

CIRCULAR DATED 2 JULY 2021

THIS CIRCULAR IS ISSUED BY DUTECH HOLDINGS LIMITED (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF SAC CAPITAL PRIVATE LIMITED TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN DOUBT ABOUT THE OFFER OR IN RELATION TO THIS CIRCULAR OR AS TO THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, TAX ADVISERS AND/OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Unless otherwise stated, the capitalised terms on this cover are defined in this Circular under the section titled “Definitions”.

If you have sold or transferred all your Shares in the capital of Dutech Holdings Limited (“Company” or “Dutech”) 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 in the capital of the Company represented by physical share certificate(s), you should forward this Circular immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

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



DUTECH HOLDINGS LIMITED

(Company Registration No.: 200616359C)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

VOLUNTARY UNCONDITIONAL CASH OFFER

by

UOB KayHian

UOB KAY HIAN PRIVATE LIMITED

(Company Registration No.: 197000447W)
(Incorporated in the Republic of Singapore)

For and on behalf of

TSI METALS HK LIMITED

(Company Registration No.: 2813542)
(Incorporated in Hong Kong)

To acquire all the Offer Shares (as defined herein)

Independent Financial Adviser to the Independent Directors



SAC CAPITAL PRIVATE LIMITED
(Company Registration No.: 200401542N)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF OFFER AT 5:30 P.M. (SINGAPORE TIME) ON 16 JULY 2021, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN).

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DEFINITIONS

In this Circular, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“Announcement Date”	:	31 May 2021, being the date of the Offer Announcement
“Board”	:	Means the board of Directors of the Company as at the Latest Practicable Date
“Business Day”	:	A day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 2 July 2021 in relation to the Offer, enclosing, <i>inter alia</i> , the IFA Letter
“Closing Date”	:	5.30 p.m. (Singapore time) on 16 July 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day of the lodgement of acceptances of the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act (Chapter 50 of Singapore)
“Company Securities”	:	(a) Company Shares—; (b) securities which carry substantially the same rights as the Company Shares; and (c) convertible securities, warrants, options or derivatives in respect of any Company Shares or other securities which carry substantially the same rights as the Company Shares
“Constitution”	:	The constitution of the Company
“Company”	:	Dutech Holdings Limited
“CPF”	:	Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	CPF Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS

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“Despatch Date”	:	18 June 2021, being the date of electronic dissemination of the Offer Document and its related documents, and despatch of the notification of electronic dissemination of the Offer Document and its related documents, the FAA(s) and/or the FAT(s)
“Directors”	:	The directors of the Company as at the Latest Practicable Date, and “Director” means any one of them
“FAA”	:	Form of Acceptance and Authorisation for Offer Shares in respect of the Offer, which is applicable to Shareholders whose Shares are deposited with CDP and forms part of the Offer Document
“FAT”	:	Form of Acceptance and Transfer for Offer Shares in respect of the Offer, which is applicable to Shareholders whose Shares are not deposited with CDP and forms part of the Offer Document
“FY2018”	:	Financial year ended 31 December 2018
“FY2019”	:	Financial year ended 31 December 2019
“FY2020”	:	Financial year ended 31 December 2020
“Group”	:	The Company and its subsidiaries
“IFA” or “SAC”	:	SAC Capital Private Limited, being the independent financial adviser to the Independent Directors in respect of the Offer
“IFA Letter”	:	The letter dated 2 July 2021 from the IFA to the Independent Directors in respect of the Offer as set out in Appendix A to this Circular
“Independent Directors”	:	The directors of the Company who are considered to be independent for the purposes of the Offer, namely, Ms. Tan Yee Peng, Mr. Graham Macdonald Bell, Mr. Chen Zhaohui, George, Dr. Hedda Juliana im Brahm-Droege and Mr. Christoph Hartmann
“Interested Person”	:	As defined in the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: (a) a director, chief executive officer, or substantial shareholder of the company;

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- (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) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (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.

“Irrevocable Undertakings”	:	The irrevocable undertakings received by the Offeror pursuant to which each of Spectacular and Willalpha undertook to, <i>inter alia</i> , (i) accept the Offer in respect of all Shares held by it; and (ii) accept the Offer in respect of any other Shares or securities in the capital of the Company that it may acquire, or which may be allocated and issued to it, on or after the date of the Irrevocable Undertakings
“Latest Practicable Date”	:	25 June 2021, being the latest practicable date prior to the electronic dissemination of this Circular
“Listing Manual”	:	The listing manual of the Main Board of the SGX-ST in force as at the Latest Practicable Date
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Non-Independent Directors”	:	Dr. Johnny Liu and Mr. Liu Bin
“Offer”	:	The voluntary unconditional cash offer made by UOBKH for and on behalf of the Offeror for the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror

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“Offer Announcement”	:	The announcement relating to the Offer released by the Offeror on the Announcement Date
“Offer Document”	:	The document dated 18 June 2021, including the FAA and FAT, and any other document(s) which may be issued by the Offeror to amend, revise, supplement or update the document(s) from time to time
“Offer Price”	:	S\$0.40 in cash for each Offer Share
“Offer Shares”	:	All the Shares, including those Shares already owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror in relation to the Offer
“Offeror”	:	TSI Metals HK Limited
“Offeror Shares”	:	Issued shares in the capital of the Offeror
“Offeror Securities”	:	(a) Offeror Shares; (b) securities which carry substantially the same rights as the Offeror Shares; and (c) convertible securities, warrants, options or derivatives in respect of any Offeror Shares or other securities which carry substantially the same rights as the Offeror Shares
“Overseas Persons”	:	Shareholders whose mailing addresses are outside of Singapore as shown in the Register or, as the case may be, in the records of CDP
“Majority Recommending Directors”	:	Means collectively, Ms. Tan Yee Peng, Mr. Graham Macdonald Bell and Mr. Chen Zhaohui, George
“Minority Recommending Directors”	:	Means collectively, Dr. Hedda Juliana im Brahm-Droege and Mr. Christoph Hartmann
“Register”	:	The register of holders of Shares, as maintained by the Share Registrar
“Relevant Acceptance Forms”	:	The FAA and/or the FAT (as the case may be)
“Securities Account”	:	A securities account maintained by a depositor with CDP but does not include a securities sub-account
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore
“SGXNET”	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST

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“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	B.A.C.S. Private Limited
“Shareholders”	:	Holder(s) of Shares (including persons whose/which Shares are deposited with CDP or who/which have purchased Shares on the SGX-ST)
“Shares” or “Company Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“Spectacular”	:	Spectacular Bright Corp
“SRS”	:	Supplementary Retirement Scheme
“SRS Investors”	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“Substantial Shareholder”	:	A person who has an interest in not less than five per cent. (5%) of the total number of issued voting Shares
“UOBKH”	:	UOB Kay Hian Private Limited
“Willalpha”	:	Willalpha International Limited

CURRENCIES, UNITS AND OTHERS

“%”	:	Percentage or per centum
“RMB” and “RMB cents”	:	Renminbi and cents respectively, being the lawful currency of the People’s Republic of China
“S\$” and “S cents”	:	Singapore dollars and cents respectively, being the lawful currency of the Republic of Singapore

Acting in Concert. Unless otherwise defined, the expression “acting in concert” shall have the same meaning as ascribed to it in the Code.

Announcements and notices. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

Capitalised Terms in Extracts. Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and italics,

DEFINITIONS

and capitalised terms used within these reproduced statements and not defined herein shall bear the same meanings as attributed to them in the Offer Document, the IFA Letter and the Constitution respectively.

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

Expressions. Words importing the singular shall, where applicable, include the plural and vice versa. Words importing a single gender shall, where applicable, include any or all genders. References to persons shall, where applicable, include corporations.

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 the figures in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, the 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 or statutory provision is a reference to that enactment or statutory provision as for the time being amended or re-enacted, unless the context otherwise requires. Any word defined under the Companies Act, the Code, the Listing Manual, the SFA or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning assigned to that word under the Companies Act, the Code, the Listing Manual, the SFA or that modification thereof, as the case may be, unless the context otherwise requires.

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

Time and Date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively unless otherwise stated.

Total number of Shares and Percentage as at the Latest Practicable Date. In this Circular, the total number of Shares is a reference to a total of 356,536,000 Shares in issue as at the Latest Practicable Date (excluding treasury shares) based on a search conducted at ACRA, unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 356,536,000 Shares in issue as at the Latest Practicable Date (excluding treasury shares) based on a search conducted at ACRA. As at the Latest Practicable Date, the Company does not hold any treasury shares.

Legal Counsel. For the purposes of this Circular, David Lim & Partners LLP has been appointed as the legal counsel to the Company as to Singapore law in relation to the Offer.

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 “aim”, “seek”, “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “potential”, “strategy”, “forecast”, “possible”, “probable” and similar expressions or future or conditional verbs such as “if”, “will”, “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 as at the Latest Practicable Date. 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 neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

INDICATIVE TIMETABLE

Date of despatch of the Offer Document	:	18 June 2021
Date of despatch of this Circular	:	2 July 2021
Closing Date	:	5.30 p.m. (Singapore time) on 16 July 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day of lodgement of acceptances of the Offer
Date of settlement of consideration for valid acceptances of the Offer	:	Within seven (7) Business Days of the date of receipt of acceptances of the Offer which are complete and valid in all respects and which are received on or before the Closing Date

Please refer to paragraph 2 of Appendix IV to the Offer Document for further information.

LETTER TO SHAREHOLDERS

DUTECH HOLDINGS LIMITED

(Company Registration No.: 200616359C)
(Incorporated in the Republic of Singapore)

Directors:

Dr. Johnny Liu, Executive Chairman and Chief Executive Officer
Mr. Liu Bin, Executive Vice Chairman
Ms. Tan Yee Peng, Lead Independent Director
Mr. Graham Macdonald Bell, Independent Director
Mr. Chen Zhaohui, George, Independent Director
Dr. Hedda Juliana im Brahm-Droege, Non-Executive Director
Mr. Christoph Hartmann, Non-Executive Director

Registered Office:

50 Raffles Place
#32-01
Singapore Land Tower
Singapore 048623

2 July 2021

To: The Shareholders of Dutech Holdings Limited

Dear Sir/Madam,

VOLUNTARY UNCONDITIONAL CASH OFFER BY THE OFFEROR FOR THE OFFER SHARES

1. INTRODUCTION

- 1.1 **Offer Announcement.** On 31 May 2021, UOBKH announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary unconditional cash offer for all the Shares in accordance with Rule 15 of the Code.

