Private and Confidential

Business Valuation Report

Pertaining to Proposed Disposal of Shares in Subsidiaries by Innopac Holdings Limited

Censere Reference: I00032-1-r1

18 February 2019

Analyse Appraise Assist Advise

a member of PHUSJON GROUP

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Letter of Transmittal

Our reference: **I00032-1-r1**

18 February 2019

The Directors

Innopac Holdings Limited

Fortune Centre
190 Middle Road #19-07
Singapore 188979

Attention: Mr Philip Leng Yew Chee, Lead Independent Director

Dear Sirs/ Madams,

We note that pursuant to the announcement made by the board of Directors (the "**Board**") of Innopac Holdings Limited ("**Innopac**" or the "**Company**" and together with its subsidiaries, the "**Group**") dated 9 October 2018, the Company had on 6 October 2018 entered into a conditional sale and purchase agreement dated 6 October 2018 ("**SPA**") with Mr Wong Chin Yong ("**WCY**") for the sale of the Company's entire shareholding interests in the following entities (collectively the "**Entities**"), comprising:

a) 1,000 ordinary shares of Heritage Investment Corporation ("**HIC**"), representing 100% of its entire issued and paid-up share capital;
b) 1,000 ordinary shares of Wang Da Investments Limited ("**WDIL**"), representing 100% of its entire issued and paid-up share capital;
c) 100 ordinary shares of Golden Eagle Mining Pte Ltd ("**GEM**"), representing 100% of its entire issued and paid-up share capital;
d) 45,000,000 ordinary shares of Extera Pte Ltd ("**EPL**"), representing 81.82% of its entire issued and paid-up share capital; and
e) 2 ordinary shares of Malaysian Microalgae Enterprise Sdn Bhd ("**MME**"), representing 100% of its entire issued and paid-up share capital;

(collectively, the "**Sale Shares**"), for an aggregate cash consideration of Singapore Dollar ("**S$**") 100,000 (the "**Purchase Consideration**"), subject to and upon the terms and conditions of the SPA (the "**Proposed Disposal**").

The Purchase Consideration is to be paid entirely in cash on the date falling 5 business days after all the conditions precedent to the SPA have been satisfied, or such other date as the Company and WCY may agree to in writing.

WCY is the Chief Executive Officer of the Group and was previously a Director and Chairman of the Board of the Company. He is considered an interested person for the purpose of Rule 904(4)(a) of the Listing Manual of the Singapore Exchange Limited ("**SGX**") ("**Listing Rules**"). Accordingly, the Proposed Disposal constitutes an interested person transaction ("**IPT**") within the meaning of Chapter 9 of the Listing Rules.

In accordance with your instructions, we have undertaken a valuation exercise of the Sale Shares as at 30 November 2018 (the "**Valuation Date**") for the Proposed Disposal as an IPT. We have conducted the valuation of the Entities as at the Valuation Date and the date of this report is 18 February 2019 (the "**Report Date**").

The valuation of the Entities has been undertaken on a market value basis. Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion ("**Market Value**").

In order to arrive at our valuation opinion of the Sale Shares, we applied the cost approach using net asset value ("**NAV**") as our valuation method.

By its very nature, the formulation of a valuation assessment necessarily contains significant uncertainties and the conclusions arrived at in many cases will be subjective and dependent on the exercise of judgement.

All figures stated in this report are denominated in S$ unless otherwise specified.

As at the Valuation Date, we are of the opinion that the Market Values of the respective equity interests in the Entities are as follow:

a) HIC is at a net liability position of (S$4,213,945) after offsetting cash and cash equivalents of S$2 from the amount owing to Saxo Bank of S$4,213,947. The liquidation of HIC is not feasible due to the ongoing litigation between Innopac and Saxo Bank in respect of the HIC liability, the net liability position of HIC will not be written off to zero in HIC's books.

b) WDIL is at a net liability position of (S$8,122,207) after offsetting the cash and cash equivalents of S$3,303 from the amount owing to Saxo Bank of S$8,125,510. The liquidation of WDIL is not feasible due to the ongoing litigation between Innopac and Saxo Bank in respect of the WDIL liability, the net liability position of WDIL will not be written off to zero in WDIL's book.

c) GEM is at net asset position of S$613 after impairing the investment in Artel Trade LLC ("**ATL**") and offsetting the total liability of S$7,755 from the total cash and cash equivalents of S$8,368.

The investment in ATL is fully impaired due to the nil NAV for 100% equity interest and 50% equity interest in ATL's books. For 100% equity interest in ATL, the only asset being the development expenditure of S$205,860 is fully impaired whilst the amount due to GEM of S$253,184 will result in a nil NAV position in ATL's books.

d) EPL is at a net asset position of S$1,723,916 for 100% equity interest after impairing the investment in Dezhou Shenrong Gas Co Ltd ("**DSG**") from S$2,774,912 million to S$1,731,620 million, adding the cash and cash equivalents of S$52 and offsetting the total liability of S$7,755 in EPL's books. The net asset position for 81.82% equity interest in EPL held by Innopac amounts to S$1,410,508.

The investment in DSG was written down due to the net asset position of DSG reducing to S$1,731,620 from S$2,774,912 for the 90% equity interest in DSG. This net asset position is the remaining asset value of the 90% equity interest in DSG's books after offsetting the other payables of S$374,699 from the property, plant and equipment of S$32,033, a receivable amount of S$1,271,295 and discounted cash and cash equivalents of S$802,961. The receivable amount was written down from S$1,952,119 to S$1,271,295 by discounting the indicative Market Values of four properties amounting to RMB5 million and an assigned debt of RMB6 million secured over 39 apartment units that are near completion in YuCheng, Dezhou, Shandong Province ("**39 Apartment Units**"). We have applied a 33.3% discount on the indicative Market Values of approximately of RMB10,750,000. In order to arrive at the indicative Market Values, we performed a desktop review and not a full valuation. The cash and cash equivalents of S$908,477 was discounted to S$802,961 using a discount rate of 2.5% over a 5 year period. This was done as the Company estimates it may take approximately 5 years for the creditors and shareholders of DSG, to liquidate DSG and to repatriate the funds.

e) MME is at nil NAV position as the total liability of S$3,458 has exceeded the total assets of S$1 in MME's books.

Based on our analysis and assessment outlined in the report which follows, we are of the opinion that the Market Values of the Sales Shares are as follows:

	S$
Heritage Investment Corporation	(4,213,945)
Wang Da Investments Limited	(8,122,207)
Golden Eagle Mining Pte Ltd	613
Extera Pte Ltd	1,410,508
Malaysian Microalgae Enterprise Sdn Bhd	-
Total	**(10,925,031)**

The following pages outline the factors considered, methodology and assumptions employed in formulating our opinions and conclusions. Any opinions are subject to the assumptions and limiting conditions contained therein.

Yours faithfully
For and on behalf of
Censere Singapore Pte Ltd

Brett Shadbolt
CEO

Adie Gupta
Managing Director

Credentials

Phusjon Group, comprising Censere, Stratiqa, Actuareal and Ausus Advisory, is a specialist valuation, forensic and advisory group headquartered in Singapore with sixteen offices throughout Asia Pacific, Europe and the United States.

Censere was established in 2002 and offers comprehensive technical asset, intellectual property and business valuation and advisory services to major corporates and leading SME's throughout the world. Censere's offices are located in Auckland, Beijing, Frankfurt, Ho Chi Minh, Hong Kong, Kuala Lumpur, Maldives, Seoul, Shanghai, Shenzhen, Singapore, Sydney, Taipei and Tokyo, while Stratiqa's offices in New York and San Francisco. This engagement has been principally undertaken by Brett Shadbolt, the Chief Executive Officer of Phusjon Group Limited. Adie Gupta, the Managing Director of Censere, is the second review Director.

Brett Shadbolt is the Chief Executive Officer and Founder of Phusjon Group. He has over 30 years of dedicated valuation and advisory experience and has an MSc in Global Finance jointly conferred by NYU Stern and HKUST. Brett is a Professional Member of Royal Institute of Chartered Surveyors, a Chartered Valuer and Appraiser with the Institute of Valuers and Appraisers Singapore, Registered Business Valuer (HK), Member of the Hong Kong Securities Institute, Energy Risk Professional of GARP and Professional Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Brett has conducted numerous valuations for companies such as Advanced Micro Devices (AMD), China Molybdenum, ChinaSoft, DY Affluent, ERA Real Estate, Garena, KV Asia, L Capital, Multimedia Development Corporation, MyIPO, Navis Capital, Nikkei, Oriental Fortune Group, Panasonic, Quam, Southern Capital, Terratech Resources and UTAC. He has written numerous articles about valuation and financial due diligence in emerging markets and is a regular speaker at conferences on the same topics. He was previously an adjunct professor at ESSEC Singapore, where he taught financial valuation.

Adie Gupta is the Managing Director of Censere Group. Adie provides valuation and related advisory services to the corporate sector in Asia and in Australia. He has close to 20 years of valuation, corporate finance and corporate sector experience. Prior to joining the Censere Group, he worked in different roles for a mid-tier and a Big Four International accounting firm in Australia and in Asia focusing on valuations. Adie holds an MBA from AIM, Philippines and a Graduate Certificate in Applied Finance and Investment from FINSIA (now Kaplan), Australia. He is a Chartered Valuer and Appraiser (a Professional Business Valuation Certification Programme) offered by Singapore Accountancy Commission, Singapore. Adie has been involved in various valuations, mergers and acquisitions and other corporate finance assignments in various industries in Australia, Canada, China, Fiji, Hong Kong, India, Indonesia, Malaysia, Nauru, New Zealand, Philippines, Singapore, Thailand, UK and US. He is a regular speaker at conferences and other forums on topics relating to valuation and intellectual property.

