT in the case of a member who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion, shall be entitled to vote. On a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company.*
68. *In the case of joint holders of a share, any one of such person may vote, and be reckoned in quorum at any General Meeting, either personally or by proxy by attorney or in the case of a corporation by a representative as if he were solely entitled thereto, but if more than one such joint holders is so present at any meeting, then the person present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of the share shall alone be entitled to vote in respect thereof.*
69. *Where in Singapore or elsewhere, a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.*
70. *Any member shall be entitled to be present and to vote either personally or by proxy, at any General Meeting of the Company, in respect of any share or shares upon which all calls due to the Company have been paid, and shall be entitled to exercise any other right conferred by membership in relation to meetings of the Company.*

APPENDIX III – PROVISIONS IN THE ARTICLES RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

71. *No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered 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.*
72. *On a poll, votes may be given 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.*
- 73.(A) *A member may appoint not more than two proxies to attend and vote at the same General Meeting Provided that if the 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 forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company; and*
 - (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 forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*
- (B) *The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.*
- (C) *In any case where a 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 of proxy.*
- (D) *A proxy need not be a member of the Company.*
- 74.(A) *An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:*
- (a) *in the case of an individual, shall be signed by the appointor or his attorney; and*
 - (b) *in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.*
- (B) *The signature on such instrument need not be witnessed. Where an instrument appointing a proxy 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 the instrument of proxy pursuant to Article 73, failing which the instrument may be treated as invalid.*
75. *An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the registered office of the Company) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; PROVIDED THAT an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.*

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76. *An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.*
77. *A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made PROVIDED THAT no intimation in writing of such death, insanity or revocation shall have been received by the Company at the registered office of the Company at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.*
- 77A. *Subject to these presents and the Statutes, the Board may, at its sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.*

CORPORATIONS ACTING BY REPRESENTATIVES

78. *Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of the provisions these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat.*

DIVIDENDS

123. *The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors. No dividends may be paid, unless otherwise provided in the Statutes, to the Company in respect of treasury shares.*
124. *If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.*
125. *Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide and except as otherwise permitted under the Statutes:*
- (a) *all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
 - (b) *all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which dividend is paid.*

For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.

126. *No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.*
127. *No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.*

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- 128.(A) *The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*
- (B) *The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.*
- (C) *The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or moneys unclaimed after a period of six (6) Years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture.*
- (D) *A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability in respect of that payment. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six Years has elapsed from the date on which such other moneys are first payable.*
129. *The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.*
130. *The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.*
- 131.(A) *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 the ordinary share capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares 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 Directors;*
- (b) *the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares 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*

APPENDIX III – PROVISIONS IN THE ARTICLES RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

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 Article;

- (c) *the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in 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 ordinary shares in respect whereof the share election has been duly exercised (the “elected ordinary shares”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 135, the Directors shall (i) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.*
- (B) (a) *The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Article shall rank pari passu in all respects with the ordinary shares 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.*

(b) *The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of this Article, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these presents, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down or whereby the benefit of the fractional entitlements accrues to the Company rather than the members).*
- (C) *The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this Article shall be read and construed subject to such determination.*
- (D) *The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose registered addresses entered in the Register 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.*

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- (E) *Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of paragraph (A) of this Article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (A) of this Article.*
132. *Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provisions of Article 134, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.*
133. *If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.*
134. *Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in a General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.*

CAPITALISATION OF PROFITS AND RESERVES

135. *Subject to Article 3 and Article 7, the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including any undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) 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 Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, 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 into an agreement with the Company on behalf of all the members interested, providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.*

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135A. *In addition and without prejudice to the power to capitalise profits and other moneys provided for by Article 135, the Directors shall have power 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 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.*

WINDING UP

145. *The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.*

146. *Subject to the provisions of these presents and the Statutes, if the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the liquidator may, with the authority of a Special Resolution, divide among the members *in specie* or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.*