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

- 1.2 **Offer Document.** Shareholders should by now have received a copy of the Offer Document setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 of the Letter to Shareholders in the Offer Document. **Shareholders are urged to read the terms and conditions of the Offer contained in the Offer Document carefully.**

The Offer Document is available on the website of the SGX-ST at www.sgx.com.

- 1.3 **Independent Financial Adviser.** SAC Capital Private Limited has been appointed as the independent financial adviser to the Independent Directors in respect of the Offer.
- 1.4 **Purpose of this Circular.** The purpose of this Circular is to provide Shareholders with information relating to the Company, the Offer, the advice of the IFA to the Independent Directors and the recommendations of the Independent Directors with regard to the Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendations of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer before deciding on whether to accept or reject the Offer. 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 and/or other professional adviser immediately.

LETTER TO SHAREHOLDERS

2. THE OFFER

- 2.1 **Terms of the Offer.** The Offer is made by UOBKH, for and on behalf of the Offeror, on the terms set out in Section 2 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

2. THE OFFER

2.1 Offer Shares

The Offer is extended, on the same terms and conditions, to all the Shares, other than any Shares held in treasury.

*For the purposes of the Offer, the expression the “**Offer Shares**” will include all Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror in relation to the Offer.*

2.2 Consideration

*For each Offer Share: S\$0.40 in cash (the “**Offer Price**”).*

2.3 No Encumbrances

*The Offer Shares will be acquired (a) fully paid-up; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (the “**Encumbrances**”); and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date). **In the event that any dividends, rights, other distributions or return of capital is announced, declared, made or paid on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividends, rights, distributions or return of capital paid by the Company to the accepting Shareholder.***

2.4 Unconditional Offer

The Offer is unconditional in all respects.

LETTER TO SHAREHOLDERS

- 2.2 **Warranty.** The Offer is subject to a warranty as set out in Section 2.5 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

2.5 Warranty

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid-up; (b) free from Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

- 2.3 **Duration of the Offer.** The duration of the Offer is as set out in Section 2.6 of the Letter of Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

2.6 Duration of the Offer

(a) Closing Date

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances for a period of at least 28 days from the Despatch Date.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 16 July 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) Offer to remain open for 14 days thereafter

Pursuant to Rule 22.6 of the Code, as the Offeror has not stated in this Offer Document that the Offer will not be extended beyond the first closing date, the Offer will remain open for a period of not less than 14 days after the date on which the Offer would otherwise have closed.

(c) Revision

Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms of the Offer are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.

(d) Subsequent Closing Date

If there is an extension of the Offer, pursuant to Rule 22.4 of the Code, any announcement of an extension of the Offer will state the next closing date or if the Offer is unconditional as to acceptances, a statement may be made that the

LETTER TO SHAREHOLDERS

Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer is closed.

- 2.4 **Details of the Offer.** The further details of the Offer are set out in Section 2.7 of the Letter to Shareholders in the Offer Document and Appendix IV to the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

2.7 Details of the Offer

APPENDIX IV to this Offer Document sets out further details on (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer.

APPENDIX IV

DETAILS OF THE OFFER

1. DURATION OF THE OFFER

(a) Closing Date

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances for a period of at least 28 days from the Despatch Date.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 16 July 2021 (the “Closing Date”) or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) Offer to remain open for 14 days thereafter

Pursuant to Rule 22.6 of the Code, as the Offeror has not stated in this Offer Document that the Offer will not be extended beyond the first closing date, the Offer will remain open for a period of not less than 14 days after the date on which the Offer would otherwise have closed.

(c) Revision

Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms of the Offer are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders including those who had previously accepted the Offer.

LETTER TO SHAREHOLDERS

(d) Subsequent closing date(s)

If there is an extension of the Offer, pursuant to Rule 22.4 of the Code, any announcement of an extension of the Offer will state the next closing date or if the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer is closed.

2. SETTLEMENT FOR THE OFFER

*Subject to the receipt by the Offeror from accepting Shareholders of valid acceptances, complete in all respects and in accordance with the instructions given in this Offer Document and the FAA, the FAT and/or the terms and conditions for Electronic Acceptance (as the case may be) and in the case of a depositor, the receipt by the Offeror of confirmation satisfactory to it that the relevant number of Offer Shares are standing to the credit of the "Free Balance" of the depositor's Securities Account at the relevant time(s), remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to accepting Shareholders (or, in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by means of credit directly into their designated bank accounts for S\$ via CDP's Direct Crediting Service ("**DCS**") or, in the case of scrip holders, a S\$ crossed cheque drawn on a bank in Singapore and sent by ordinary post to the address stated in the respective FATs or, if none is set out, to the respective addresses maintained in the register of members of the Company (as the case may be), at the risk of the accepting Shareholders (or in such other manner as the accepting Shareholders may have agreed with CDP for the payment of any cash distributions in the case of depositors) as soon as practicable and in any case within seven (7) business days of the date of receipt of acceptances of the Offer which are complete and valid in all respects and which are received on or before the Closing Date.*

In the event an accepting Shareholder who is a depositor is not subscribed to CDP's DCS, any monies to be paid shall be credited to such accepting Shareholder's Cash Ledger and be subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined therein).

3. ANNOUNCEMENTS

(a) *Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the dealing day (the "**Relevant Day**") immediately after the day on which the Offer is due to expire, or is revised or extended (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):*

- (i) *in respect of which valid acceptances of the Offer have been received;*
- (ii) *held by the Offeror and any person acting in concert with it before the Offer Period; and*

LETTER TO SHAREHOLDERS

(iii) *acquired or agreed to be acquired by the Offeror and any person acting in concert with it during the Offer Period,*

and will specify the percentages of the total number of Shares represented by such numbers.

(b) *Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with paragraph 3(a) above, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.*

(c) *In this Offer Document, references to the making of any announcement or the giving of notice by the Offeror include the release of an announcement by UOBKH or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone or facsimile or through SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.*

(d) *In computing the number of Offer Shares represented by acceptances, the Offeror will at the time of making an announcement take into account acceptances which are valid in all respects.*

4. RIGHT OF WITHDRAWAL

Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.

2.5 **Closing Date.** The Offer will close at 5:30 p.m. (Singapore time) on 16 July 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3. PROCEDURES FOR ACCEPTANCE

The procedures for acceptance of the Offer are set out in Section 2.8 of the Letter to Shareholders in the Offer Document and Appendix V to the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

2.8 Procedures for Acceptance

APPENDIX V to this Offer Document sets out the procedures for acceptance of the Offer.

...

APPENDIX V

PROCEDURES FOR ACCEPTANCE OF THE OFFER

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER BY DEPOSITORS WHOSE/WHICH SECURITIES ACCOUNTS ARE AND/OR WILL BE CREDITED WITH OFFER SHARES

1.1 Depositors whose/which Securities Accounts are credited with Offer Shares

If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you are entitled to receive the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its

LETTER TO SHAREHOLDERS

related documents) together with the FAA. If you wish to accept the Offer, you should complete and (if you are submitting the FAA in physical form) sign the accompanying FAA in accordance with the provisions and instructions in this Offer Document and the provisions and instructions printed on the FAA (which provisions and instructions shall be deemed to form part of the terms of the Offer) and submit the duly completed and signed (if applicable) original FAA, either **in physical form by post** in the enclosed pre-addressed envelope **at your own risk**, to:

TSI METALS HK LIMITED

c/o The Central Depository (Pte) Limited
Robinson Road Post Office,
P.O. Box 1984,
Singapore 903934

or **in electronic form**, via the SGX Investor Portal at investors.sgx.com (in respect of individuals and joint-alt account holders only),

so as in each case to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date.

If the completed and signed FAA is delivered by post to the Offeror, please note that the pre-addressed envelope enclosed with the FAA is not pre-paid for posting and it is your responsibility to affix adequate postage on the said envelope.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward this Offer Document and/or the accompanying FAA to the purchaser or the transferee (the "**Purchaser**") as arrangements will be made by CDP for the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents) and FAA to be sent to the Purchaser. Purchasers should note that CDP will, on behalf of the Offeror, send a copy of the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents) and the FAA by ordinary post at the Purchasers' own risk to their respective addresses as they appear in the records of CDP.

If you wish to accept the Offer, you must insert in Section C of the FAA the number of Offer Shares in respect of which you wish to accept the Offer.

(a) If you:

- (i) do not specify such number; or
- (ii) specify a number which exceeds the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. (Singapore time) on the date of receipt of the FAA by CDP (the "**Date of Receipt**") or, in the case where the Date of Receipt is on the Closing Date, by 5.30 p.m. (Singapore time) on the Closing Date,

you shall be deemed to have accepted the Offer in respect of all the Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date).

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(b) *If paragraph 1.1(a)(ii) above applies and at the time of verification by CDP of the FAA on the Date of Receipt, there are outstanding settlement instructions with CDP to receive further Offer Shares into the “Free Balance” of your Securities Account (the “**Unsettled Buy Position**”), and the Unsettled Buy Position settles such that the Offer Shares in the Unsettled Buy Position are transferred to the “Free Balance” of your Securities Account at any time during the period the Offer is open, up to 5.30 p.m. (Singapore time) on the Closing Date (the “**Settled Shares**”), you shall be deemed to have accepted the Offer in respect of the balance number of Offer Shares inserted in Section C of the FAA which have not yet been accepted pursuant to paragraph 1.1(a)(ii) above, or the number of Settled Shares, whichever is less.*

*If you are a depository agent, you may accept the Offer via the SGX-SFG Service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents (the “**Electronic Acceptance**”). Such Electronic Acceptances must be submitted **not later than 5.30 p.m. (Singapore time) on the Closing Date**. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA has been duly completed, signed in its originality and submitted to CDP.*

1.2 Depositors whose/which Securities Accounts will be credited with Offer Shares

If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the “Free Balance” of your Securities Account, you should also receive the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents) together with a FAA. If you wish to accept the Offer in respect of such Offer Shares, you should, after the “Free Balance” of your Securities Account has been credited with such number of Offer Shares, complete and (if you are submitting the FAA in physical form) sign the FAA in accordance with the provisions and instructions in this Offer Document and the provisions and instructions printed on the FAA (which provisions and instructions shall be deemed to form part of the terms of the Offer) and submit the duly completed and signed (if applicable) original FAA,

*either **in physical form by post** in the enclosed pre-addressed envelope **at your own risk**, to:*

TSI METALS HK LIMITED

*c/o The Central Depository (Pte) Limited
Robinson Road Post Office, P.O. Box 1984,
Singapore 903934*

*or **in electronic form**, via the SGX Investor Portal at investors.sgx.com (in respect of individuals and joint-alt account holders only),*

so as in each case to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date.