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Definitions and Glossary

For the purpose of this report, the following terms have, where appropriate, the following meanings:

Abbreviation	Meaning
"**%**"	Percent
"**39 Apartment Units**"	39 units of near completion apartment in YuCheng, Dezhou, Shandong Province
"**4 Properties**"	4 properties of approximately RMB5 million in value
"**Ao Ying**"	奥英油气销售有限公司
"**ATL**"	Artel Trade LLC
"**Board**"	Board of Directors of Innopac
"**CNG**"	Compressed natural gas
"**DSG**"	Dezhou Shenrong Gas Co Ltd
"**EPL**"	Extera Pte Ltd
"**FY**"	Financial year ended 30 June
"**GDV**"	Gross Development Value
"**GEM**"	Golden Eagle Mining Pte Ltd
"**Group**"	Innopac together with its subsidiaries
"**HIC**"	Heritage Investment Corporation
"**Innopac**" or the "**Company**"	Innopac Holdings Limited
"**IPT**"	Interested person transaction
"**JV**"	Joint Venture
"**Listing Rules**"	Listing Manual of the SGX
"**Market Value**"	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
"**MME**"	Malaysian Microalgae Enterprise Sdn Bhd
"**MOU**"	Memorandum of Understanding
"**Mr Xu**"	Mr Xu Pei Guo
"**MYR**"	Malaysian Ringgit
"**NAV**"	Net asset value
"**NBV**"	Net book value
"**NTA**"	Net tangible asset

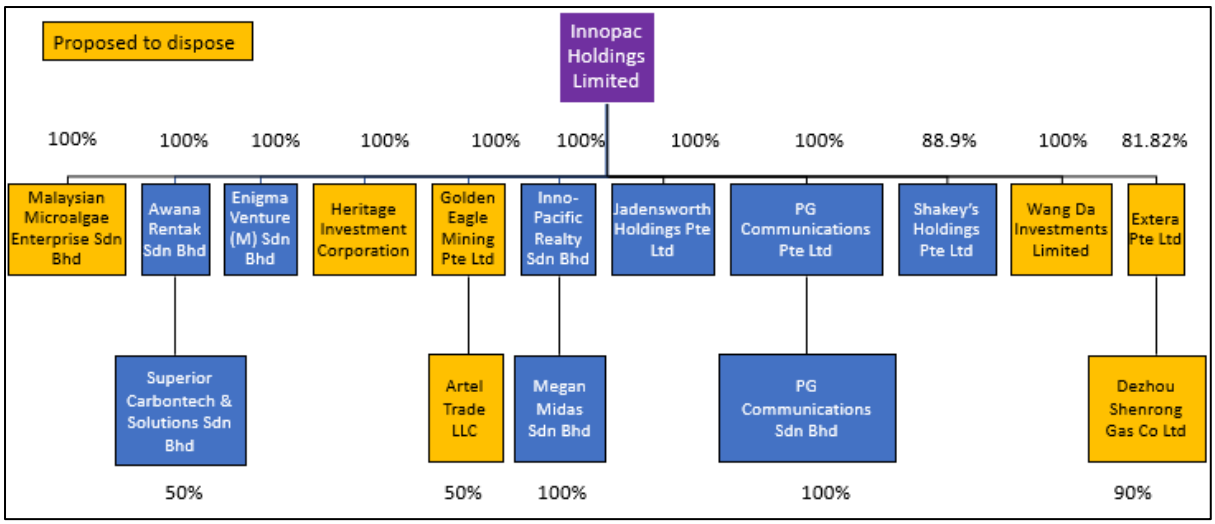
Abbreviation	Meaning
"**PRC**"	People's Republic of China
"**Property No 3**"	1 property worth RMB500,000 (equivalent to S$0.1 million) which had been transferred to Mr Xu
"**Proposed Disposal**"	Sale of the Company's entire shareholding interests in the Entities for the Purchase Consideration of S$100,000 subject to and upon the terms and conditions of the SPA
"**Purchase Consideration**"	Cash consideration of **S$**100,000
"**Report Date**"	18 February 2019
"**RMB**"	Renminbi
"**S$**"	Singapore Dollar
"**Sale Shares**"	1,000 ordinary shares of HIC; 1,000 ordinary shares of WDIL; 100 ordinary shares of GEM; 45,000,000 ordinary shares of EPL; and 2 ordinary shares of MME
"**Saxo Bank**"	Saxo Bank A/S
"**SGX**"	Singapore Exchange Limited
"**SPA**"	Sale and purchase agreement dated 6 Oct 2018
"**SPA Conditions**"	Terms and Conditions of the SPA
"sqm	Square meter
"**US$**"	United States Dollar
"**Valuation Date**"	30 November 2018
"**WCY**"	Mr Wong Chin Yong
"**WDIL**"	Wang Da Investments Limited

Executive Summary

Company History and Overview

Innopac Holdings Limited ("**Innopac**" or the "**Company**") is a public limited liability company and its shares are listed and trading on the main board of the Singapore Exchange Limited ("**SGX**"). The Company was incorporated in Singapore on 22 September 1973 under the name of Colonel Sanders Kentucky Fried Chicken Pte Ltd. On 1 February 1983, it was converted into a public limited liability company and changed its name to Kentucky Fried Chicken (S) Ltd. In 1988, the company's name was changed to Inno-Pacific Holdings Ltd and subsequently changed to Innopac Holdings Limited in October 2012.

Innopac is currently an investment holding and management company headquartered in Singapore. Its present investments include investment properties and equities. Innopac also has an interest in a development land plot in Washington State, U.S.A. The ownership structure of Innopac together with its subsidiaries (the "**Group**") is as follows:



Pursuant to the announcement made by Innopac dated 9 October 2018, the Company entered into a conditional sale and purchase agreement dated 6 October 2018 ("**SPA**") with Mr Wong Chin Yong ("**WCY**") on 6 October 2018 for the sale of the Company's entire shareholding interests in Heritage Investment Corporation ("**HIC**"), Wang Da Investments Limited ("**WDIL**"), Golden Eagle Mining Pte Ltd. ("**GEM**"), Extera Pte Ltd ("**EPL**") and Malaysian Microalgae Enterprise Sdn Bhd ("**MME**"), (collectively, the "**Entities**"), comprising:

a) 1,000 ordinary shares of HIC, representing 100% of its entire issued and paid-up share capital;

b) 1,000 ordinary shares of WDIL, representing 100% of its entire issued and paid-up share capital;

c) 100 ordinary shares of GEM, representing 100% of its entire issued and paid-up share capital;
d) 45,000,000 ordinary shares of EPL, representing 81.82% of its entire issued and paid-up share capital; and
e) 2 ordinary shares of MME, representing 100% of its entire issued and paid-up share capital;

(collectively, the "**Sale Shares**"), for an aggregate cash consideration of Singapore Dollar ("**S$**") 100,000 (the "**Purchase Consideration**"), subject to and upon the terms and conditions of the SPA ("**Proposed Disposal**").

The obligation of the Company and WCY to complete the Proposed Disposal is conditional upon a number of conditions ("**SPA Conditions**") being fulfilled (or waived in accordance with the SPA). The key SPA Conditions are set out below:

a) completion of an allotment and issuance of an aggregate of 8.4 billion new ordinary shares in the capital of the Company at an issue price of S$0.001 per share, amounting to total proceeds of S$8.4 million, to 11 individual investors; and
b) the approval, and such approval not having been qualified or withdrawn, of the shareholders of the Company at an extraordinary general meeting in compliance with the Listing Rules, of the Proposed Disposal as an Interested Person Transaction ("**IPT**") and all the transactions envisaged under the SPA (including the sale and purchase of the Sale Shares) and any related transactions as may be required in relation thereto.

Pursuant to the terms of the SPA, (i) WCY shall resign from his office as a director of the Group and his employment with the Company; (ii) there shall be no liabilities outstanding by, between and among the Company, WCY and / or the Entities and (iii) the Company's staff currently working in the Entities as directors or management staff will also resign from their offices in the Entities and will cease to provide their services to the Entities.

WCY is currently the Chief Executive Officer of the Group and was previously a Director and chairman of the Board of the Company. He is considered an interested person for the purpose of Rule 904(4)(a) of the Listing Manual of the SGX ("**Listing Rules**"). Accordingly, the Proposed Disposal constitutes an IPT within the meaning of Chapter 9 of the Listing Rules. WCY has had no involvement in this valuation exercise.

The summary of the Entities involved in the Proposed Disposal are as follows:

HIC

HIC, incorporated on 1 November 1999 in the British Virgin Islands, has an issued and paid-up capital of S$1,850, comprising 1,000 ordinary shares. It is principally engaged in the business of investment holding and investment trading. We understand that HIC is a dormant company and together with WDIL, is the subject of an ongoing claim for a total of S$15,020,238 by Saxo Bank A/S ("**Saxo Bank**").