APPENDIX IV – SUMMARY OF AVA VALUATION REPORT



VALUATION & ADVISORY

28 May 2015

Hong Kong:
AVA Associates Ltd
806 Empress Plaza
17-19 Chatham Road South
Tsim Sha Tsui, Hong Kong

Singapore:
Asia Valuation & Advisory Services Pte Ltd
138 Cecil Street
#08-03 Cecil Court
Singapore 069538

To
Action Asia Limited
3 Anson Road #27-01
Springleaf Tower
Singapore 079909

Dear Sirs,

Pursuant to your instructions, AVA Associates Limited (“AVA”) has performed a valuation exercise to express an independent opinion on the value of selected land, buildings and structures belonging to Action Asia Limited (“Action Asia” or the “Company”) as at 31 March 2015 (“Valuation Date”). The results are solely for your internal reference and inclusion into a shareholder’s circular in relation to a proposed voluntary delisting exercise. No other use, direct or indirect, of our analysis is intended or inferred or shall be relied upon by the Company other than explicitly specified in the engagement letter herein.

Definition of Value

In estimating the value of the subject assets, 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. Unless otherwise noted, in estimating the Market Value, we have assumed that the business and its assets will remain a going concern in accordance with the relevant literature.

It is further defined as the value of an asset based on continuation of its existing use, assuming the asset could be sold in the open market for its existing use, and otherwise in keeping with the

APPENDIX IV – SUMMARY OF AVA VALUATION REPORT

Market Value definition regardless of whether or not the existing use represent the highest and best use of the asset.

Scope of Work

We understand that Action Asia intends to undertake a privatization exercise to voluntarily delist the Company from the Singapore Stock Exchange. As part of the exercise, AVA has been instructed to perform a valuation of the following assets.

1. A factory complex located on a parcel of land located at 深圳市宝安区福永街道高新开发区建安路德, Jian'an Road, High-Tech Industrial Park, Fuyong Street, Bao'an District, Shenzhen 518103 People's Republic of China ("Shenzhen Property").
2. Two adjoining parcels of industrial lands erected upon with two blocks of single-storey detached factories cum double office buildings bearing postal address No. 2480, Tingkat Perusahaan 6, Prai Free Industrial Zone, Prai Industrial Estate, 13600 Prai, Pulau Pinang, Malaysia ("Prai Property").
3. A three-storey intermediate terrace shop-office bearing postal address No. 26, 26-A & 26-B, Jalan Perai Jaya 4, Bandar Perai Jaya, 13600 Prai, Pulau Pinang, Malaysia ("Prai Shop-Office").

(together, the "Properties")

Our valuers undertaking this exercise are authorized to practice as valuers and have the necessary expertise and experience in valuing similar types of properties. Our valuation and report is prepared in accordance with the relevant standards adopted by the Royal Institution of Chartered Surveyors and/or guidelines provided by International Valuation Standards (2011 edition) as published by the International Valuation Standards Council. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with appropriate individuals concerning operational and maintenance of the identified assets of the Properties;
- Development of valuation models to estimate the Market Value, including gathering market and industry information in support of various assumptions; and
- Valuation of the Properties.

We planned and performed our valuation so as to obtain all the information and representations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject assets. In the course of our valuation, we used financial and other information provided by the Company and 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 valuation procedures we employed provide a reasonable basis for our opinion.

APPENDIX IV – SUMMARY OF AVA VALUATION REPORT

Overview of the Properties

Shenzhen Property

Brief details of the subject property are as follows:

<i>Legal Description</i>	According to land title 深房地字第 5000464177 号, a parcel of and with area about 34,946.63 m ² is granted to 深圳市德的技术有限公司
<i>Address</i>	Jian'an Road, High-Tech Industrial Park, Fuyong Street, Bao'an District, Shenzhen 518103 People's Republic of China 深圳市宝安区福永街道高新开发区建安路德
<i>Property Type</i>	Land 出让地
<i>Land Use</i>	Industrial 工业
<i>Tenure</i>	Lease expiring on 25 January 2056
<i>Titled Land Area</i>	34,946.63 m ²
<i>Gross Built-Up Area</i>	46,038.36 m ²