If the completed and signed FAA is delivered by post to the Offeror, please note that the pre-addressed envelope which is enclosed with the FAA are not pre-paid for posting and it is your responsibility to affix adequate postage on the said envelope.

LETTER TO SHAREHOLDERS

*If, upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been or will not be, credited to the “Free Balance” of your Securities Account (as, for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected. **None of the Offeror, UOBKH or CDP accepts any responsibility or liability in relation to such rejection, including the consequences thereof.***

*If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the “Free Balance” of your Securities Account is not credited with such Offer Shares by 5.00 p.m. (Singapore time) on the Date of Receipt (if the FAA is received by CDP prior to the Closing Date) or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date), unless paragraph 1.1(a)(ii) read together with paragraph 1.1(b) of this **APPENDIX V** apply. If the Unsettled Buy Position does not settle by 5.30 p.m. (Singapore time) on the Closing Date, your acceptance in respect of such Offer Shares will be rejected. **None of the Offeror, UOBKH or CDP accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.***

1.3 Depositors whose/which Securities Accounts are and will be credited with Offer Shares

*If you already have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, and if you have also purchased additional Offer Shares on the SGX-ST that are in the process of being credited to the “Free Balance” of your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the “Free Balance” of your Securities Account but in respect of the additional Offer Shares purchased which are in the process of being credited to the “Free Balance” of your Securities Account, you may accept the Offer in respect of such additional Offer Shares only **AFTER** the “Free Balance” of your Securities Account has been credited with such number of Offer Shares. The provisions set out above shall apply in the same way to your acceptance(s).*

1.4 General

For the avoidance of doubt, FAAs received by CDP on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next business day.

For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account. You can verify the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account (a) through CDP Online if you have registered for CDP Internet Access Service; or (b) through the CDP Phone Service using SMS OTP, under the option “To check your securities balance”.

Upon receipt of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Offer from the “Free Balance” of your Securities Account to the “Blocked Balance” of your Securities Account. Such Offer Shares will be held in the “Blocked Balance” until the consideration for such Offer Shares has been despatched to you.

LETTER TO SHAREHOLDERS

No acknowledgement will be given by CDP for submissions of FAAs made. All communications, notices, documents and payments to be delivered or sent to you will be sent by ordinary post at the risk of the person(s) entitled thereto to the mailing address appearing in the records of CDP. If you submit the FAA in electronic form, you accept the risk of defects or delays caused by failure or interruption of electronic systems, and you agree to hold CDP harmless against any losses directly or indirectly caused by such failure or interruption of electronic systems.

If you have accepted the Offer in accordance with the provisions contained in this Offer Document and the FAA, CDP will send you a notification letter stating the number of Offer Shares debited from the "Free Balance" of your Securities Account together with payment of the Offer Price which will be credited directly into your designated bank account for S\$ via CDP's DCS on the payment date as soon as practicable and in any event within seven (7) business days after the receipt of acceptances of the Offer which are complete and valid in all respects and which are received on or before the Closing Date.

In the event you are not subscribed to CDP's DCS, any monies to be paid shall be credited to your Cash Ledger and be subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined therein).

If you do not have any existing Securities Account in your name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.

If you are a depositor whose/which Securities Account is or will be credited with Offer Shares but you do not receive the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents) and/or the FAA, you may obtain the Notification and/or the FAA upon production of satisfactory evidence that you are a Shareholder or have purchased the Offer Shares on the SGX-ST (as the case may be) from CDP by submitting a request to CDP via phone (+65 6535 7511) or email services (asksgx@sgx.com). Electronic copies of the FAA may also be obtained on the website of the SGX-ST at www.sgx.com.

If you hold Offer Shares in a "Broker-linked Balance" and you wish to accept the Offer in respect of such Offer Shares, you must take the relevant steps to transfer such Offer Shares out of the "Broker-linked Balance" to the "Free Balance" of your Securities Account. The FAA may not be used to accept the Offer in respect of Offer Shares in a "Broker-linked Balance".

LETTER TO SHAREHOLDERS

2. PROCEDURES FOR ACCEPTANCE OF THE OFFER BY SHAREHOLDERS WHO HOLD OFFER SHARES WHICH ARE NOT DEPOSITED WITH CDP

*If you hold Offer Shares which are not deposited with CDP, you are entitled to receive the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents) together with the FAT. If you wish to accept the Offer, you should complete and sign the FAT (which is available upon request from **TSI Metals HK Limited** c/o B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO, Singapore 048544) in accordance with the provisions and instructions in this Offer Document including the provisions and instructions printed on the FAT (which provisions and instructions shall be deemed to form part of the terms of the Offer) and submit the duly completed and signed original FAT with the relevant share certificate(s) and/or other document(s) of title and/or any other relevant document(s) required by the Offeror **by hand or by post**, at your own risk, to:*

TSI METALS HK LIMITED

*c/o B.A.C.S. Private Limited
8 Robinson Road #03-00 ASO Building
Singapore 048544*

so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date.

If the number of Offer Shares in respect of acceptances for the Offer as inserted by you in the FAT exceeds the number of Offer Shares represented by the share certificate(s) and/or other document(s) of title accompanying the FAT, or if no such number of Offer Shares is inserted by you, then you shall be deemed to have accepted the Offer in respect of all the Offer Shares as represented by the share certificate(s) and/or other document(s) of title accompanying the FAT.

General

If your Offer Shares are represented by share certificate(s) which are not registered with the Company in your own name, you must send in, at your own risk, the relevant share certificate(s), other document(s) of title and/or other relevant documents required by the Offeror together with a duly completed and signed original FAT accompanied by transfer form(s), duly completed and executed by the person(s) registered with the Company as the holder of the Offer Shares and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person authorised by it).

It is your responsibility to ensure that the FAT is properly completed in all respects. The Offeror, UOBKH and/or the Share Registrar will be entitled, at their sole and absolute discretion, to reject any acceptance which does not comply with the provisions and instructions contained herein and in the FAT, or (subject to the preceding paragraph) which is not accompanied by the relevant share certificate(s), other document(s) of title and/or any other relevant document(s) required by the Offeror, or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect. Any decision to reject or treat as valid any acceptance will be final and binding, and none of the Offeror, UOBKH or the Share Registrar accepts any responsibility or liability for the consequences of such a decision.

LETTER TO SHAREHOLDERS

Except as specifically provided for in this Offer Document and the Code, acceptance of the Offer is irrevocable.

No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other relevant document(s) required by the Offeror will be given.

All communications, notices, certificates, documents and remittances to be delivered or sent to you will be sent by ordinary post at your sole risk.

Payment will be sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the register of members of the Company) by ordinary post to your address as it appears in the register of members of the Company at your own risk (or to such different name and address as may be specified by you in the FAT and at your own risk), by way of a S\$ cheque drawn on a bank in Singapore for the appropriate amount.

*If you are a Shareholder who holds Offer Shares which are not deposited with CDP but you do not receive the FAT, you may obtain such a FAT upon production of satisfactory evidence that you are a Shareholder, from **TSI Metals HK Limited** c/o B.A.C.S. Private Limited at its office at 8 Robinson Road, #03-00 ASO Building, Singapore 048544. Electronic copies of the FAT may also be obtained on the website of the SGX-ST at www.sgx.com.*

3. OTHER RELEVANT INFORMATION IN RESPECT OF THE PROCEDURES FOR ACCEPTANCE

*If you hold share certificate(s) of some of the Offer Shares beneficially owned by you and if you have deposited the rest of the Offer Shares beneficially owned by you with CDP, you are required to complete, sign (if applicable) and submit at your own risk, the signed original FAT in respect of the Offer Shares represented by share certificate(s) and the signed original FAA or electronic form of the FAA in respect of the Offer Shares which are deposited with CDP, if you wish to accept the Offer in respect of all such Offer Shares. Both the FAT and the FAA must be completed, signed (if applicable) and accompanied by the relevant documents and submitted to the Offeror in accordance with the respective procedures for acceptance set out in paragraphs 1 and 2 of this **APPENDIX V**.*

If you hold share certificate(s) of the Offer Shares beneficially owned by you and you wish to accept the Offer in respect of such Offer Shares, you should not deposit the share certificate(s) with CDP during the period commencing on the date of this Offer Document and ending on the Closing Date (both dates inclusive) as your Securities Account may not be credited with the relevant number of Offer Shares in time for you to accept the Offer.

LETTER TO SHAREHOLDERS

If you wish to accept the Offer, it is your responsibility to ensure that the FAA and/or the FAT, as the case may be, is properly completed in all respects, submitted with original signature(s) (if applicable) and all required documents are provided. The Offeror, UOBKH, CDP and/or the Share Registrar will be entitled, at their sole and absolute discretion, to reject any acceptance which does not comply with the provisions and instructions contained herein and in the FAA and/or the FAT, as the case may be, or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect. Any decision to reject or treat as valid any acceptance will be final and binding, and none of the Offeror, UOBKH, CDP or the Share Registrar accepts any responsibility or liability for the consequences of such a decision.

Acceptances in the form of the FAA and/or the FAT received by the Offeror, UOBKH, CDP and/or the Share Registrar, on a Saturday, Sunday or public holiday will only be processed and validated on the next business day.