WDIL

WDIL, incorporated on 28 February 2012 in the British Virgin Islands, has an issued and paid-up capital of S$1,256, comprising 1,000 ordinary shares. It is principally engaged in the business of investment holding and investment trading. WDIL and HIC, are the subjects of an ongoing claim of S$15,020,238 by Saxo Bank.

GEM

GEM, incorporated on 12 November 2010 in Singapore, has an issued and paid-up capital of S$100, comprising 100 ordinary shares. It is principally engaged in the business of investment holding and currently a dormant company with no operations. GEM's sole investment is a 50% Joint Venture ("**JV**") in Artel Trade LLC ("**ATL**").

ATL is a private limited company incorporated on 21 December 2006 and domiciled in Kyrgyz Republic. The principal activity of ATL is minerals operation and mining. ATL is also the owner of a gold exploration and exploitation concession and the exploration license in Kyrgyz Republic. On 15 April 2015, GEM acquired a 50% interest in the gold exploration and exploitation concession owned by ATL in the form of an unincorporated JV for United States Dollar ("**US$**") 400,000. ATL was initially owned by a sole Krygyz individual. In 2016, the 50% interest in the unincorporated JV was subsequently converted into 50% of the issued share capital of ATL. The remaining 50% equity interest in ATL is equally held by WCY and the initial Krygyz individual owner of ATL.

EPL

EPL, incorporated on 16 November 2010 in Singapore, has an issued and paid-up capital of S$5,500,000, comprising 55,000,000 ordinary shares. It is principally engaged in the business of investment holding. In December 2013, Innopac acquired 81.82% equity interest in EPL for S$17.1 million while the remaining 18.18% equity interest in EPL is owned by Rubic Prize Ltd. EPL's sole investment is a 90% equity interest in Dezhou Shenrong Gas Co Ltd ("**DSG**"), which is a Chinese-Foreign JV operator of compressed natural gas ("**CNG**") stations in the People's Republic of China ("**PRC**").

DSG was incorporated on 12 July 2013 in PRC by EPL and 奥英油气销售有限公司 ("**Ao Ying**"). 90% of the equity interest in DSG is owned by EPL whilst the remaining 10% was owned by Ao Ying. It was principally engaged in the ownership and operations of CNG filling stations and natural gas supply and distribution business in Shandong Province, PRC. Ao Ying, the minority shareholder of DSG, was the manager and operator of the CNG filling stations of DSG. In 2015, DSG ceased its CNG station operations as the CNG filling stations business had become very competitive due to the entrance of state-owned oil and gas companies into the retailing CNG filling station industry. DSG since has been attempting to collect and monetise receivables due from Ao Ying.

MME

MME, incorporated on 14 September 2015 in Malaysia, has an issued and paid-up capital of MYR2, comprising 2 ordinary shares. The principal activities of MME were meant to be commercial cultivation of microalgae and its downstream in Malaysia and is currently a dormant entity.

The rationale for disposing the Entities is due to the performance of each of the Entities where in terms of revenue and profitability, each one had been deteriorating for a number of years and the outlook is not expected to improve in the medium term.

Accordingly, the Board (save for WCY who has recused himself from the review and approval process) is of the view that the Proposed Disposal of these non-core assets will allow the Group to further prioritise its financial resources as well as streamlining its business focus of investment holdings in real estate for the overall betterment of the Group.

Instructions

Pursuant to the announcement made by Innopac dated 9 October 2018, it was noted by SGX from the reply by the Company to SGX on 15 November 2018 that, excluding the net tangible liability amounts of S$8,128,195 for WDIL and S$3,319,367 for HIC which may have been liquidated instead, the total net tangible assets ("**NTA**") of the remaining Entities to be disposed amounted to S$9.16 million according to the financial results as at 30 June 2018. The NTA of S$9.16 million includes the remaining investments in GEM, EPL, and MME as well as an amount of S$6 million funded by Innopac to MME for Phase 1 of a microalgae cultivation and oil extraction project, which has been fully impaired in the financial period ended 30 June 2018.

As the value at risk for the disposal assets have a potential NTA of S$9.16 million versus a disposal consideration of only S$100,000, SGX was of the view that a reputable valuer should be engaged by the Audit Committee to perform an independent valuation for this IPT.

It is in relation to the above requirement that Censere has been engaged to undertake the independent valuations of the Entities as required by SGX for the Proposed Disposal as an IPT.

We understand that part of our valuation report may form part of the circular documents to be referred by the SGX for this IPT and as such our valuation has taken into consideration of SGX's expectations and requirements.

This valuation exercise has been undertaken as at 30 November 2018 (the "**Valuation Date**") and the report is dated 18 February 2019 (the "**Report Date**").

Basis of Valuation

This valuation assignment has been undertaken on a market value basis. Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion ("**Market Value**").
This report outlines the information and assumptions upon which the valuation is based, the valuation model applied and the conclusions reached.

For this assignment, we have not carried out any work in the nature of a feasibility study nor are we required to express a viability opinion on any proposed transaction. We have relied on information provided by the Company in deriving our opinion. We have neither verified nor confirmed all the information provided to us in detail and have assumed that all such information is accurate and is not subject to any material error and/or omission. However, to the extent practical, we have analysed, requested the Company to provide support for the financial transactions and / or balances recorded and sought clarifications to arrive at our opinion of value.

Our valuation is only an indicative quantum at which interests in it might reasonably be expected to be sold as at the Valuation Date. This value may be different from the actual transacted price.

Censere's procedures, in the preparation of this report, involved an analysis of financial information and accounting records. This did not include verification work nor did it constitute an audit or assurance engagement in accordance with Financial Reporting Standards issued by the respective accounting bodies in relevant countries of operations of the Entities. Accordingly, we do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. Accordingly, we do not express an opinion on the accuracy of any historical information.

An important part of the information used in forming the kind of opinion expressed in this report is the opinions and judgement of the Company. To a practical extent, we have evaluated information provided through analysis, inquiry and review for the purpose of forming our valuation opinion. However, certain aspects of the information provided are not capable of external verification or validation.

Statement of Independence

We confirm that we have no present or contemplated interest in the Entities which are the subject of this valuation and are acting independently of all parties. Furthermore, our fees are agreed on a lump sum basis and are not contingent on the outcome.

Limitation of Circulation

This valuation report has been prepared solely for the Company for the Proposed Disposal as an IPT and is not intended for any legal or court proceedings, general circulation, publication or reproduction in any form without our prior consent. We will assume no responsibility or liability for any losses incurred by you or any third party as a result of unauthorised circulation, publication or reproduction of this report in any form and/or if used contrary to the purpose stated therein.

Sources of Information

Information provided by the Company

In preparing our opinion, we have received and reviewed the information provided by the Company. We have relied to a considerable extent on such information in deriving our opinion, including, but not limited to the following:

- Management accounts of HIC, WDIL and DSG for financial year ended 31 December 2015, 31 December 2016 and 30 June ("**FY**") 2018 (the financial year end of the Entities have changed from 31 December to 30 June starting from FY2018 resulting in a 18-month financial results in FY2018);
- Audited financial statements of GEM, EPL and ATL for financial year ended 31 December 2015, 31 December 2016 and FY2018;
- Audited financial statements of MME for financial year ended 31 December 2015 and 31 December 2016;
- Management accounts of MME for FY2018;
- Management accounts of HIC, WDIL, GEM, EPL, MME and DSG for the 5 months financial period from 1 July 2018 to 30 November 2018;
- Innopac's Group ownership structure;
- Brief Status of HIC, WDIL, GEM, EPL, DSG and ATL;
- Memorandum of Understanding ("**MOU**") between Saxo Bank and HIC dated 29 October 2013 (unsigned by Saxo Bank);
- MOU between Saxo Bank and WDIL dated 29 October 2013 (unsigned by Saxo Bank);
- MOU between Saxo Bank and Innopac dated 24 December 2013 (unsigned by Saxo Bank);
- Discussions with the independent directors and management of Innopac;
  - Philip Leng Yew Chee; Independent Director;
  - Ong Kah Hock, Independent Director;
  - Priscilla Tan, Financial Controller cum Company Secretary; and
- Any other representations as provided by the Company.

Information from other sources

In addition to the above information provided by the Company, we have made reference to and relied upon other sources of information such as:

- SGX Announcements and circulars by Innopac;
- Currency exchange rate from Bloomberg; and
- Other publicly available information.

Our valuation is based on information provided to us by the Company, who are solely responsible for their contents and accuracy. We have not performed any work in the nature of an audit regarding the information provided to us and accordingly, we have not expressed any audit opinion in this report.

Assumptions and Key Limitations

In preparing our assessment, we have made the following assumptions and key limitations in our valuation model. These apply throughout unless otherwise specified:

- Financial and operational information provided in the respective documents accurately reflect the financial and operating position of the Entities. Censere has not performed any work in the nature of an audit on the information provided to us and accordingly, has not expressed any audit opinion in this report;
- There are no other liabilities, including any contingent liabilities or unusual contractual obligations or substantial commitments, which would have a material effect on the value of the Entities;
- The Entities have clear and unencumbered title of ownership over all assets included in this assessment;
- There will be no material changes in existing political, legal or regulatory (including changes in legislation, laws or regulations, government policies or rules), fiscal, market or economic conditions in countries where the Entities conduct their respective businesses;
- There will be no material changes in inflation, interest rates or exchange rates from those prevailing as at the Valuation Date; and
- Other assumptions specific to a particular valuation approach or certain observations and conclusions are outlined in the ensuing sections of the report.