<i>Description</i>	<i>Gross Floor Area (m²)</i>
厂房 1 栋	13,624.92
厂房及连廊 2 栋	20,831.52
宿舍 3 栋	5,110.31
行政宿舍 4 栋	2,042.95
行政宿舍 5 栋	2,042.95
行政宿舍 6 栋	2,042.95
变配电水泵房 7 栋	246.62
门卫 8 栋	32.30
门卫 9 栋	63.84
TOTAL	46,038.36

Prai Property

Brief details of the subject property are as follows:

<i>Legal Description</i>	H.S.(D) 41587 & H.S.(D) 43112 (formerly H.S.(D) 5836), Lot P.T. Nos. 2685 & 4096 respectively, Mukim 1, District of Seberang Perai Tengah, State of Pulau Pinang, Malaysia, registered to Action Industries (Malaysia) Sdn Bhd
<i>Address</i>	No. 2480, Tingkat Perusahaan 6, Prai Free Industrial Zone, Prai Industrial Estate, 13600 Prai, Pulau Pinang, Malaysia
<i>Property Type</i>	Two adjoining parcels of industrial lands erected upon with two blocks of single-storey detached factories cum double office buildings
<i>Land Use</i>	Industrial
<i>Tenure</i>	Lot P.T. No. 2685: 60-year leasehold expiring on 20 October 2048 Lot P.T. No. 4096: 60-year leasehold expiring on 2 February 2060
<i>Titled Land Area</i>	Lot P.T. No. 2685: 10,541.9084 m ² (113,473 sq. ft) Lot P.T. No. 4096: 1.347 hectares (144,987 sq. ft)
<i>Gross Built-Up Area</i>	Main Floor Area: 9,198.53 m ² (99,012 sq. ft) Ancillary Floor Area: 2,229 m ² (23,993 sq. ft)
<i>Encumbrance</i>	None

APPENDIX IV – SUMMARY OF AVA VALUATION REPORT

Prai Shop-Office

Brief details of the subject property are as follows:

<i>Legal Description</i>	Developer's Parcel Nos. 275-G, 275-1 & 275-2, Unit No. 275, Block No. C25, Bandar Penas, held under Master Titles Nos. Geran Mukim 111 & 112, Lot Nos. 109 & 110 respectively, Advance Certificate of Title Nos. 419, 420 & 429 and H.S.(D) 5361, Lot P.T. No. 3844 (now new Parent Lot No. 5659), All of Mukim 1, District of Seberang Perai Tengah, State of Pulau Pinang, Malaysia, registered to Action-Tek Sdn Bhd
<i>Address</i>	No. 26, 26-A & 26-B, Jalan Perai Jaya 4, Bandar Perai Jaya, 13600 Prai, Pulau Pinang, Malaysia
<i>Property Type</i>	A three-storey intermediate terrace shop-office
<i>Tenure</i>	99-year leasehold expiring on 4 July 2094
<i>Gross Built-Up Area</i>	Approximately 295.90 m ² (3,185 sq. ft) as indicated in Sale & Purchase Agreement
<i>Encumbrance</i>	None

General Assumptions

No allowance has been made in our report for any charges, mortgages or amounts neither owing on the property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

As the property is held under long term land use rights, we have assumed that the owner has free and uninterrupted rights to use the property for the whole of the unexpired term of the land use rights.

We have assumed the design and construction of the subject development are in compliance with the local planning regulations and have been approved by the relevant authorities.

Inspections

We have inspected the exterior and, wherever possible, the interior of the properties during our site visit from 30 March 2015 to 3 April 2015. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Properties are free from rot infestation or any other defects. No tests were carried out on any of the services.

We have not conducted site surveys or site investigations, as these do not form part of our terms of reference and therefore we cannot report that the subject property is free from rot, infestation or any other structural defects. We have not carried out a building or land survey, and we assume that the subject property is in a fair state of repair and condition. No tests have been carried out to any of the building services.