Submission of the duly completed and signed (if applicable) original FAA and/or FAT through CDP and/or the Share Registrar and/or, as the case may be, the Offeror or UOBKH, shall be conclusive evidence in favour of the Offeror, UOBKH, CDP and the Share Registrar of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates. The Offeror and CDP shall be entitled to assume the accuracy of any information and/or documents submitted together with any FAA and/or FAT, and shall not be required to verify or question the validity of the same.

*By completing and delivering a FAA and/or FAT, you (a) consent to the collection, use and disclosure of your personal data by the Offeror, UOBKH, CDP, the Share Registrar, CPF Board, the SGX-ST, Securities Clearing and Computer Services (Pte) Ltd and/or the Company (the "**Relevant Persons**") or any person designated by the Relevant Persons in connection with the purpose of facilitating your acceptance of the Offer, and in order for the Relevant Persons or such designated person to comply with any applicable laws, listing rules, regulations and/or guidelines; (b) warrant that where you disclose the personal data of another person, such disclosure is in compliance with applicable law; and (c) agree that you will indemnify the Relevant Persons or such designated person in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of such warranty.*

4. INFORMATION ON THE OFFEROR

Section 3 of the Letter to Shareholders in the Offer Document sets out certain information on the Offeror, extracts of which are set out below. Additional information on the Offeror extracted from Appendix I to the Offer Document is set out in Appendix C to this Circular. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

3. INFORMATION ON THE OFFEROR

3.1 Information on the Offeror

*The Offeror is an investment holding company incorporated under the laws of Hong Kong on 9 April 2019. As at the Latest Practicable Date, the Offeror has an issued share capital of HKD50,000, consisting of 50,000 ordinary shares (the "**Offeror Shares**"), which are held solely by Dr. Liu. The sole director of the Offeror is Dr. Liu.*

***APPENDIX I** to this Offer Document sets out certain additional information on the Offeror.*

LETTER TO SHAREHOLDERS

5. IRREVOCABLE UNDERTAKINGS AND ROLLOVER ARRANGEMENT

Section 5 of the Letter to Shareholders in the Offer Document sets out certain information relating to the Irrevocable Undertakings received by the Offeror and the Rollover Arrangement pursuant to the Irrevocable Undertaking, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

5. IRREVOCABLE UNDERTAKINGS AND ROLLOVER ARRANGEMENT

5.1 Details of Irrevocable Undertakings and Rollover Arrangement

As at the Latest Practicable Date:

- (a) *Spectacular, a company wholly owned by Dr. Liu, holds 152,438,956 Shares representing approximately 42.76% of the total Shares; and*
- (b) *Willalpha, a company wholly owned by Mr. Liu Bin (being Dr. Liu's brother), holds, through DBS Nominees Pte. Ltd., 56,282,864 Shares representing approximately 15.79% of the total Shares.*

*Each of Spectacular and Willalpha (collectively, the "**Undertaking Shareholders**") has executed an irrevocable undertaking dated 31 May 2021 (the "**Irrevocable Undertakings**") in favour of the Offeror, pursuant to which each of them has undertaken to, inter alia, (i) accept the Offer in respect of all Shares held by it; and (ii) accept the Offer in respect of any other Shares or securities in the capital of the Company that it may acquire, or which may be allocated and issued to it, on or after the date of the Irrevocable Undertakings.*

*Further, pursuant to the Irrevocable Undertaking executed by Spectacular, Spectacular has agreed to be allotted and issued new Offeror Shares for an aggregate subscription price that will be set off, in full, against the cash consideration payable by the Offeror to Spectacular for accepting the Offer in respect of its Shares pursuant to the aforementioned Irrevocable Undertaking (the "**Rollover Arrangement**"). The SIC has confirmed that the Rollover Arrangement does not constitute a special deal for the purposes of Rule 10 of the Code.*

5.2 Aggregate Holdings of Undertaking Shareholders

As at the Latest Practicable Date, the aggregate number of Shares held by the Undertaking Shareholders amount to 208,721,820 Shares, representing approximately 58.54% of the total Shares.

5.3 Termination of Irrevocable Undertakings

The Irrevocable Undertakings shall terminate, lapse and cease to have any effect upon the Offer lapsing or being withdrawn for whatever reason other than as a result of a breach of any of the Undertaking Shareholders' obligations under the Irrevocable Undertakings.

5.4 No other Irrevocable Undertakings

Save for the Irrevocable Undertakings, as at the Latest Practicable Date, neither the Offeror nor any persons acting in concert with the Offeror has received any irrevocable undertaking from any other person to accept or reject the Offer.

LETTER TO SHAREHOLDERS

6. REASONS AND BENEFITS FOR THE OFFER

The full text of the rationale for the Offer has been extracted from Section 6 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

6. RATIONALE FOR THE OFFER

6.1 General Low Trading Liquidity of Shares

The trading volume of the Shares has been low, with an average daily trading volume¹ of approximately 23,725 Shares, 45,181 Shares, 37,717 Shares and 56,802 Shares during the one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period up to and including 28 May 2021, being the Last Trading Day. This represents less than 0.02% of the total number of issued Shares for each of the relevant periods. Hence, the Offer represents a unique cash exit opportunity for the Shareholders to realise their entire investment at a premium over the market prices of the Shares up to and including the Last Trading Day as stated in paragraph 7 below, an option which may not otherwise be readily available due to the low trading liquidity of the Shares, without incurring brokerage and other trading costs.

- 1. The average daily trading volume of the Shares is calculated based on the total volume of Shares traded divided by the number of days which the SGX-ST is open for trading of securities during the relevant trading periods.*

6.2 Greater Flexibility to Manage the Business of the Company

As noted in paragraph 8.3 below, the Offeror is making the Offer with a view to delisting the Company from the Mainboard of the SGX-ST and exercising any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act. The Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and capital resources and facilitate the implementation of any operational change.

6.3 Reduced Compliance Costs

In maintaining its listed status, the Company incurs compliance and associated costs. In the event the Offeror is able to delist the Company, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.

LETTER TO SHAREHOLDERS

7. THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the Offeror's intentions for the Company has been extracted from Section 8.3 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extracts below carefully and note the Offeror's future plans for the Company.**

8.3 Offeror's Intentions

...

Save as disclosed in this Offer Document and other than in the ordinary course of business, the Offeror currently has no plans to (a) make any major changes to the business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Group. However, the Offeror retains the flexibility at any time to consider any options in relation to the Company which may present themselves and which the Offeror may regard to be in the interest of the Group.

8. LISTING STATUS AND COMPULSORY ACQUISITION

Section 8 of the Offer Document sets out the intentions of the Offeror relating to the listing status of the Company and compulsory acquisition, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extracts below carefully and note the matters relating to compulsory acquisition and listing status and trading suspensions.**

8. LISTING STATUS AND COMPULSORY ACQUISITION

8.1 Listing Status

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and persons acting in concert with it to above 90% of total Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of total Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of total Shares (excluding any Shares held in treasury), thus causing the percentage of total Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the total number of issued Shares held in public hands to at least 10%, failing which the Company may be delisted from SGX-ST.

LETTER TO SHAREHOLDERS

8.2 Compulsory Acquisition

*Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding, for the avoidance of doubt, any Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") at a price equal to the Offer Price.*

Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of total Shares, the Dissenting Shareholders will have a right to require the Offeror to acquire their Shares at the Offer Price. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.

8.3 Offeror's Intentions

The Offeror does not intend to maintain the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of total Shares (excluding any Shares held in treasury) are held in public hands.

*In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual (collectively, the "**Voluntary Delisting Rules**"). Without prejudice to the foregoing, if the Offeror receives, as at the Closing Date, valid acceptances of the Offer from Shareholders (other than persons acting in concert with the Offeror) (the "**Independent Shareholders**") representing at least 75% of the total number of Shares held by the Independent Shareholders and subject to substantive compliance with the other requirements set out in the Voluntary Delisting Rules, the Offeror intends to seek the SGX-ST's waiver from strict compliance with such Voluntary Delisting Rules.*

In the event that the public float is lost and the Offeror is unable to exercise its rights of compulsory acquisition or the Company is unable to meet the requirements set out in the Voluntary Delisting Rules, the trading of the Shares may be subjected to a prolonged period of suspension.

Save as disclosed in this Offer Document and other than in the ordinary course of business, the Offeror currently has no plans to (a) make any major changes to the business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Group. However, the Offeror retains the flexibility at any time to consider any options in relation to the Company which may present themselves and which the Offeror may regard to be in the interest of the Group.

LETTER TO SHAREHOLDERS

9. FINANCIAL EVALUATION OF THE OFFER

Section 7 of the Letter to Shareholders in the Offer Document sets out certain information on the financial evaluation of the Offer, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

7. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premiums over the historical traded prices of the Shares:

<i>Description</i>	<i>Share Price (S\$)⁽¹⁾</i>	<i>Premium of the Offer Price over Share Price⁽²⁾ (%)</i>
<i>(a) Last transacted price per Share on the Last Trading Day</i>	<i>0.250</i>	<i>60.0</i>
<i>(b) VWAP of the Shares traded on the SGX-ST for the one (1)-month period prior to and including the Last Trading Day</i>	<i>0.251</i>	<i>59.4</i>
<i>(c) VWAP of the Shares traded on the SGX-ST for the three (3)-month period prior to and including the Last Trading Day</i>	<i>0.249</i>	<i>60.6</i>
<i>(d) VWAP of the Shares traded on the SGX-ST for the six (6)-month period prior to and including the Last Trading Day</i>	<i>0.251</i>	<i>59.4</i>
<i>(e) VWAP of the Shares traded on the SGX-ST for the twelve (12)-month period prior to and including the Last Trading Day</i>	<i>0.27</i>	<i>48.1</i>

Notes:

(1) *The figures set out in the table above are based on data extracted from Bloomberg L.P. on 28 May 2021.*

(2) *Computed based on the Share prices which were rounded to the nearest three (3) decimal places. Premium over Share price were rounded to the nearest one (1) decimal place.*

LETTER TO SHAREHOLDERS

10. DISCLOSURE OF HOLDINGS AND DEALINGS

Appendix III to the Offer Document sets out certain information relating to disclosure of holdings and dealings, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

APPENDIX III

ADDITIONAL GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS IN COMPANY SECURITIES