Any deviation from the above key limitations and assumptions may significantly impact the valuation results. Our valuation is largely based on information provided by the Company and we are not responsible for their contents and accuracy.

Valuation Methodology

In arriving at the Market Values of the Sale Shares, we first derived the Market Values of 100% equity interest in the Entities.

We have considered three generally accepted approaches to valuation, namely the income approach, the market approach and the cost approach.

Income Approach

The income approach is based on the assumption that value emanates from expectations of future cash flows. The income approach simulates, in the absence of observable market transactions, how market participants would formulate their decision to buy or sell securities. In addition, the income approach is based on entity-specific assumptions.

Market Approach

The market approach uses direct comparisons to other enterprises and their equity securities to estimate the market value of the common shares of privately issued securities. The market approach bases the market value measurement on what other similar enterprises or comparable transactions indicate the value to be. Under this approach, the valuation of the equity securities or assets is compared to investments by unrelated parties in comparable equity securities of the subject enterprise or examines transactions in comparable equity securities of comparable enterprises.

Cost Approach

The cost approach is based on the economic principle of substitution. The underlying premise is that an investor will pay no more for an asset, business or business interest than the cost to obtain through purchase or construction of an asset of equal utility, or the economic returns that the investor expects the investment to generate. The value of an enterprise is equivalent to the market value of its assets less the market value of its liabilities.

The net asset value ("**NAV**") method is one application of the cost approach. There are three common ways of valuing an asset or a company using cost approach: book values, net realisable values and replacement values.

The book value approach is generally impractical where the book value of non-current assets is based on historical (sunk) costs and relatively arbitrary depreciation.

Net realisable value represents what should be left for shareholders if the assets were sold off and the liabilities settled. However, a successful business would be expected to value more than the sum of its NTA, as intangibles assets such as goodwill, knowhow, brands and customer relationships, etc are not reflected in the net realisable value of the total assets less liabilities. Net realisable value therefore usually represents a worst case scenario because, presumably, selling off the tangible assets would always be available as an option.

The replacement value is not of great practical benefit as the approach tries to determine the set-up cost of a business as of the Valuation Date. Estimating the replacement cost can be challenging for a business with long establishment history.

In our opinion, as the Entities are not expected to operate on a going concern basis and are proposed to be disposed of by the Company. As such, we have performed the equity valuations of these Entities using the NAV method under the cost approach. We have assessed net realisable value and have given consideration to the following:

- assessing the realisable value of the total assets;
- deducting the realisable value of the assets from total liabilities; and
- arriving the residual value or the NAV.

We have reviewed the relevant supporting documents and discussed with the Company on the recoverability issues of the aforesaid assets and document those matters, as relevant, in our valuation report.

The use of income approach and market approach are of less relevant for the valuation of the equity interests in these Entities as the Entities are not expected to operate as a going concern basis.

HIC

Background

Innopac owns a 100% equity interest in HIC. HIC was set up primarily as an investment company to trade in financial instruments and maintained the margin trading account with Saxo Bank since 2011.

In October 2013, the margin trading account maintained by HIC had incurred significant losses and resulted in a net negative position. Shortly after incurring losses, HIC had signed a MOU with Saxo Bank which was executed by WCY as the Director of HIC to deal with the negative equity positions of HIC. There was no trading activity after the losses were incurred, save for the closing of open positions which ended in June 2016. Interests on the negative balances in HIC account has been suspended since February 2016.

There had been limited official communication between Saxo Bank and Innopac over this matter since December 2013 till June 2018 in relation to the payment of the aforementioned liability. In June 2018, a letter of demand was sent to Innopac from the solicitor acting on behalf of Saxo Bank for a claim of S$14,689,028 for the liabilities of HIC and WDIL. Innopac has sought legal advice in relation to the claim made by Saxo Bank as the liabilities forming the subject matter of the claim made by Saxo Bank incurred by the Company's subsidiaries, HIC and WDIL which totalled S$12.3 million in their books, and not the Company itself. On 23 October 2018, Innopac was served with a writ of summon through the solicitors of Saxo Bank for an amount of S$15.02 million for the liabilities of HIC and WDIL. The Company's solicitors had entered its Defense and Counterclaim and are in the process of challenging and contesting the claim made by Saxo Bank.

As a result of the above legal dispute, according to the Company, it is not feasible to liquidate HIC as Saxo Bank being the only third-party creditor of HIC who can initiate the liquidation of HIC. In order to exit from this investment, the Company has opted to dispose off the entire shareholding interest equivalent to 1,000 ordinary shares of HIC to WCY after seeking legal opinion that the disposal of HIC to a third party in light of the dispute with Saxo Bank, is highly unlikely to be challenged legally.

Market Value of 100% Equity Interest in HIC

As at the Valuation Date, the management accounts of HIC consist of:

- Current assets - amount due from a related company of S$900,353 and cash and cash equivalents of S$2; and
- Current liability - outstanding amount owing to Saxo Bank of S$4,213,947.

According to the Company, the amount due from the related company of S$900,353 would be written off upon disposal. The total outstanding amount owing to Saxo Bank as at the Valuation Date is S$4,213,947. This amount had been recognised in the financial statements of HIC since 2013 whilst the losses from the trading in the margin trading account had been charged to HIC as and when the trades were marked to markets or closed out.

As at the Valuation Date, we are of the opinion that the Market Value of 100% equity interest in HIC is a net liability position of (S$4,213,945). Please refer to Appendix 1 for the details of the Market Value of HIC.

WDIL

Background

Innopac owns a 100% equity interest in WDIL, a British Virgin Island incorporated company. Similar to HIC, WDIL was set up primarily as an investment company to trade in financial instruments and maintained the margin trading account with Saxo Bank since 2012.

In October 2013, the margin trading account maintained by WDIL had incurred significant losses and resulted in a net negative position. Shortly after incurring losses, WDIL had signed a MOU with Saxo Bank which was executed by WCY as the Director of HIC to deal with the negative equity positions of WDIL. There was no trading activity after the losses were incurred, save for the closing of open positions which ended on June 2016. Interests on negative balances in WDIL account has been suspended since February 2016.

As noted above under HIC, the Company's solicitors had entered its Defense and Counterclaim and are in the process of challenging and contesting the claim made by Saxo Bank. It is not feasible to liquidate WDIL due to the ongoing legal dispute and the Company has opted to dispose off the entire shareholding interest equivalent to 1,000 ordinary shares of WDIL to WCY after seeking legal opinion that the disposal of WDIL to a third party in light of the dispute with Saxo Bank, is highly unlikely to be challenged legally.

Market Value of 100% Equity Interest in WDIL

As at the Valuation Date, the management accounts of WDIL consist of:

- Current assets - cash and cash equivalents of S$3,303; and
- Current liability - amount due to HIC of S$2,955,000, amount due to a related company of S$7,000 and outstanding amount owing to Saxo Bank of S$8,125,510.

According to the Company, WDIL has been allowed to write off the amount due to HIC and the amount due to the related companies with the total amount being S$2,962,000 upon disposal. These outstanding amounts had also been written off in the respective books of HIC and the related company.

The total outstanding amount owing to Saxo Bank is S$8,125,510. This amount had been recognised in the financial statements of WDIL since 2013 whilst the losses from the trading in the margin trading account had been charged to WDIL as and when the trades were mark to markets or closed out.

As at the Valuation Date, we are of the opinion that the Market Value of 100% equity interest in WDIL is a net liability position of (S$8,122,207). Please refer to Appendix 2 for the details of Market Value of WDIL.

GEM

Background

Innopac owns a 100% equity interest in GEM, a special purpose investment holding company incorporated in Singapore. GEM, incorporated on 12 November 2010 in Singapore, has an issued and paid-up capital of S$100, comprising 100 ordinary shares. It is principally engaged in the business of investment holding and currently a dormant company with no operations. GEM's sole investment is a 50% investment in the ATL JV.

In 2015, the Company acquired 50% equity interest in ATL from Mr. Madiarov as an investment in an unincorporated JV for a total consideration of US$400,000 and the obligation to fund the 2015 work program of US$150,000. Subsequently in 2016, the 50% interest in the unincorporated JV was converted into 50% of the issued share capital of ATL. The balance 50% equity interest is equally owned by Mr. Madiarov and WCY.

ATL is a private limited company incorporated on 21 December 2006 and domiciled in Kyrgyz Republic. The principal activity of ATL is minerals operation and mining. ATL was issued 2 exploration licenses in a concession with an area of 63.72 square kilometres in Kyrgyz Republic.

These licenses are:

- Licence #3447 AP dated 22 January 2014 for subsoil use for geological exploration works of (alluvial) gold till 22 January 2019 at Kuramator area #1; and
- Licence #4217 dated 29 June 2015 for subsoil use for geological exploration works of (vein) gold until 29 June 2019 at Kuramator area #2.

As at 31 December 2015, the amount funded by GEM for the 2015 work program was US$100,000 out of US$150,000 agreed funding amount, which made up a total of S$707,000 as an investment in JV, in the books of GEM for the financial year ended 31 December 2015. The 2016 work program, which proposed to upgrade the alluvial gold reserves and to register in the State balance which would enable ATL to start mining the alluvial gold, was prepared by ATL and submitted to the Geological Agency of the Kyrgyz Republic for approval on 13 May 2016. As at 30 June 2016, the amount of US$150,000 agreed funding for the 2015 work program was extended in full by GEM to ATL in the form of shareholder's loans.