APPENDIX IV – SUMMARY OF AVA VALUATION REPORT

The valuation date is 31 March 2015. We assume that the physical state of repair and the existing uses of the subject property do not deviate substantially between the valuation date and our date of report.

Sources of Information

We have relied to a considerable extent on the information provided by the instructing party, but not limited to, tenure, planning approvals, statutory notices, easements, particulars of occupancy, floor areas, identification of the property and all other relevant matters.

We have been provided with copies of title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates and floor plans relating to the subject properties by the instructing party, and have made relevant enquiries. However, we have not searched the original documents nor have we verified the existence of any lease amendments, which do not appear on the documents available to us. All documents have been used for reference only.

For the purposes of this engagement, we did not investigate any financial data pertaining to the present or prospective earning capacity of the operation in which the appraised assets are used. It was assumed that prospective earnings would provide a reasonable return on the appraised value of the assets, plus the value of any assets not included in the appraisal, and adequate net working capital.

Valuation Methodologies

In arriving at our opinion of the Market Value of the Properties, each subject property is valued on the basis of its “Depreciated Replacement Cost”.

We have adopted the Direct Comparison Approach for the valuation of the subject site; and Cost Approach for the improvements (including buildings and structures).

‘Depreciated Replacement Cost’

Depreciated Replacement Cost is based on an estimate of the Market Value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

‘Direct Comparison Approach’

The Direct Comparison Approach is universally considered the most accepted valuation approach for valuing most forms of real estate. This involves the analysis of recent market sales evidence of similar properties to compare with the premises under valuation. Each comparable is analyzed on the basis of its unit rate; each attribute of the comparable is then compared with the subject and where there is a difference, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as location within the city, size, configuration, access, and so on.

APPENDIX IV – SUMMARY OF AVA VALUATION REPORT

Additional Comments

We hereby certify that our valuers undertaking these valuations are authorized to practice as valuers and have the necessary expertise and experience in valuing similar types of properties.

Conclusion

Subject to the assumptions and limiting conditions of this report, we are of the opinion that the Market Value of the following Properties in its existing state as of the Valuation Date and assuming that it is free from any encumbrances is as follows:

China - Shenzhen Property

Description	Valuation (RMB)
Land use rights	98,967,000
Buildings and structures	46,706,000
Total	145,673,000

Malaysia - Prai Property

Description	Valuation (RM)
No. 2480, Tingkat Perusahaan 6, Prai Free Industrial Zone, Prai Industrial Estate, 13600 Prai, Pulau Pinang, Malaysia	19,000,000
Total	19,000,000

Malaysia - Prai Shop-Office

Description	Valuation (RM)
No. 26, 26-A & 26-B, Jalan Perai Jaya 4, Bandar Perai Jaya, 13600 Prai, Pulau Pinang, Malaysia	400,000
Total	400,000

We have no present or prospective interest in the Properties and are not a related corporation of nor do we have a relationship with independent directors of Action Asia, adviser or other party/parties whom we are contracting with. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the Company, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Respectfully submitted,

AVA Associates Limited

APPENDIX V – SUMMARY OF CHINA REAL ESTATE APPRAISER FIRM VALUATION REPORT



The Board of Directors
Action Asia Limited
3 Anson Road #27-01, Springleaf Tower, Singapore 079909

28 May 2015

Dear Sirs,

In accordance with your instructions to us to value the property interests held by Action Asia Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") in the People's Republic of China (the "PRC"). We confirm that we have carried out inspections, made relevant investigations and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of such property interests as at 31 March 2015 (the "date of valuation").

We have prepared this letter, summary of valuations and valuation certificates for the purpose of incorporation in the circular to the shareholders to be issued by the Company in connection with the proposed delisting of the Company.

Valuation Basis, Assumptions and Methodology

Our valuation is carried out on a market value basis. Market value is defined in the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors as "the estimated amount for which an asset or a liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

Our valuation has been made on the assumption that the owner sells the properties on the open market without the benefit or burden of any deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of the properties.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting sale. Unless otherwise stated, it is assumed that the properties were free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property interests, we have complied with all the requirements contained in the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors.