1.1 *Holdings in Company Securities*

As at the Latest Practicable Date, based on the latest information available to the Offeror, the interests in Shares held by the Offeror, the Director of the Offeror and persons acting in concert with the Offeror are set out below:

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%⁽¹⁾	No. of Shares	%⁽¹⁾	No. of Shares	%⁽¹⁾
<i>Dr. Liu⁽²⁾</i>	–	–	<i>152,438,956</i>	<i>42.76</i>	<i>152,438,956</i>	<i>42.76</i>
<i>Mr. Liu Bin⁽³⁾</i>	–	–	<i>56,282,864</i>	<i>15.79</i>	<i>56,282,864</i>	<i>15.79</i>
<i>Spectacular Bright Corp</i>	<i>152,438,956</i>	<i>42.76</i>	–	–	<i>152,438,864</i>	<i>42.76</i>
<i>Willalpha International Limited</i>	<i>56,282,864</i>	<i>15.79</i>	–	–	<i>56,282,864</i>	<i>15.79</i>

Notes:

- (1) *The percentage shareholding interest is based on the total number of Shares of 356,536,000 Shares as at the Latest Practicable Date. Percentages are rounded to the nearest two (2) decimal places.*
- (2) *Dr. Liu's deemed interest includes 152,438,956 Shares held by Spectacular, which is wholly owned by Dr. Liu.*
- (3) *Mr. Liu Bin is the beneficial owner of 56,282,864 Shares held by Willalpha International Limited through DBS Nominees Pte Ltd.*

1.2 *Dealings in Company Securities*

Based on the latest information available to the Offeror, none of the Offeror, the sole Director of the Offeror and persons acting in concert with the Offeror has dealt for value in the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

LETTER TO SHAREHOLDERS

11. CONFIRMATION OF FINANCIAL RESOURCES

Section 10 of the Letter to Shareholders in the Offer Document sets out certain information on the confirmation of financial resources, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

10. CONFIRMATION OF FINANCIAL RESOURCES

UOBKH, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares on the basis of the Offer Price (excluding the consideration payable for the Offer Shares to be tendered by Spectacular which is subject to the Rollover Arrangement referred to in paragraph 5.1 above).

12. OVERSEAS PERSONS

12.1 **Availability of Offer.** The availability of the Offer to Overseas Persons may be affected by the laws of the relevant overseas jurisdiction.

Overseas Persons should refer to Section 9 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

9. OVERSEAS PERSONS

9.1 Overseas Persons

*The availability of the Offer to Shareholders whose mailing addresses are outside of Singapore (as shown on the register of members of the Company or, as the case may be, in the records of CDP) (each, an “**Overseas Person**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Person should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as this Offer Document, the FAAs and the FATs have not been reviewed by any regulatory authority in any overseas jurisdiction. **For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents), the FAAs and/or the FATs have not been, or may not be, sent.***

9.2 Overseas Jurisdictions

This Offer Document 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 Offer Document in any jurisdiction in contravention of applicable law.

LETTER TO SHAREHOLDERS

The release, publication or distribution of this Offer Document, the Notification, the FAAs, the FATs and/or any other formal documentation relating to the Offer in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which such documents are released, published or distributed should inform themselves about and observe such restrictions.

*Copies of this Offer Document and any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, means, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility.

9.3 Copies of the Notification and the FAAs and/or the FATs

Where there are potential restrictions on sending the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents), the FAAs and/or the FATs to any overseas jurisdictions, the Offeror and UOBKH each reserves the right not to send these documents to Shareholders in such overseas jurisdictions.

Subject to compliance with applicable laws, any Overseas Persons may, nonetheless, obtain copies of the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents), the FAAs and/or the FATs and any related documents, during normal business hours and up to the Closing Date, from the Offeror through its receiving agent, CDP (if he is a depositor) by submitting a request to CDP via phone (+65 6535 7511) or email services (asksgx@sgx.com); or the Share Registrar (if he is a scripholder), B.A.C.S. Private Limited at its office located at 8 Robinson Road, #03-00 ASO Building, Singapore 048544.

Alternatively, an Overseas Person may, subject to compliance with applicable laws, write to the Offeror through CDP (if he is a depositor) at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, or the Share Registrar (if he is a scripholder) at the address listed above, to request for the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents), the FAAs and/or the FATs and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Person's own risk, up to five (5) Market Days prior to the Closing Date.

Electronic copies of this Offer Document, the FAA and FAT are also available on the website of the SGX-ST at www.sgx.com.

LETTER TO SHAREHOLDERS

9.4 Compliance with Applicable Laws

*It is the responsibility of any Overseas Person who wishes to (a) request for the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents), the FAAs and/or the FATs and/or any related documents; and/or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Person shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including UOBKH) shall be fully indemnified and held harmless by such Overseas Person for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including UOBKH) may be required to pay. In (i) requesting the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents), the FAAs and/or the FATs and any related documents; and/or (ii) accepting the Offer, the Overseas Person represents and warrants to the Offeror and UOBKH that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **Any Overseas Person who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.***

9.5 Notice

The Offeror and UOBKH each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Persons) by announcement to the SGX-ST or notice and if necessary, by paid advertisement in a newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including an Overseas Person) to receive or see such announcement, notice or advertisement.

12.2 Copies of this Circular. This Circular and any related documents may not be sent to Overseas Persons due to potential restrictions on sending such documents to overseas jurisdictions. Any affected Overseas Persons may, nevertheless, obtain copy of this Circular by downloading a copy of this Circular from the website of the SGX-ST at www.sgx.com.

LETTER TO SHAREHOLDERS

13. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

Section 12 of the Letter to Shareholders in the Offer Document sets out information relating to CPFIS Investors and SRS Investors, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

12. GENERAL

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CPFIS Investors and SRS Investors will receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice. CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors who accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their respective CPF investment accounts and SRS investment accounts.

14. DIRECTORS' INTERESTS AND DIRECTORS' INTENTIONS IN RELATION TO THE OFFER

- 14.1 Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Company and the Offeror as at the Latest Practicable Date are set out in Appendix B to this Circular. For Shareholders' ease of reference, the Directors' interests as set out in Appendix B to this Circular are re-produced and extracted here below.

7. DISCLOSURE OF INTERESTS OF THE COMPANY, THE DIRECTORS AND THE IFA

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Interests of the Directors in Offeror Securities

Directors' holdings in Offeror Securities as at the Latest Practicable Date are set out below:

Name	Direct Interest		Deemed Interest		Total Interest	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
<i>Dr. Johnny Liu</i>	<i>50,000</i>	<i>100.00</i>	<i>–</i>	<i>–</i>	<i>50,000</i>	<i>100.00</i>

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Except for Dr Johnny Liu, none of the Directors has any direct or deemed interests in any Offeror Securities as at the Latest Practicable Date.

Dealings in Offeror Securities by the Directors

Save as disclosed, none of the Directors has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date.

Interests of the Directors in Company Securities

Directors' holdings in Company Securities as at the Latest Practicable Date are set out below:

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<i>Dr. Johnny Liu</i>	–	–	152,438,956	42.76	152,438,956	42.76
<i>Mr. Liu Bin</i>	–	–	56,282,864	15.79	56,282,864	15.79
<i>Dr. Hedda Juliana im Brahm-Droege</i>	–	–	31,509,000	8.84	31,509,000	8.84
<i>Mr. Graham Macdonald Bell</i>	17,000	0.00	–	–	17,000	0.00

Dealings in Company Securities by the Directors

None of the Directors has dealt for value in any Company Securities during the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date.

- 14.2 Details of the relevant Directors' intentions in relation to the Offer are set out in Appendix B to this Circular. For Shareholders' ease of reference, the relevant Directors' intentions in relation to the Offer as set out in Appendix B to this Circular are re-produced and extracted here below.

7.2 Directors' intentions in relation to the Offer

As at the Latest Practicable Date, the following Directors who have direct or deemed interests in the Shares have informed the Company of their intentions in respect of the Offer as follows:

- (a) *As described in Section 5 of this Circular, Spectacular has provided an irrevocable undertaking to, inter alia, (i) accept the Offer in respect of all Shares held by it; and (ii) accept the Offer in respect of any other Shares or securities in the capital of the Company that it may acquire, or which may be allocated and issued to it, on or after the date of the irrevocable undertaking. Dr Johnny Liu is deemed interested in the 152,438,956 Shares held by Spectacular, by virtue of his shareholding in Spectacular. Dr Johnny Liu has informed the Company that Spectacular had so accepted the Offer on 22 June 2021;*

LETTER TO SHAREHOLDERS

- (b) *As described in Section 5 of this Circular, Willalpha has provided an irrevocable undertaking to, inter alia, (i) accept the Offer in respect of all Shares held by it; and (ii) accept the Offer in respect of any other Shares or securities in the capital of the Company that it may acquire, or which may be allocated and issued to it, on or after the date of the irrevocable undertaking. Mr Liu Bin is deemed interested in the 56,282,864 Shares held by Willalpha, by virtue of his shareholding in Willalpha. Mr Liu Bin has informed the Company that Willalpha had so accepted the Offer on 25 June 2021;*
- (c) *Dr Hedda Juliana im Brahm-Droege and Mr Christoph Hartmann have informed the Company that, as at the Latest Practicable Date, Droege Capital GmbH is not convinced that the Offer Price in respect of the Offer reflects the fair market value of the Company. Accordingly, Dr Hedda Juliana im Brahm-Droege and Mr Christoph Hartmann have informed the Company that they are **unable** to provide an indication to Shareholders of Droege Capital GmbH's intention to accept or reject the Offer in respect of all or part of its Shares; and*
- (d) *Mr Graham Macdonald Bell has informed the Company that he intends to accept the Offer in respect of his Shares.*

15. ADVICE AND RECOMMENDATIONS

15.1 **General.** Shareholders should read and carefully consider the recommendations of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer dated 2 July 2021 in their entirety before deciding whether to accept or reject the Offer. The IFA Letter is reproduced in Appendix A to this Circular.

15.2 Independence of Directors.

The Non-Independent Directors, Dr Liu and Mr Liu Bin are respectively also the Executive Chairman and Executive Vice-Chairman of the Company. Dr Liu is the sole shareholder and director of the Offeror.