However, the 2016 work program had been limited to mapping and data analysis by ATL's local geologist, who had identified 2 areas within the concession for further exploration in 2017 whilst the 2017 work program had been revised to analysis of existing data only. On 30 November 2017, the field work of exploration program was proposed to be deferred to 2018. The work program expenses incurred in 2016 and 2017 were relatively small amounts and funded by advances from GEM to ATL.

On 16 March 2018, the proposed 2018 work program focused on samples collection, analysis and trial (bulk sampling) processing of the alluvial deposit. Innopac was required to fund its share of the cost in the exploration project by ATL i.e. 50% of the project cost. No approval was required for the 2018 work program except for permissions from the local government to conduct trial exploration, and further studies were needed to determine funding requirement to bring the project to production. As at 31 March 2018, the total amount invested in ATL by the Company amounted to S$772,000.

On 15 July 2018, ATL planned to conduct the bulk sampling exploration work (with the possibility of extracting economic amounts of gold in the process) during the next 12 months. In the event of a successful work program, GEM was expecting the operations of ATL to begin to contribute to GEM's revenue and profits within the next 12 months. Normally, it is typical for the JV partners to extend funding for work programs in a minerals exploration project until the project has been proven that it can proceed to the next stage of exploitation and commercialisation whilst the investment opportunity offered by the original owner of the project to the JV partners is recalibrated depending on the extent of funding each partner had made to the project. Hence, GEM had extended the advances to ATL towards the work programs.

For more than 3 years since GEM invested in ATL back in 2015, the progress in the Kuramator gold exploration project had been slow and limited to data analysis, samples collection and mapping only. The progress in the gold exploration project had been slow due to the short annual work season and lack of funding. In addition, the annual work season in the Kyrgyz Republic is relatively short from April to around November or December due to severe winter season in that region. The company had intended to refocus on ATL during 2018 and had earmarked S$450,000 towards furthering the Kuramator exploration.

On 25 September 2018, subject to the availability of working capital, the proposed work program for 2018 was to focus on sample collection, analysis and trial (bulk sampling) processing of the alluvial deposit. As GEM is looking for alternative funding for this work program, the work program may have to be modified to accommodate the reducing time window to work on the concession area.

For the purpose of this exercise, we have converted US$ at the rate of 1.3724 per S$ as at the Valuation Date.

Market Value of 100% Equity Interest in GEM

As at the Valuation Date, the management accounts of GEM consist of:

- Non-current Assets - investment in ATL of S$796,607;
- Current assets - cash and cash equivalents of S$8,368; and
- Current liability - other payables of S$7,755 and amount due to a related company of S$816,844.

As at the Valuation Date, the management accounts of ATL consist of:

- Current Assets - development expenditure of US$150,000 (equivalent to S$205,860); and
- Current liability - amount due to holding company, GEM, of US$184,483 (equivalent to S$253,184).

We note that the development expenditure was the amount funded by GEM upon acquisition and was capitalised for the 2015 and 2016 work program. According to the Company, GEM has missed the window to conduct any form of work program for 2018 for its investment in ATL as winter season has started in Kygryz Republic and thus, the mining season is over till resumption in April 2019. By April 2019, 1 of the licenses would had expired in January 2019 while the other license would expire 3 months' later. Under Kyrgyz Law, in order to renew the licenses, the license holder must submit the renewal application at least 30 days before the expiry of the licenses, together with the report of the work program completed on the site to the State Geological Department of Kygryz Republic.

Since there has been no substantive work performed on the licensed area apart from the 2016 work program that did not yield meaningful results, the Company is of the opinion that there is a high probability that the 2 licenses may not be able to be renewed. It is also highly unlikely that the licenses can be sold due to the short time to expiry whilst the window for any work program has already closed and any renewals would hinge on work conducted on the licensed area.

As at the Valuation Date, the Company is of the view that the development expenditure is of no value given the risk of non-renewal of the licenses. Even if the licenses can be renewed within this short window, as the project is still in the exploratory stage, there is an indeterminate amount of funding that may be required for exploration work, with no assurance of a commercial discovery leading to development and commercialisation of the gold mine. Any potential returns/ cash flow from the licenses and gold mine cannot be determined with any certainty without further development and exploration.

There is an amount due to GEM of US$184,483 (equivalent to S$253,184) in the books of ATL as at the Valuation Date. According to the Company, this advance to ATL was provided to fund the development costs, travelling expenses and other related expenditure in ATL. This amount has to be paid off upon disposal or upon liquidation of ATL.

Accordingly, the Market Values of 100% and 50% equity interest in ATL as at the Valuation Date using the NAV method is nil. Please refer to Appendix 3 for the details of the Market Value of ATL.

In the books of GEM, the investment in ATL of S$796,607 including the advances to ATL of S$253,184, is fully impaired as at the Valuation Date as the only asset in ATL's book has been fully written off. The Company is also of the view that the amount due to the related company of S$816,844 in the books of GEM as at the Valuation Date will be fully written off upon the Proposed Disposal.

As at the Valuation Date, we are of the opinion that the Market Value of 100% equity interest in GEM using the NAV method is S$613. Please refer to Appendix 4 for the details of the Market Value of GEM.

EPL

Background

Innopac owns 81.82% equity interest in EPL, a private limited company incorporated in Singapore on 16 November 2010. The remaining 18.18% of EPL is owned by Rubic Prize Ltd. EPL has an issued and paid-up capital of S$5,500,000, comprising 55,000,000 ordinary shares. It is principally engaged in the business of investment holding since it was acquired by Innopac in December 2013 for S$17.1 million. EPL's sole investment is a 90% equity interest in DSG, a Chinese-Foreign JV operator of CNG stations in the PRC.

DSG was incorporated on 12 July 2013 in PRC by EPL and Ao Ying. 90% of the equity interest in DSG is owned by EPL whilst the remaining 10% was owned by Ao Ying. DSG was principally engaged in the ownership and operations of CNG filling stations and natural gas supply and distribution business in Shandong Province, PRC. Ao Ying, the minority shareholder of DSG, is a PRC registered private company wholly-owned by Mr Li Lin Sheng. Ao Ying was the manager and operator of the CNG filling stations of DSG.

DSG was established with a registered capital of Renminbi ("**RMB**") 30 million and contributed capital (including loan) of RMB27 million respectively. From 2013 to 2014, DSG was operating 2 CNG filling stations located at Xin He East Road, Dezhou City and Lao Ling County, Shandong Province of PRC. DSG was in the process of building a third CNG filling station and had the permits and approvals to build a mother CNG station and two additional CNG filling stations.

There was a dispute between DSG and Ao Ying in 2014. It was discovered that Ao Ying had without authority been taking the daily sales collection from Dezhou CNG station from January to February 2014. Attempts to recover such monies were rebuffed and the Company had decided to terminate the business relationship with Ao Ying. On 16 August 2014, DSG appointed a PRC law firm to negotiate, including the engagement of a debt collector, to recover monies due to DSG from Ao Ying. In or about 2014, Mr Xu Pei Guo ("**Mr Xu**") was engaged by the Company to manage the day-to-day affairs of DSG.

On 21 August 2015, DSG reached a settlement agreement with Ao Ying for the monies due to DSG and terminated the business relationship. Ao Ying had agreed to repay DSG by transferring 4 properties of approximately RMB5 million in value ("**4 Properties**") and an assigned debt of RMB6 million, being the agreed settlement sum of RMB11 million, in exchange for the Dezhou CNG Station, and also undertaken to transfer its 10% equity interest in DSG to a party denominated by DSG. The assigned debt of RMB6 million is secured over 39 units of near completion apartments in YuCheng, Dezhou, Shandong Province ("**39 Apartment Units**"). In order to minimise the property transfer taxes, the 4 Properties would be transferred to a nominated party, Mr Xu, who executed a declaration of trust in favour of DSG.

In 2015, DSG ceased its CNG station operations as the CNG filling stations business had become very competitive due to the entrance of the state-owned oil and gas companies into the retailing CNG filling station business, and have since been attempting to collect and monetise receivables due from Ao Ying.

In May 2016, DSG had initiated a legal action against Ao Ying for the recovery of the receivables of RMB11 million (equivalent to S$2.3 million). The timing of the recovery of the receivables is subject to the legal process in the PRC. As at 31 December 2016, the assigned debts totalling RMB6 million (equivalent to S$1.3 million) had already been assigned to DSG and 1 property ("**Property No 3**") worth RMB500,000 (equivalent to S$0.1 million) had already been transferred to Mr Xu, the trustee appointed by the Company, whilst other properties forming part of the collateral to the debt have yet to be transferred. In September 2017, Mr Xu had resigned from DSG whilst he was holding Property No 3 as the trustee or nominee for DSG. Although the title of Property No 3 is in the name of Mr Xu, DSG has no concern on the indiscretionate disposal by Mr Xu as DSG possessed the legal document on the property and the property had been affirmed by 2 PRC Court judgements in favour of DSG.

For the purposes of this exercise, we have converted RMB at the rate of 0.1971 per S$ as at the Valuation Date.

Market Value of 100% and 81.82% Equity Interests in EPL

As at the Valuation Date, the management accounts of EPL consist of:

- Non-current assets - investment in DSG of S$2,774,912;
- Current assets - cash and cash equivalents of S$52; and
- Current liability - other payables of S$7,755.