The Gross Floor Areas ("GFA") of a project or a phase of a project include both saleable and non-saleable GFAs excluding underground car parks. For the purpose of area measurement in our valuation, Non-saleable GFA refers to the floor area of certain public ancillary facilities, including, among others, power distribution houses and connecting corridors between apartment buildings, etc. Saleable GFA refers to the floor area exclusively allocated to various units including balconies and other similar features plus common areas such as staircases, lift shafts, lobbies and communal toilets.

APPENDIX V – SUMMARY OF CHINA REAL ESTATE APPRAISER FIRM VALUATION REPORT



In valuing the completed investment properties in Group I, we have adopted two valuation methodologies - the Comparison Approach and the Income Approach. For the vacant land portion, the property interests valued by the Comparison Approach consist of comparisons based on prices realised or current asking prices of comparable properties. Comparable properties of similar size, character and location are selected and then analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values. For the completed property portion, we valued the property interests by the Income Approach. Income Approach takes into account the current passing rents of the property interests and the reversionary potentials of the tenancies, and we capitalized the existing tenancies' in the remaining tenancy terms into the term interest and assembled it with the reversionary interest, which has been derived by discounting the market value on vacant possession basis as assessed by the comparison method with an appropriate property yield. We reconciled the two approaches and determined the conclusive value.

Source of Information

We have relied to a considerable extent on the information given by the Company and have accepted the advice given to us on such matters as tenure, statutory notices, easements, planning approvals, site and floor areas, floor plans, occupancy, tenancies and all other relevant matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by you, which are material to the valuation. We were also advised that no material factors have been omitted from the information supplied.

We have been provided with copies of the title documents relating to the properties, however due to the nature of the land registration system in the PRC, we cannot cause searches to be made on the title of the properties nor have we scrutinised all the original documents to verify ownership and encumbrances or to ascertain the subsequent amendments, if any, which may not appear on the copies handed to us.

We have been provided with extracts from title documents relating to the property interests in the PRC. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only.

Property Inspection

We have inspected the properties to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey nor any tests were made on the building services. Therefore, we are not able to report whether the properties are free of rot, infestation or any other structural defects.

We have not carried out site measurements to verify the correctness of the site area of the property and have assumed that the site area shown on the documents and official site plan handed to us is correct. During our inspection, we have not carried out investigations on the site to determine the suitability of the ground conditions and the services for any future development. Our valuation is on the basis that these aspects are satisfactory.

APPENDIX V – SUMMARY OF CHINA REAL ESTATE APPRAISER FIRM VALUATION REPORT



The site inspections were carried out between 24 April 2015 and 27 April 2015 by Yang,Jhin Siang. Yang,Jhin Siang has 5 years' experience in the valuation of properties in Taiwan and the PRC as well as relevant experience in the Asia-Pacific region. °

Currency

The property interests have been valued in Renminbi ("RMB").

We enclose herewith a summary of values and our valuation certificate.

Yours faithfully,

For and on behalf of

China Real Estate Appraiser Firm

Hsieh,Dian Chang

Real estate appraiser

Note: Hsieh,Dian Chang is a real estate appraiser who has 10 years' experience in the valuation of properties in Taiwan and the PRC as well as relevant experience in the Asia-Pacific region.

**APPENDIX V – SUMMARY OF CHINA REAL ESTATE APPRAISER FIRM
VALUATION REPORT**



SUMMARY OF VALUES

No.	Property Interests	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 March 2015 (RMB)
GROUP I — PROPERTY INTERESTS HELD BY THE GROUP FOR INVESTMENT IN THE PRC				
1.	An Industrial Complex located at Jiading Industrial Zone, Jiading District, Shanghai City, the PRC	225,000,000	100%	225,000,000
Grand total:				<u>225,000,000</u>