SIC had confirmed and/or ruled on 4 March 2021 that Dr Liu and Mr Liu Bin are exempted from the requirement to make a recommendation to the Shareholders in connection with the Offer, based on the reasons stated below:

(a) Dr Liu

Dr Liu is currently the Executive Chairman of the Company. He is also a director and shareholder of the Offeror.

(b) Mr Liu Bin

Mr Liu Bin is currently the Executive Vice-Chairman of the Company. He is also the brother of Dr Liu and accordingly, is a person acting in concert with the Offeror.

Dr Liu and Mr Liu Bin must, nonetheless, still accept 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 Offer.

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The remaining directors, Ms Tan Yee Peng, Mr Graham Macdonald Bell, Mr Chen Zhaohui, George, Dr Hedda Juliana im Brahm-Droege and Mr Christoph Hartmann are unconflicted and are considered independent for the purposes of the Offer.

15.3 Advice of the IFA to the Independent Directors.

- (a) **IFA.** SAC has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Offer. Shareholders should read and consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer before deciding whether to accept or reject the Offer. The IFA's advice is set out in its letter dated 2 July 2021, which is set out in Appendix A to this Circular.
- (b) **Advice of the IFA.** Based on the IFA's evaluation and assessment of the Offer based on the circumstances of the Company and the information available at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has made its recommendation in respect of the Offer as set out in paragraph 8 of the IFA Letter and reproduced in italics below. The recommendation set out below should be considered and read by Shareholders in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined, all terms and expression used in the extracts below shall have the same meanings as those defined in the IFA Letter:

8.2 Assessment of the Offer

*For the purpose of evaluating the Offer, we have adopted the approach that the term "fair" and "reasonable" are regarded as two different concepts. The term "fair" relates to an opinion on the value of the offer price against the value of the securities subject to the offer (the "**Securities**"), and an offer is "fair" if the price offered is equal to or greater than the value of the Securities. In considering whether an offer is "reasonable", other matters as well as the value of the Securities are taken into consideration. Such other matters include, but are not limited to, existing voting rights in the company held by an offeror and its concert parties or the market liquidity of the relevant securities.*

8.2.1 Assessment of Fairness of the Offer

In determining the fairness of the Offer, we have considered, inter alia, the following pertinent factors:

- (a) *based on the NAV approach, which provides an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the value of the Group's assets as represented by the NTA per Share of S\$0.563 is significantly higher than the Offer Price of S\$0.40;*

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- (b) after adjusting for net cash of S\$0.209 per Share, the value of the Group's assets that is not cash and bank balances amounted to S\$0.354, which is significantly higher than the Ex-Cash Offer Price of S\$0.191;*
- (c) the historical PER and EV/EBITDA ratio as implied by the Offer Price did not compare favourably against those of the Comparable Companies;*
- (d) the P/NTA ratio as implied by the Offer Price and the NTA per Share as at 31 December 2020 of 0.71 times did not compare favourably against the mean and median Price-to-NAV/NTA ratios for the Take-Over Transactions; and*
- (e) the P/NAV Ratio as implied by the Offer Price and the NAV per Share as at 31 December 2020 and the EV/EBITDA Ratio as implied by the Offer Price did not compare favourably against the Precedent M&A Transaction.*

In view of the above, we are of the opinion that the Offer is NOT FAIR.

8.2.2 Assessment of Reasonableness of the Offer

In determining the reasonableness of the Offer, we have considered, inter alia, the following pertinent factors:

- (a) the Offer Price is at a premium of 60.0% over the closing price of the Shares on the Last Trading Day;*
- (b) the Offer Price represents a premium of 48.1%, 59.4%, 60.6% and 59.4% over the VWAP of the Shares for the 12-, 6-, 3- and 1-month periods up to and including the Last Trading Day respectively;*
- (c) the Shares are thinly traded with the average daily trading volume as a percentage of free float for the 12-month period up to and including the Last Trading Day being 0.07%;*
- (d) notwithstanding that the Offer Price is at a significant discount to the Group NTA per Share as at 31 December 2020, the P/NTA ratio as implied by the Offer Price of 0.711 times is higher than the maximum P/NTA ratio of 0.648 times for the 36-month period up to and including the Last Trading Day;*
- (e) the P/NTA ratio as implied by the Offer Price is at a premium to the mean and median P/NTA ratio of the Comparable Companies;*
- (f) the Ex-Cash P/NTA ratio as implied by the Ex-Cash Offer Price is between the mean and median Ex-Cash P/NTA ratio of the Comparable Companies;*

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- (g) the premia implied by the Offer Price over the historical transacted price and VWAP are higher than or between the mean and median premia of the Precedent Privatisation Transactions;*
- (h) the Group's operations, in particular its European operations have been negatively impacted by the COVID-19 outbreak. Steady appreciation of the Renminbi against the US dollar, rising raw material prices, a shrinking ATM market with ebanking and other fintech solutions, as well as labour cost challenges will continue to act as head winds for the business;*
- (i) as at the Latest Practicable Date, apart from the Offer made by the Offeror, no alternative offer or proposal has been received by the Company; and*
- (j) the Offeror already has statutory control over the Company which places the Offeror in a position to pass all ordinary resolutions on matters which the Offeror and its related parties do not have an interest in.*

*In view of the above, we are of the opinion that the Offer is **REASONABLE**.*

In conclusion, we are of the opinion that the financial terms of the Offer are not fair but reasonable. Based on our opinion, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all transaction costs in connection with open market transaction.

We would advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the market prices of the Shares after the close of the Offer may be maintained at current levels prevailing as at the Latest Practicable Date.

In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or specific group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

Our opinion and advice are addressed to the Independent Directors for their benefit and for the purposes of their consideration of the Offer. The recommendation to be made by them to the Shareholders in respect of the Offer shall remain the responsibility of the Independent Directors. Whilst a copy of this letter may be reproduced in the Circular, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any purpose at any time and in any manner without the prior written consent of SAC Capital in each specific case, except for the purpose of the Offer.

This letter is governed by and shall be construed in accordance with the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

LETTER TO SHAREHOLDERS

- 15.4 **Recommendations of the Independent Directors.** Shareholders are advised to read the recommendations of the Independent Directors in conjunction with the Offer Document, this Circular, and the IFA Letter set out in Appendix A to this Circular carefully. The Independent Directors wish to highlight that Shareholders should additionally note that there is no assurance that the market prices of the Shares after the close of the Offer may be maintained at current levels prevailing as at the Latest Practicable Date.

Recommendations of Ms. Tan Yee Peng, Mr. Graham Macdonald Bell and Mr. Chen Zhaohui, George as Independent Directors (“Majority Recommending Directors”)

The Majority Recommending Directors, having considered carefully the terms of the Offer and advice given by the IFA in the IFA Letter to the Independent Directors, **concur** with the advice of the IFA in respect of the Offer as set out in **Section 15.3** of this Circular and in the IFA Letter. Accordingly, the Majority Recommending Directors recommend that Shareholders **ACCEPT** the Offer. Shareholders who wish to realise their investments in the Company can choose to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after taking into account the brokerage and related costs in connection with open market transactions).

Notwithstanding that the IFA has opined that the Offer is **NOT FAIR**, the Majority Recommending Directors would like to draw Shareholders’ attention to the pertinent factors relating specifically to the IFA’s opinion that the Offer is **REASONABLE** as set out in paragraph 8.2.2 of the IFA Letter, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the IFA Letter:

8.2.2 Assessment of Reasonableness of the Offer

In determining the reasonableness of the Offer, we have considered, inter alia, the following pertinent factors:

- (a) the Offer Price is at a premium of 60.0% over the closing price of the Shares on the Last Trading Day;*
- (b) the Offer Price represents a premium of 48.1%, 59.4%, 60.6% and 59.4% over the VWAP of the Shares for the 12-, 6-, 3- and 1-month periods up to and including the Last Trading Day respectively;*
- (c) the Shares are thinly traded with the average daily trading volume as a percentage of free float for the 12-month period up to and including the Last Trading Day being 0.07%;*
- (d) notwithstanding that the Offer Price is at a significant discount to the Group NTA per Share as at 31 December 2020, the P/NTA ratio as implied by the Offer Price of 0.711 times is higher than the maximum P/NTA ratio of 0.648 times for the 36-month period up to and including the Last Trading Day;*
- (e) the P/NTA ratio as implied by the Offer Price is at a premium to the mean and median P/NTA ratio of the Comparable Companies;*

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- (f) the Ex-Cash P/NTA ratio as implied by the Ex-Cash Offer Price is between the mean and median Ex-Cash P/NTA ratio of the Comparable Companies;*
- (g) the premia implied by the Offer Price over the historical transacted price and VWAP are higher than or between the mean and median premia of the Precedent Privatisation Transactions;*
- (h) the Group's operations, in particular its European operations have been negatively impacted by the COVID-19 outbreak. Steady appreciation of the Renminbi against the US dollar, rising raw material prices, a shrinking ATM market with ebanking and other fintech solutions, as well as labour cost challenges will continue to act as head winds for the business;*
- (i) as at the Latest Practicable Date, apart from the Offer made by the Offeror, no alternative offer or proposal has been received by the Company; and*
- (j) the Offeror already has statutory control over the Company which places the Offeror in a position to pass all ordinary resolutions on matters which the Offeror and its related parties do not have an interest in.*

*In view of the above, we are of the opinion that the Offer is **REASONABLE**.*

The Majority Recommending Directors would also like to draw Shareholders' attention to paragraph 7.7.6 of the IFA Letter. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the IFA Letter:

7.7.6 Offeror's intention for the listing status of the Company

*The Offeror has stated the intention not to maintain the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of total Shares (excluding any Shares held in treasury) are held in public hands. **For the avoidance of doubt, Shares which are held by substantial shareholders (a shareholder that has interest in not less than 5% of the total voting shares) does not count towards the public float. As at 15 March 2021, as disclosed in the annual report of the Company for FY2020, only approximately 22.63% of the Company's issued shares (excluding treasury shares and subsidiary holdings) were held in the hands of public.***

...