As at the Valuation Date, the management accounts of DSG consist of:

- Non-current asset - plant, property and equipment of RMB180,582 (equivalent to S$35,593);
- Current assets - other receivables of RMB11,004,676 (equivalent to S$2,169,022), advances to Mr Xu of RMB3,250 (equivalent to S$641); prepayments of RMB10,450 (equivalent to S$2,060); and cash and cash equivalents of RMB5,121,352 (equivalent to S$1,009,418); and
- Current liability - amount due to related company of RMB13,900,000 (equivalent to S$2,739,690); and other payables of RMB2,112,121 (equivalent S$416,299).

According to the Company, the plant, property and equipment in the books of DSG primarily consists of a motor vehicle bought in 2017 for the commuting needs in order to carry out the recovery process. We are of the view that the net book value ("**NBV**"**)** of the non-current asset is representative of the Market Value.

The other receivables amounting to RMB11 million in the books of DSG are in the process of being recovered from the 2015 settlement agreement with Ao Ying. The recoverability of the receivables is contingent on the transfer of the 4 Properties in PRC totalling RMB5 million and the recovery of the assigned debts totalling RMB6 million which were secured over 39 Apartment Units in a development project in YuCheng, Shandong, PRC. The YuCheng development project was under Chinese court administration. On 2 February 2019, the third auction of the 39 Apartment Units by the Chinese Court, which was intended to pay the assigned debts due to DSG, had closed and had not been successful.

As at the Valuation Date, only Property No 3 had been transferred to Mr Xu. The remaining 3 properties have not been transferred to Mr Xu ("**3 Properties**") as he had resigned and the Company had yet to nominate another trustee for the transfer. The transfer of the remaining 3 properties could take an indeterminate time and costs to complete. According to the PRC laws, the individual owners of these 3 Properties and the appointed representative of DSG recognised by the Court must be present at the relevant authorities at its respective jurisdiction for these transfers to be completed. We understand from the Company that the key concerns are that (i) the transferors being the third-party individuals who may not cooperate, would require compulsion from the Courts or legal process; and (ii) that the Court recognised representative of the DSG is Mr Xu, who is no longer employed and is in dispute with DSG. For the Company to appoint another representative, under the PRC laws, it must lodge a fresh action which may take 1 or more years to achieve.

The Company is of the opinion that Property No 3 is well secured as Mr Xu has no legal rights to deal with the property under his name without DSG's approval. However, Property No 3 would also be subject to legal proceedings due to the dispute between Mr Xu and DSG. The Company is of the opinion that it could take approximately 3 to 5 years to transfer all the 4 Properties to DSG.

As at the Valuation Date, the auction of the 39 Apartment Units was still ongoing. The auction of the 39 Apartment Units which closed on 4 February 2019 was the third time the Court had posted for an auction. No bids were received for the three auctions. The auction of the 39 Apartment Units is subject to onerous conditions and it will be challenging for the units to be successfully auctioned off. The key concerns are as follows:

a) the auction is organised as a block sale of 39 units which would limit the number of potential bidders as opposed to an auction on a single unit since the recent PRC laws has limited the number of properties owned by individuals; and
b) the successful bidder would have to be responsible for obtaining the requisite transfer from the developer.

Since the third auction of the 39 Apartment Units has been unsuccessful, DSG would have to commence a fresh legal proceeding against the relevant parties owing the debt and Mr Li Lin Sheng to obtain the settlement amount of RMB6 million which would again involve indeterminate costs and time. However, the Company is of the view that even if DSG succeeds in recovering the total receivables of RMB11 million, EPL would not be able to repatriate the recovered funds from PRC in the near to medium term as the recovered funds will have to reside in the capital account of DSG. It is expected to take up to 5 years, if EPL liquidates DSG, in order to repatriate the funds.

We have performed a desktop valuation of the 4 Properties and the 39 Apartment Units and have ascertained that the Market Values of the 4 Properties and the 39 Apartment Units are approximately RMB4.75 million and RMB19 million respectively. The purpose of the desktop valuation was mainly to determine the recoverability of the receivables amount in the books of DSG. The NBV of the receivables of RMB5 million is written down by RMB0.25 million whilst the assigned debt of RMB6 million to DSG, is fully secured over the 39 Apartment Units which amounts to RMB19 million as at the Valuation Date. Please refer to Appendix 8 for the desktop valuation summary of the 4 Properties and the 39 Apartment Units.

As a result of the key concerns highlighted above, there are high degree of uncertainties and undetermined timing in recovering the total receivables amount of RMB11 million by DSG. As such, an appropriate discount should be provided in writing down the Market Value of the receivables of RMB11 million.

Accordingly, we have applied a discount of 33.3% to the indicative Market Value derived from the desktop valuation due to the following reasons:

- The owners of the remaining 3 properties that are yet to transferred to DSG may not cooperate to be present at the Court in order for the transfer of the ownerships to be completed;
- A fresh action needs to be lodged to appoint another representative of DSG which may take some time, as the previous representative, Mr Xu, who was recognised by the Court, has resigned and is in dispute with DSG;
- The only property that has been transferred in the name of Mr Xu will require some time to be transferred back to DSG as the property is subject to legal proceedings due to the dispute between Mr Xu and DSG;
- Since the third auction of the 39 Apartment Units has failed, DSG would have to commence a fresh legal proceeding against the relevant parties owing the debt and Mr Li Lin Sheng to obtain the settlement amount of RMB6 million which would again involve indeterminate costs and time;

- The recovery of receivables process involves numerous legal proceedings which require time, cost, and resources; and
- It may take up to 5 years if EPL wishes to liquidate DSG and to repatriate the funds.

The discounted indicative Market Values of the 4 Properties and thus, the value of the assigned debt secured over the 39 Apartment Units is approximately RMB7,166,667. We have performed a sensitivity analysis on the level of discount in the indicative Market Values of the properties in Appendix 8.

As at the Valuation Date, DSG is focusing on recovering the receivables from the 4 Properties and the 39 Apartment Units. It has few ongoing legal proceedings with Mr Xu, Ao Ying and the owners of the remaining 3 properties where the ownerships are yet to be transferred to DSG. Management estimates it may take approximately 5 years for the creditors and shareholders of DSG, to liquidate DSG and to repatriate the funds. Given that the funds may only be received in approximately 5 years' time, we have used a discount rate of 2.5% per annum to present value the cash and cash equivalents. The 2.5% is the average rate of the saving deposit, time deposit, bank lending and 10-year Government bond yield for the past 5 years in PRC. As a result, the cash and cash equivalents in the books of DSG is written down to RMB4,526,529 (equivalent to S$892,179).

The Company is of the view that the advances to Mr Xu and prepayments in the books of DSG totalling RMB13,700 (equivalent to S$2,701) are relatively small and immaterial and shall not be taken into consideration for the purposes of the valuation. We have assumed that there is no recovery for these amounts as at the Valuation Date. The amount due to the related company of RMB13.9 million (equivalent to S$2,739,690) will be eliminated upon the Proposed Disposal. We are also of the view that the NBV of other payables in the books of DSG are representative of the respective Market Values as at the Valuation Date.

The Market Values of 100% and 90% equity interest in DSG are RMB9,761,656 (equivalent to S$1,924,022) and S$1,731,620 respectively. Accordingly, the investment in DSG of S$2,774,912 in the books of EPL is written down to S$1,731,620 for 100% equity interest as at the Valuation Date. Please refer to Appendix 5 for the details of the Market Value of DSG.

As at the Valuation Date, we are of the view that the NBV of the cash and cash equivalents and other payables in the books of EPL are representative of the respective Market Values as at the Valuation Date. Accordingly, the Market Value of 100% and 81.82% equity interests in EPL are S$1,723,916 and S$1,410,508 respectively. Please refer to Appendix 6 for the details of the Market Value of EPL.

MME

Background

MME, incorporated on 14 September 2015 in Malaysia, has an issued and paid-up capital of MYR2, comprising 2 ordinary shares. The principal activities of MME were envisaged to be commercial cultivation of microalgae and its downstream in Malaysia but is currently a dormant entity.

On 22 Sep 2015, Innopac entered into a JV Agreement with Primeforth Renewable Energy Limited ("**Primeforth**") to establish a microalgae cultivation and oil extraction project located in Singapore through a Singapore-incorporated company for the budget of US$2.5 million.

On 21 Jan 2016, the Company signed a supplemental agreement with Primeforth to agree that a private limited company would be incorporated in Singapore or in Malaysia, and that the first facility shall be located in Malaysia as no suitable land could be found in Singapore. Subsequently, the Company acquired an equity interest in MME (with no assets and no liabilities) with the intended principal business in the commercial cultivation of microalgae and related downstream activities in Malaysia. MME was envisaged to be the entity to undertake the microalgae cultivation and oil extraction project.

On 11 Oct 2016, the Company signed an engineering, procurement and construction agreement with Primeforth for the construction of the microalgae facility on a turn-key basis. In the agreement, it was stated that the project is to be rolled out in three phases with Innopac committed to invest and fund US$4,500,000, US$3,000,000 and US$5,000,000 for Phase 1, 2 and 3 of the project respectively. As at the Valuation Date, the Company has funded S$6,000,000 for Phase 1 of the project and the funding has been used for land and site preparation, purchase of microalgae seeds, tanks, piping and other equipment for the microalgae facility. As the (Phase 1) down-sized facility would not be able to achieve the optimal results, the Company requested a refund of its initial funding of S$6,000,000.