APPENDIX V – SUMMARY OF CHINA REAL ESTATE APPRAISER FIRM VALUATION REPORT



GROUP I — PROPERTY INTERESTS HELD BY THE GROUP FOR INVESTMENT IN THE PRC

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 31 March 2015 (RMB)	
1. An Industrial Complex located at Jiading Industrial Zone, Jiading District, Shanghai City, the PRC	The property comprises various workshops, offices, facilities and dormitory buildings, which is having a site area of approximately 91,122.3 sq.m. (the "Site") and a gross floor area of approximately 69,808.6 sq.m., with floor area breakdown as below:		Portions of the property with total lettable area of approximately 47,302.9 sq.m. has been leased for various terms with the latest expiry on 31 March 2018 at a monthly rent of approximately RMB1,566,000 for March 2015. The remaining portion of the property is currently vacant.	225,000,000 (100% interests attributable to the Group: 225,000,000)
	Building Number	GFA (sq.m.)		
	Building No.333 1,	137.22		
	Building No.333 2,	70.54		
	Building No.333 3,	42.37		
	Building No.333 4,	17,654.60		
	Building No.333 5,	1516.62		
	Building No.333 6,	5643.65		
	New plant project	44,743.6		
Total	69,808.6			

As advised by the Group, the construction works of New plant project have been completed and is pending for the application of Construction Works Completion Certificated Report.

The properties were completed in 2009 and 2013, separately.

APPENDIX V – SUMMARY OF CHINA REAL ESTATE APPRAISER FIRM VALUATION REPORT



Portion of the Site with a land area of approximately 19,280.00 sq.m. is still vacant and can be further developed.

The land use rights of the property are held under 2 State-owned Land Use Rights Certificates with land use terms expiring on 28 June 2057 and 14 January 2059 for industrial use.

Notes

- a) Pursuant to the following Shanghai Certificates of Real Estate Ownership, the land use rights of the property, with a total site area of 91,122.30 sq.m. and the building ownership of the property with a total gross floor area of proximately 25,065 sq.m., were granted to SHANGHAI ACTION TECHNOLOGY CO., LTD. for industrial use.

Shanghai Certificates of Real Estate Ownership Number	Date of Issuance	Site Area (sq.m.)	Gross Floor Area (sq.m.)	Expiry Date
Hu Fang Di Jia Zi (2011) No. 017119	6 September 2011	44,345	25,065	28 June 2057
Hu Fang Di Jia Zi (2010) No. 007202	29 July 2009	46,777.3		14 January 2059
	Total	<u>91,122.30</u>	<u>25,065</u>	

- b) Pursuant to the Construction Works Commencement Permit No. 310114201102282619 dated 29 September 2012, a project named New plant project with planned gross floor area of 44,743.6 sq.m. has been permitted to be developed by SHANGHAI ACTION TECHNOLOGY CO., LTD..
- c) In the valuation of this property, we have made the following assumptions:
- i. the Real Estate Title Certificate mentioned above in respect of the property is legal and valid and the Group is legally in possession of the property; and
 - ii. the design and construction of the property are in compliance with the local planning and building regulations and have been approved by the relevant authorities; and
 - iii. the Group has the legal rights to freely transfer, lease, mortgage or otherwise dispose of the property without payment of any additional land premium or onerous monies; and
 - iv. SHANGHAI ACTION TECHNOLOGY CO., LTD. has the right to apply for the registration of related property ownership of New plant project.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ACTION ASIA LIMITED

(Incorporated in Singapore)
(Company Registration No. 200206715M)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Shareholders of Action Asia Limited (the “**Company**”) will be held at Ballroom 3 & 4, Level 2, Sheraton Towers Singapore, 39 Scotts Road, Singapore 228230 on 31 July 2015 at 10.30 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution (on a poll to be taken) to be passed in accordance with the requirements of the listing manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Rule 1307 Resolution**”):

RULE 1307 RESOLUTION

Approval for the Voluntary Delisting of the Company

That:

- (1) the voluntary delisting of the Company from the Official List of the SGX-ST under Rules 1307 and 1309 of the Listing Manual (the “**Delisting Proposal**”), pursuant to which the Exit Offer (as defined in the circular to shareholders dated 8 July 2015 (the “**Circular**”)) would be made to the shareholders of the Company on the terms and conditions set out in the Circular, be and is hereby approved; and
- (2) the directors of the Company and each of them be and is hereby authorised and empowered to complete and do all such acts and things as they may consider necessary or expedient to give effect to the Delisting Proposal and/or this Rule 1307 Resolution, with such modification thereto (if any) as they or he shall think fit in the interests of the Company.