In the event that the public float is lost and the Offeror is unable to exercise its rights of compulsory acquisition or the Company is unable to meet the requirements set out in the Voluntary Delisting Rules, the trading of the Shares may be subjected to a prolonged period of suspension.

LETTER TO SHAREHOLDERS

In the Practice Statement on the Opinion Issued by an Independent Financial Adviser in relation to Offers, Whitewash Waivers and Disposal of Assets under the Singapore Code on Take-Overs and Mergers dated 25 June 2014 (and as amended on 13 July 2020) issued by the SIC, it provides that where the IFA concludes that an offer is “**not fair but reasonable**”, “*if the IFA is to make a recommendation on whether to accept or reject the offer, the recommendation in such cases would be to **accept** the offer*”. The advice given by the IFA in the IFA Letter to the Independent Directors (including the Minority Recommending Directors) is to recommend that Shareholders **ACCEPT** the offer.

Recommendations of Dr. Hedda Juliana im Brahm-Droege and Mr. Christoph Hartmann as Independent Directors (“Minority Recommending Directors”)

Notwithstanding the advice given by the IFA to the Independent Directors in the IFA Letter, the Minority Recommending Directors, having considered carefully the terms of the Offer and the IFA Letter, **disagree** with the advice given by the IFA in the IFA Letter to the Independent Directors to recommend that Shareholders accept the Offer as set out in **Section 15.3** of this Circular and in the IFA Letter and recommend that Shareholders **REJECT** the Offer and to take no action and let the Offer lapse for the following reasons:

- (i) the Minority Recommending Directors would like to draw Shareholders’ attention to the pertinent factors relating specifically to the IFA’s opinion that the Offer is **NOT FAIR** as set out in paragraph 8.2.1 of the IFA Letter, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the IFA Letter:

8.2.1 Assessment of Fairness of the Offer

In determining the fairness of the Offer, we have considered, inter alia, the following pertinent factors:

- (a) based on the NAV approach, which provides an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the value of the Group’s assets as represented by the NTA per Share of S\$0.563 is significantly higher than the Offer Price of S\$0.40;*
- (b) after adjusting for net cash of S\$0.209 per Share, the value of the Group’s assets that is not cash and bank balances amounted to S\$0.354, which is significantly higher than the Ex-Cash Offer Price of S\$0.191;*
- (c) the historical PER and EV/EBITDA ratio as implied by the Offer Price did not compare favourably against those of the Comparable Companies;*
- (d) the P/NTA ratio as implied by the Offer Price and the NTA per Share as at 31 December 2020 of 0.71 times did not compare favourably against the mean and median Price-to-NAV/NTA ratios for the Take-Over Transactions; and*
- (e) the P/NAV Ratio as implied by the Offer Price and the NAV per Share as at 31 December 2020 and the EV/EBITDA ratio as implied by the Offer Price did not compare favourably against the Precedent M&A Transaction.*

*In view of the above, we are of the opinion that the Offer is **NOT FAIR**.*

LETTER TO SHAREHOLDERS

- (ii) the Minority Recommending Directors are also of the view that should the Company distribute the net cash of S\$0.209¹ per Share, Shareholders would, without being required to sell Shares and remaining as Shareholders of the Company, already receive approximately 52.3% of the Offer Price from the said distribution. The Minority Recommending Directors also wish to highlight that if the Company were to distribute approximately 52.6% of the adjusted net profit after tax for FY2020 (approximately S\$27.1 million²), this would represent a dividend payment of about S\$0.04 per Share, or 10% of the Offer Price.

For completeness, the Board would like to state that any distribution is subjected to, *inter alia*, having the requisite approval by the Board and/or Shareholders, taking into account future financial needs of the Company as well as the ability to distribute given the strict foreign exchange controls and the need to obtain prior approval from the relevant governmental authorities.

In addition, the Board would like to highlight that the Company does not have any dividend policy and that the Company has no current intention of making any cash distributions as described by the Minority Recommending Directors in this subparagraph (ii);

- (iii) the Minority Recommending Directors also wish to highlight that the current net cash position of approximately RMB367.4 million (approximately S\$74.4 million¹) as at FY2020 and comparatively, that the aggregate number of Shares (after excluding the Shares owned by Spectacular, which are subject to the Rollover Arrangement as described in Section 5 of the Letter to Shareholders in the Offer Document), is approximately 204.1 million and based on the Offer Price, that represents approximately S\$81.6 million. In other words, the net cash of the Company would be sufficient to pay the Offer Price for approximately 91.2% of all Shares not held by the Offeror and Spectacular but including the Shares owned by Willalpha, a concert party of the Offeror;
- (iv) despite COVID-19, the Company achieved in FY2020 an adjusted net profit after tax of RMB135.6 million (approximately S\$27.1 million²) as stated at paragraph 7.2 of the IFA Letter, which is in line with the net cash flow FY2020 from operating activities of RMB151.9 million (approximately S\$30.4 million²). The adjusted net profit after tax margin for FY2020 is approximately 7.7%;
- (v) compared to the current Offer that is **NOT FAIR** but reasonable, **IF** there is a subsequent delisting, whether voluntary or involuntary, Rules 1306 and 1309 of the Listing Manual, respectively, would require the Company to procure an **exit offer that is both fair and reasonable**. For completeness, the Minority Recommending Directors would point out that there is no certainty that a delisting will occur soon or at all, even though the Offeror has reserved its right to make a delisting application, and the price per share at the time of the exit offer (if any) could be higher or lower than the current price offered. It is also possible that if the public float falls below 10%, a delisting may not occur soon thereafter, and trading of the Company's Shares may be suspended for a prolonged period.

1 Based on the exchange rate of RMB1 to S\$0.2024 as at 31 December 2020. The exchange rate is extracted from Bloomberg and serves as a reference only.

2 Based on the average exchange rate of RMB1 to S\$0.1999 for FY2020. The exchange rate is extracted from Bloomberg and serves as a reference only

LETTER TO SHAREHOLDERS

In response to the Minority Recommending Directors' opinion at paragraph 15.4(v) above, the Majority Recommending Directors urge Shareholders to review the Offer Document in full and in evaluating the Offer, consider only the terms of the Offer as stated by the Offeror in the Offer Document and disregard the hypothetical possibilities that the Minority Recommending Directors have indicated in their opinions and recommendation. The Majority Recommending Directors wish to draw Shareholders' attention to paragraph 8.3 of the Offer Document on the Offeror's intentions. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document:

8.3 Offeror's Intentions

The Offeror does not intend to maintain the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of total Shares (excluding any Shares held in treasury) are held in public hands.

*In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual (collectively, the "**Voluntary Delisting Rules**"). Without prejudice to the foregoing, if the Offeror receives, as at the Closing Date, valid acceptances of the Offer from Shareholders (other than persons acting in concert with the Offeror) (the "**Independent Shareholders**") representing at least 75% of the total number of Shares held by the Independent Shareholders and subject to substantive compliance with the other requirements set out in the Voluntary Delisting Rules, the Offeror intends to seek the SGX-ST's waiver from strict compliance with such Voluntary Delisting Rules.*

In the event that the public float is lost and the Offeror is unable to exercise its rights of compulsory acquisition or the Company is unable to meet the requirements set out in the Voluntary Delisting Rules, the trading of the Shares may be subjected to a prolonged period of suspension.

Save as disclosed in this Offer Document and other than in the ordinary course of business, the Offeror currently has no plans to (a) make any major changes to the business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Group. However, the Offeror retains the flexibility at any time to consider any options in relation to the Company which may present themselves and which the Offeror may regard to be in the interest of the Group.

- 15.5 **No regard to specific objectives.** Shareholders are advised to read the terms and conditions of the Offer Document carefully. Shareholders are advised to read the full text of the IFA Letter set out in Appendix A to this Circular and other relevant information set out in this Circular carefully before deciding whether to accept or reject the Offer. **Shareholders should note that the IFA's advice to the Independent Directors and the recommendations of the Independent Directors should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.**

LETTER TO SHAREHOLDERS

The Independent Directors would like to additionally highlight and advise Shareholders to read carefully Section 8 of this Circular which sets out, *inter alia*, the Offeror's intention relating to the listing status of the Company and compulsory acquisition.

Shareholders should note that trading of the Shares is subject to, *inter alia*, the performance and prospects of the Company, prevailing economic conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice by the IFA to the Independent Directors in respect of the Offer does not and cannot take into account the future trading activities or patterns or price levels that may be established beyond the Latest Practicable Date.

In rendering the advice and the recommendations above, both the IFA and the Independent Directors have not had regard to the general or specific investment objectives, financial situation, tax status, risk profiles, 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 any individual Shareholder who may require specific advice in the context of his Shares should consult his stockbroker, bank manager, solicitor, accountant, tax adviser and/or other professional adviser immediately.**

SHAREHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE IFA LETTER WHICH IS SET OUT IN APPENDIX A TO THIS CIRCULAR CAREFULLY.

16. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than **5:30 p.m. (Singapore time) on the Closing Date** or such later date(s) as may be announced from time to time by or on behalf of the Offeror, abiding by the procedures for the acceptance of the Offer as set out in respectively Appendix V to the Offer Document and in the accompanying FAA and/or FAT.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received on behalf of the Offeror:

- (i) by CDP (in respect of the FAA); or
- (ii) by the Registrar (in respect of the FAT),

as the case may be, not later than 5:30 p.m. (Singapore time) on the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Shareholders who **do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

17. CONSENTS

SAC, named as the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter as set out in Appendix A to this Circular, and all references to the IFA's name, in the form and context in which they appear in this Circular.

LETTER TO SHAREHOLDERS

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company Registrar's office at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, during normal business hours from the date of this Circular up to and including the Closing Date:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2018, FY2019 and FY2020;
- (c) the IFA Letter as set out in Appendix A to this Circular; and
- (d) the letter of consent from the IFA referred to in Section 17 of this Circular.

19. DIRECTORS' RESPONSIBILITY STATEMENT

The recommendations of the Independent Directors in respect of the Offer as set out in paragraphs 15.4 and 15.5 of this Circular are the responsibility of the Independent Directors. Each of the Majority Recommending Directors jointly and severally accept responsibility and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in respect of the recommendations made by the Majority Recommending Directors have been arrived at after due and careful consideration. Each of the Minority Recommending Directors jointly and severally accept responsibility and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in respect of the recommendations made by the Minority Recommending Directors have been arrived at after due and careful consideration.