As at 30 June 2018, the total investment of S$6,000,000 has been fully impaired. As at the Valuation Date, MME is still in the process of recovering the funding from Primeforth. The Company has sought legal advice and letters of demand have been sent to Primeforth by its solicitor. Primeforth has denied the Company's claim. The Company is considering to continue the legal process to recover the funds. Primeforth is ultimately held by an off-shore company and its assets, if any, are unknown or not easily accessible. Any recovery action is likely to be both long drawn and costly with no certainty of success. Due to the aforementioned reasons, the Company is not optimistic on the chances of meaningful recovery given the uncertainty of the recoverable amount and timing of the recovery.

For the purposes of this exercise, we have converted MYR at the rate of 0.3281 per S$ as at the Valuation Date.

Market Value of 100% Equity Interest in MME

As at the Valuation Date, the management accounts of MME consist of:

- Current assets - cash and cash equivalents of Malaysia Ringgit ("**MYR**") 2 (equivalent to S$1); and
- Current liability - other payables of MYR10,540 (equivalent to S$3,458).

As at the Valuation Date, we are of the view that the NBV of the cash and cash equivalents and other payables in the books of MME are representative of the respective Market Values as at the Valuation Date. Accordingly, we are of the opinion that the Market Value of 100% equity interest in MME is nil. Please refer to Appendix 7 for the details of the Market Value of MME.

Statement of Value

For purposes stated herein and subject to the limitations and assumptions set out in this report, we are of the opinion that the Market Value of the Sale Shares of the respective Entities as at the Valuation Date is as follows:

	S$
Heritage Investment Corporation	(4,213,945)
Wang Da Investments Limited	(8,122,207)
Golden Eagle Mining Pte Ltd	613
Extera Pte Ltd	1,410,508
Malaysian Microalgae Enterprise Sdn Bhd	-
Total	**(10,925,031)**

Exclusions and Limitation of Liability

All work has been performed in accordance with and subject to our Standard Conditions of Engagement, a copy of which has been previously provided. For your ease of reference, we have highlighted some of the more pertinent points:

- We have exercised due skill and care in the provision of the services set out in this report;
- We shall not under any circumstances, be liable for damages or for losses that are not direct result of breach of contract or negligence on our part in respect of services provided in connection with or arising out of the engagement set out in this letter (or any variation or addition thereto) or for any consequential losses or loss of profits of whatsoever nature and in any event, the liability of Censere, its related companies, partners, directors and staff (whether in contract, negligence or otherwise) shall in no circumstances exceed the fees paid specifically for the work in question which allegedly entailed a breach of contract or negligence on our part;
- The exercise was based largely upon information provided by and on behalf of the Company. We have, to the extent practical, analysed, reviewed and asked the Company for clarification, additional information in order to arrive at our opinion on value. However, we assume no responsibility and make no representation with respect to the accuracy or completeness of any information provided by management or nominated representatives of the Company;
- In no event shall Censere, its related companies, partners, directors and staff be liable for any loss, damage, cost or expense arising in any form or in connection with the fraudulent acts or omissions, or any misrepresentations or any default on the part of the directors, employees or agents of the Company;
- Without derogating from the aforesaid provisions, we shall not under any circumstances whatsoever be liable to any third party whether or not they are shown a copy of any work that we have done pursuant to the terms of our engagement and whether or not we have consented to such work being shown to them, save and except where we specifically agreed in writing to accept such liability;
- Except as a result of our own negligence or wilful default, in the event that we find ourselves subject to a claim or incur legal costs from another party as a result of false or misrepresented information provided by the Company in connection with this engagement, any claim established against us and the cost we necessarily incur in defending it would form part of the expenses we would look to recover from the Company;
- Our analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions; and
- We have no bias with respect to the subject of this report or to the parties involved with this assignment set out in this report.

Appendix 1 - Summary of Market Value for Heritage Investment Corporation

	Heritage Investment Corporation	
	HIC	
	As per Mgt Act	Market Value
	100%	100%
	SGD	SGD
Current Assets		
Amount due from related company	900,353	-
Cash and cash equivalents	2	2
Total Current Assets	**900,355**	**2**
Total Assets	**900,355**	**2**
Current Liabilities		
SAXO - Cash account	4,213,947	4,213,947
Total Current Liabilities	**4,213,947**	**4,213,947**
Total Net Asset Value	**(3,313,592)**	**(4,213,945)**

Appendix 2 - Summary of Market Value for Wang Da Investments Limited

	Wang Da Investments Limited	
	WDIL	
	As per Mgt Act	Market Value
	100%	100%
	SGD	SGD
Current Assets		
Cash and cash equivalents	3,303	3,303
Total Current Assets	**3,303**	**3,303**
Total Assets	**3,303**	**3,303**
Current Liabilities		
Amount due to related company	2,962,000	-
SAXO - Cash account	8,125,510	8,125,510
Total Current Liabilities	**11,087,510**	**8,125,510**
Total Net Asset Value	**(11,084,207)**	**(8,122,207)**

Appendix 3 - Summary of Market Value for Artel Trade LLC

	Artel Trade LLC					
	ATL					
	As per Mgt Act			Market Value		
	100%		50.00%	100%		50.00%
	USD	SGD	SGD	USD	SGD	SGD
Current Assets						
Development expenditure	150,000	205,860	102,930	-	-	-
Total Current Assets	**150,000**	**205,860**	**102,930**	**-**	**-**	**-**
Total Assets	**150,000**	**205,860**	**102,930**	**-**	**-**	**-**
Current Liabilities						
Amount due to holding company	184,483	253,184	126,592	184,483	253,184	126,592
Total Current Liabilities	**184,483**	**253,184**	**126,592**	**184,483**	**253,184**	**126,592**
Total Net Asset Value	**(34,483)**	**(47,324)**	**(23,662)**	**Nil**	**Nil**	**Nil**

Appendix 4 - Summary of Market Value for Golden Eagle Mining Pte Ltd

	Golden Eagle Mining Pte Ltd	
	GEM	
	As per Mgt Act	Market Value
	100%	100%
	SGD	SGD
Non-Current Assets		
Investment in joint venture	796,607	-
Total Non-Current Assets	**796,607**	**-**
Current Assets		
Cash and cash equivalents	8,368	8,368
Total Current Assets	**8,368**	**8,368**
Total Assets	**804,975**	**8,368**
Current Liabilities		
Other payables	7,755	7,755
Amount due to related company	816,844	-
Total Current Liabilities	**824,599**	**7,755**
Total Net Asset Value	**(19,624)**	**613**

Appendix 5 - Summary of Market Value for Dezhou Shenrong Gas Co Ltd

	Dezhou Shenrong Gas Co Ltd					
	DSG					
	As per Mgt Act			Market Value		
	100.00%		90.00%	100.00%		90.00%
	RMB	SGD	SGD	RMB	SGD	SGD
Non-Current Assets						
Property, plant and equipment	180,582	35,593	32,033	180,582	35,593	32,033
Total Non-Current Assets	**180,582**	**35,593**	**32,033**	**180,582**	**35,593**	**32,033**
Current Assets						
Other receivables	11,004,676	2,169,022	1,952,119	7,166,667	1,412,550	1,271,295
Advances to Xu	3,250	641	577	-	-	-
Prepayments	10,450	2,060	1,854	-	-	-
Cash and cash equivalents	5,121,352	1,009,418	908,477	4,526,529	892,179	802,961
Total Current Assets	**16,139,728**	**3,181,140**	**2,863,026**	**11,693,195**	**2,304,729**	**2,074,256**
Total Assets	**16,320,309**	**3,216,733**	**2,895,060**	**11,873,777**	**2,340,321**	**2,106,289**
Current Liabilities						
Other payables	2,112,121	416,299	374,669	2,112,121	416,299	374,669
Amount due to related company	13,900,000	2,739,690	2,465,721	-	-	-
Total Current Liabilities	**16,012,121**	**3,155,989**	**2,840,390**	**2,112,121**	**416,299**	**374,669**
Total Net Asset Value	**308,189**	**60,744**	**54,670**	**9,761,656**	**1,924,022**	**1,731,620**

Appendix 6 - Summary of Market Value for Extera Pte Ltd

	Extera Pte Ltd			
	EPL			
	As per Mgt Act		Market Value	
	100.00%	81.82%	100.00%	81.82%
	SGD	SGD	SGD	SGD
Non-Current Assets				
Investment in subsidiary	2,774,912	2,270,433	1,731,620	1,416,812
Total Non-Current Assets	**2,774,912**	**2,270,433**	**1,731,620**	**1,416,812**
Current Assets				
Cash and cash equivalents	52	42	52	42
Total Current Assets	**52**	**42**	**52**	**42**
Total Assets	**2,774,964**	**2,270,475**	**1,731,672**	**1,416,854**
Current Liabilities				
Other payables	7,755	6,346	7,755	6,346
Total Current Liabilities	**7,755**	**6,346**	**7,755**	**6,346**
Total Net Asset Value	**2,767,208**	**2,264,130**	**1,723,916**	**1,410,508**

Appendix 7 - Summary of Market Value for Malaysian Microalgae Enterprise Sdn Bhd

	Malaysian Microalgae Enterprise Sdn Bhd			
	MME			
	As per Mgt Act		Market Value	
	100%		100%	
	MYR	SGD	MYR	SGD
Current Assets				
Cash and cash equivalents	2	1	2	1
Total Current Assets	**2**	**1**	**2**	**1**
Total Assets	**2**	**1**	**2**	**1**
Current Liabilities				
Other payables	10,540	3,458	10,540	3,458
Total Current Liabilities	**10,540**	**3,458**	**10,540**	**3,458**
Total Net Asset Value	**(10,538)**	**(3,458)**	**Nil**	**Nil**

Appendix 8 - Summary of Desktop Valuation for the 4 Properties and 39 Apartment Units

Background & Introduction

In accordance with your instructions, we have undertaken the valuation of the 4 Properties and the 39 Apartment Units on a desktop basis. Our valuation is based on the limited information provided. Wherever applicable, Censere has taken into consideration the findings from our experience and research in determining the factors that may affect the valuation of the 4 Properties and the 39 Apartment Units.