By Order of the Board

Li Yuan Chen @ Jack Li
Director
8 July 2015

Notes:

1. A member of the Company entitled to attend and vote at this meeting may appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a Shareholder of the Company.
2. Where a member appoints more than one (1) proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. Where an instrument appointing a proxy or proxies 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 the instrument of proxy, failing which the instrument may be treated as invalid.
4. The form of proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
6. If no name is inserted in the space for the name of your proxy on the form of proxy, the Chairman of the Meeting will act as your proxy.
7. The form of proxy or other instruments of appointment shall not be treated as valid unless deposited at the registered office of the Company at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909 not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.

NOTICE OF EXTRAORDINARY GENERAL MEETING

8. For depositors holding their shares through The Central Depository (Pte) Limited in Singapore, the Directors have determined that it is more practicable for the depositor proxy form to be delivered to, collected, collated, reviewed and checked at the Company's registered office at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909 and as such will be counted as valid in regards to this meeting pursuant to the Company's Articles of Association. The depositor proxy form, duly completed, must be deposited by the depositor(s) at the abovementioned office of the Company's Share Registrar in Singapore not less than 48 hours before the commencement of 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**"), (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.

PROXY FORM

ACTION ASIA LIMITED

(Incorporated in Singapore)
(Company Registration No. 200206715M)

IMPORTANT:

CPF Investors

- a. For investors who have used their CPF money to buy Shares in Action Asia Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- b. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- c. CPF investors who wish to attend the EGM as OBSERVERS must submit their requests through their respective CPF Agent Banks so that their Agent Banks may register, in the required format with the Company Secretary, by the timeframe specified. (Agent Banks: Please see Note 9 on required format.) Any voting instructions must also be submitted to their Agent Banks within the timeframe specified to enable them to vote on the CPF investor's behalf.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 8 July 2015.

*I/We _____ (Name)

of _____ (Address)

being *a member/members of **ACTION ASIA LIMITED** (the "Company"), hereby appoint:

Name	Address	*NRIC / Passport Number	Proportion of shareholdings to be represented by proxy	
			Number of Shares	%
*and/or				

or failing *him/them the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Ballroom 3 & 4, Level 2, Sheraton Towers Singapore, 39 Scotts Road, Singapore 228230 on 31 July 2015 at 10.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolution to be proposed at the Extraordinary General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Resolution	Number of votes for ⁽²⁾	Number of votes against ⁽²⁾
1.	To approve the voluntary delisting of the Company pursuant to Rules 1307 and 1309 of the Listing Manual		

(1) Please indicate your vote "For" or "Against" the Resolution.

(2) If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate the number of votes.

Dated this _____ day of _____ 2015

Total Number of Shares in:	
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) or Common Seal of Corporate Shareholder

*Please delete accordingly

Important: Please read notes overleaf.



PROXY FORM

Notes:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one (1) or two (2) proxies to attend and vote in his stead.
2. Where a member appoints more than one (1) proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A proxy need not be a member of the Company.
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 130A of the Companies Act, Cap. 50 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 registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909 not less than 48 hours before the time set for the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies 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 the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a shareholder of the Company may, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if a shareholder of the Company, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
10. Agent Banks acting on the request of CPF Investors who wish to attend the Extraordinary General Meeting as observers are requested to submit in writing, a list of details of the members' names, NRIC/Passport numbers, addresses and numbers of Shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the Extraordinary General Meeting.