The valuation has been carried out in accordance with the Practise Statements and Guidance Notes set out in the Valuation Standards of the Royal Institute of Chartered Surveyors.

The valuation of an asset is only an indicative quantum at which interests in it might be reasonably be expected to be sold at date of valuation and may be different from the actual transacted price. This desktop valuation exercise is concerned solely with the value of the 4 Properties and 39 Apartment Units and our opinion of value is not related to the earning capacity of any business.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Furthermore, while the assumptions and consideration of such matters are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Censere.

Valuation Methodology

In assessing values of the 4 Properties and the 39 Apartment Units, we have considered all three accepted approaches to value; namely Market Approach, Cost Approach and Income Approach. However, it is common for one or more approaches not be adopted due to lack of valid information or because it is inappropriate to the situation.

The following is a summary of our analysis.

We have excluded the income approach due to insufficient financial data being available for use in preparing an income-based valuation of the subject assets. Cost Approach is inappropriate to the

situation. Therefore, we have used the market approach in arriving at the market value of the 4 Properties and adopted the Residual Method in assessing the market value of the 39 Apartment Units.

In arriving at values using the market approach, we have obtained, where possible, data relating to transactions of similar items in the secondary market and have made adjustment to these transactions depending on the date of transaction, differences between the items under review and the comparable and the underlying basis of the transaction.

In arriving at the value adopting the residual method, we assumed that the development had been fully completed to obtain the Gross Development Value ("**GDV**") and further deduct the outstanding costs from the GDV to derive of the value of the 39 Apartment Units.

We note that we have not undertaken any physical inspection of the 4 Properties and the 39 Apartment Units, as we have only performed a desktop indicative valuation.

Market Values of the Properties

	Property No 1	Property No 2	Property No 3	Property No 4
Address:	Unit 2-401, Building 6, No. 130 Ying Xiong Shan Road, Shi Zhong District, Dezhou City, Shandong Province, PRC.	Unit 1-1-2, 1/F, Building 1, No.307, Jie Fang South Road, Dezhou City, Shandong Province, PRC.	Unit 503, Quarter 2, Building 22, Sunshine Garden Community, Dezhou City, Shandong Province, PRC.	Nos. 104, 106, Wei Ba Road, Huai Yin District, Jinan City, Shandong Province, PRC.
Proprietor:	宋绍卿	郭仁实	胡静	胜利油田奥英科技发展有限公司
Ownership Certificate Ref:	济房省直字房权证字第308839号	鲁德房权证字第S40080号	乳房银滩房权证银滩字第058118号	槐字房权证第068799号
Land Area:	N/A	N/A	104,340.8 square meters	N/A
Gross Floor Area:	61.41 square meters	94.31 square meters	N/A	Residential - 219.51 square meters Dormitory - 137.5 square meters Commercial - 20.17 square meters Total - 377.18 square meteres
Land Use Right Proprietor:	N/A	N/A	徐培国	N/A
Land Use Right Certificate Ref:	N/A	N/A	乳国用(2015)第23925号	N/A
Gross Building Area:	N/A	N/A	90.34 square meters	N/A
Land Category:	Residential	Residential	Residential	Residential Commercial
Tenure:	N/A	N/A	Land expirinng on 16 June 2071.	N/A
Buildings:	A 5-storey residential building	A 17-storey residential building	A 6-storey residential building	2 single storey residential buildings; a 2-storey residential building; a dormitory; and a single storey commercial building.
Construction:	N/A	Mixed structure	Mixed structure	Residential - Brick Timer Dormitory - mixed structure Commercial - N/A
Ancillary:	The property includes landscaping, paved road and has a reasonably good accessibility.	The property includes landscaping, paved road and has a reasonably good accessibility.	The property includes landscaping, paved road and has a reasonably good accessibility.	The property includes landscaping, paved road and has a reasonably good accessibility.
Market Value (RMB):	**1,100,000**	**730,000**	**220,000**	**2,700,000**

	39 Units Apartment
Subject Development:	39 Units, 1-15/F, Quarter 1, Building 29, Shang Yu Zhou Yuan Community, Yucheng, Dedzhou City, Shandong Province, PRC.
Address:	禹城市十里望乡原范庄
Proprietor:	德州市恒森投资置业有限公司
2 State Owned LUR Certificate Ref:	禹国用(2009)第0582号；禹国用(2010)第1073号
Land Area:	92,537 square meters ; 24,007.52 square meters (Total: 116,544.52 square meters)
Planned Gross Floor Area:	40,999 square meters
Building Area Breakdown:	Refer table below
Land Category:	Residential
Tenure:	Land expiring on 25/6/2079 and 21/6/2080
Buildings:	A 21-storey residential building (above ground)
Construction:	Reinforcement Concrete
Age:	Work-In-Progress
Ancillary:	The property includes landscaping, paved road and has a reasonably good accessibility.
Market Value (RMB):	**19,000,000**

Building Area Breakdown

No.	Building No	Floor Level	Unit No	Gross Floor Area (sqm)
1	29	1	1-101	143.24
2	29	2	1-201	143.24
3	29	3	1-301	143.24
4	29	4	1-401	143.24
5	29	5	1-501	143.24
6	29	6	1-601	143.24
7	29	7	1-701	143.24
8	29	8	1-801	143.24
9	29	9	1-901	143.24
10	29	10	1-1001	143.24
11	29	11	1-1101	143.24
12	29	12	1-1201	143.24
13	29	13	1-1301	143.24
14	29	14	1-1401	143.24
15	29	15	1-1501	143.24
16	29	11	1-1102	89.63
17	29	12	1-1202	89.63
18	29	13	1-1302	89.63
19	29	14	1-1402	89.63
20	29	15	1-1502	89.63

No.	Building No	Floor Level	Unit No	Gross Floor Area (sqm)
21	29	12	1-1203	89.63
22	29	13	1-1303	89.63
23	29	14	1-1403	89.63
24	29	15	1-1503	89.63
25	29	1	1-104	103.08
26	29	2	1-204	143.24
27	29	3	1-304	143.24
28	29	4	1-404	143.24
29	29	5	1-504	143.24
30	29	6	1-604	143.24
31	29	7	1-704	143.24
32	29	8	1-804	143.24
33	29	9	1-904	143.24
34	29	10	1-1004	143.24
35	29	11	1-1104	143.24
36	29	12	1-1204	143.24
37	29	13	1-1304	143.24
38	29	14	1-1404	143.24
39	29	15	1-1504	143.24
			Total	5,063.71

We referred to the above details of the 4 Properties and the 39 Apartment Units to compare with a few other transacted or current listing properties in the surrounded areas of the target properties to arrive at an average adjusted unit rate per square meter ("**sqm**") for each property. We have considered the differences in structure, size and floor levels of the comparable properties and the target properties to arrive at the meaningful average adjusted unit rate per sqm and applied a 10% discount at the current listing price. The average adjusted unit rate was then applied to the respective properties according to the respective gross floor area.

As advised by the Company, there are ongoing internal finishing works in progress for the 39 Apartment Units. In the course of our valuation, we have assumed that 20% of those works are still outstanding for the Apartment Units and we have included an allowance for this in arriving at the indicative Market Value.

The average adjusted unit rate for each property per sqm are as follows:

No	Property	Average Adjusted Unit Rate per sqm
1	Property No 1	17,912
2	Property No 2	7,740
3	Property No 3	2,435
4	Property No 4 - Residential & Dormitory	6,442
4	Property No 4 - Commercial	19,831
5	39 Apartment Units	4,690

The indicative market value stated above has been concluded with allowance of those remaining works.

Summary of Indicative Market Value

Property	Market Value (RMB)	Discounted Market Value (RMB)		
		Low (25%)	Adopted (33.3%)	High (50%)
Property No 1	1,100,000	825,000	733,333	550,000
Property No 2	730,000	547,500	486,667	365,000
Property No 3	220,000	165,000	146,667	110,000
Property No 4 - Residential & Dormitory	2,300,000	1,725,000	1,533,333	1,150,000
Property No 4 - Commercial	400,000	300,000	266,667	200,000
39 Apartment Units	6,000,000	4,500,000	4,000,000	3,000,000
Total	10,750,000	8,062,500	7,166,667	5,375,000

*Note: The assigned debt of RMB6 million to DSG, is secured over the 39 Apartment Units which amounted to RMB19 million as at the Valuation Date.