The Directors (including any who may have delegated detailed supervision of the preparation of this Circular) jointly and severally accept responsibility for the accuracy of the information given in this Circular (save for (a) the IFA Letter (for which the IFA takes responsibility); (b) the information extracted from the Offer Announcement and the Offer Document; and (c) the information relating to the Offeror) and confirm that they have taken all reasonable care to ensure that the facts stated in this Circular are accurate and all opinions expressed (save for the recommendations made by the Independent Directors) in this Circular are fair and accurate, and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

Where any information in this Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including, without limitation, the Offer Announcement and the Offer Document), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

LETTER TO SHAREHOLDERS

20. ADDITIONAL INFORMATION

The attention of the Shareholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of
the Board of Directors of
Dutech Holdings Limited

Ms. Tan Yee Peng
Lead Independent Director

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

2 July 2021

To: The directors of the Company who are considered independent for the purposes of making a recommendation to the Shareholders in respect of the Offer

Ms Tan Yee Peng
Mr Graham Macdonald Bell
Mr Chen Zhaohui, George
Dr Hedda Juliana im Brahm-Droege
Mr Christoph Hartmann

Dear Sirs/Mdm

VOLUNTARY UNCONDITIONAL CASH OFFER FOR ALL THE ISSUED ORDINARY SHARES IN THE CAPITAL OF DUTECH HOLDINGS LIMITED

Unless otherwise defined or the context otherwise requires, all terms defined in the circular to shareholders of the Company dated 2 July 2021 (the “Circular”) shall have the same meanings herein.

1. INTRODUCTION

On 31 May 2021, UOB Kay Hian Private Limited announced (the “**Offer Announcement**”), for and on behalf of TSI Metals HK Limited (the “**Offeror**”), that the Offeror intends to make a voluntary unconditional cash offer (the “**Offer**”) for all the issued and paid-up ordinary shares (the “**Shares**”) in the capital of Dutech Holdings Limited (“**Dutech**” or the “**Company**”) other than any Shares held in treasury (the “**Offer Shares**”) in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Code**”).

The formal Offer Document was despatched to shareholders of the Company (the “**Shareholders**”) on 18 June 2021.

In connection with the Offer, the Company has appointed us as the independent financial adviser to the directors of the Company who are considered independent for the purposes of making a recommendation to the Shareholders in respect of the Offer (the “**Independent Directors**”) to provide an assessment on the financial terms of the Offer. This letter, which sets out, *inter alia*, our evaluation and advice, has been prepared for the use of the Independent Directors in connection with their consideration of the Offer and their recommendation to Shareholders arising thereof.

2. OUR TERMS OF REFERENCE

We have been appointed as the independent financial adviser to the Independent Directors to provide an assessment of the financial terms of the Offer in order to advise the Independent Directors in respect of their recommendation to Shareholders on the Offer.

We are not and were not involved in any aspect of the negotiations entered into by the Company and its subsidiaries (collectively, the “**Group**”) in relation to the Offer or in the deliberations leading up to the decision by the Offeror to undertake the Offer. Accordingly, we do not, by this letter warrant the merits of the Offer, other than to advise the Independent Directors on the terms of the Offer from a financial point of view.

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

We have not conducted a comprehensive independent review of the business, operations or financial condition of the Group and its associates or the Offeror. We have not been provided with, nor do we have access to, any business plans or financial projections of the future performance of the Group, its associates and/or the Offer. Our evaluation is confined to the financial terms of the Offer and it is not within the terms of reference to evaluate the strategic, legal or commercial merits or risks of the Offer or the future growth prospects or earnings potential of the Group after the completion of the Offer. Accordingly, we do not express any view as to the future prices at which the Shares may trade or on the future financial performance of the Group and its associates or the Offeror after the completion of the Offer.

We have not been requested or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to the Offer Shares. It is also not within our terms of reference to compare the relative merits of the Offer *vis-à-vis* any alternative transaction that the Company may consider in the future, or any alternative offer that might otherwise be available in the future, and as such, we do not express an opinion thereon.

In the course of our evaluation of the financial terms of the Offer, we have held discussions with the directors and the management of the Company (the “**Directors**” and “**Management**” respectively) and have relied on the information and representations, whether written or verbal, provided to us by the Directors and the Management, including the information contained in the Circular. The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries and to the best of their knowledge: (a) all material information available to them in connection with the Offer has been disclosed in the Circular; (b) such information (other than those relating to the Offeror, parties acting in concert or deemed to be acting in concert with the Offeror and the Offer) is fair and accurate in all material respects; and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts stated in the Circular to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information or representations. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or representations. We have, however, made reasonable enquiries and exercised our judgement (as deemed necessary) in assessing the information and representations provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on in our evaluation.

Save as disclosed, all information relating to the Group or its associates that we have relied upon in arriving at our opinion and advice has been obtained from the Circular, publicly available information, the Directors and/or the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Group or its associates at any time or as at 25 June 2021 (the “**Latest Practicable Date**”). We have also not made any independent evaluation or appraisal of the assets and liabilities of the Group and have not been furnished with any such evaluation or appraisals.

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

Our opinion and advice, as set out in this letter, are based on the market, economic, industry and other applicable conditions prevailing on, and the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion and advice in the light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein.

In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or specific group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

Our opinion and advice in relation to the Offer should be considered in the context of the entirety of this letter and the Circular.

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

3. THE OFFER

3.1 Terms

The Offer is extended, on the same terms and conditions, to all the Shares, other than any Shares held in treasury.

The Offer Shares will also include all Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror in relation to the Offer.

3.2 Offer Price

For each Offer Share: S\$0.40 in cash (the “**Offer Price**”)

3.3 Rights and Encumbrances

The Offer Shares will be acquired: (a) fully paid-up; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever; and (c) together with all rights, benefits and entitlements attached thereto as at 31 May 2021 (the “**Offer Announcement Date**”) and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date). In the event that any dividends, rights, other distributions or return of capital is announced, declared, made or paid on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividends, rights, distributions or return of capital paid by the Company to the accepting Shareholder.

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

3.4 Unconditional Offer

The Offer is unconditional in all respects.

3.5 Duration of the Offer

(a) Closing Date

Except insofar as the Offer may be withdrawn with the consent of the Securities Industry Council of Singapore (the “SIC”) and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances for a period of at least 28 days from 18 June 2021, the Despatch Date, being the date of electronic dissemination of the Offer Document.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 16 July 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) Offer to remain open for 14 days thereafter

Pursuant to Rule 22.6 of the Code, as the Offeror has not stated in the Offer Document that the Offer will not be extended beyond the first closing date, the Offer will remain open for a period of not less than 14 days after the date on which the Offer would otherwise have closed.

(c) Revision

Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms of the Offer are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.

(d) Subsequent Closing Date(s)

If there is an extension of the Offer, pursuant to Rule 22.4 of the Code, any announcement of an extension of the Offer will state the next closing date or if the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer is closed.

3.6 Further Details of the Offer

Further details of the Offer are set out in Appendix IV to the Offer Document, including details on: (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer.

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

4. INFORMATION ON THE OFFEROR

Details on the Offeror have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

3. INFORMATION ON THE OFFEROR

3.1 Information on the Offeror

The offeror is an investment holding company incorporated under the laws of Hong Kong on 9 April 2019. As at the Latest Practicable Date, the Offeror has an issued share capital of HKD50,000, consisting of 50,000 ordinary shares (the “Offeror Shares”), which are held solely by Dr. Liu. The sole director of the Offeror is Dr. Liu.

Appendix I to this Offer Document sets out certain additional information on the Offeror.

5. IRREVOCABLE UNDERTAKINGS AND ROLLOVER ARRANGEMENT

Details of Irrevocable Undertakings and Rollover Arrangement have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

5.1 Details of Irrevocable Undertakings and Rollover Arrangement

As at the Latest Practicable Date:

- (a) Spectacular, a company wholly owned by Dr. Liu, holds 152,438,956 Shares representing approximately 42.76% of the total Shares; and*
- (b) Willalpha, a company wholly owned by Mr. Liu Bin (being Dr. Liu’s brother), holds, through DBS Nominees Pte. Ltd., 56,282,864 Shares representing approximately 15.79% of the total Shares.*

Each of Spectacular and Willalpha (collectively, the “Undertaking Shareholders”) has executed an irrevocable undertaking dated 31 May 2021 (the “Irrevocable Undertakings”) in favour of the Offeror, pursuant to which each of them has undertaken to, inter alia, (i) accept the Offer in respect of all Shares held by it; and (ii) accept the Offer in respect of any other Shares or securities in the capital of the Company that it may acquire, or which may be allocated and issued to it, on or after the date of the Irrevocable Undertakings.

Further, pursuant to the Irrevocable Undertaking executed by Spectacular, Spectacular has agreed to be allotted and issued new Offeror Shares for an aggregate subscription price that will be set off, in full, against the cash consideration payable by the Offeror to Spectacular for accepting the Offer in respect of its Shares pursuant to the aforementioned Irrevocable Undertaking (the “Rollover Arrangement”). The SIC has confirmed that the Rollover Arrangement does not constitute a special deal for the purposes of Rule 10 of the Code.

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

5.2 Aggregate Holdings of Undertaking Shareholders

As at the Latest Practicable Date, the aggregate number of Shares held by the Undertaking Shareholders amount to 208,721,820 Shares, representing approximately 58.54% of the total Shares.

5.3 Termination of Irrevocable Undertakings

The Irrevocable Undertakings shall terminate, lapse and cease to have any effect upon the Offer lapsing or being withdrawn for whatever reason other than as a result of a breach of any of the Undertaking Shareholders' obligations under the Irrevocable Undertakings.

5.4 No other Irrevocable Undertakings

Save for the Irrevocable Undertakings, as at the Latest Practicable Date, neither the Offeror nor any persons acting in concert with the Offeror has received any irrevocable undertaking from any other person to accept or reject the Offer.

6 RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The full text of the rationale for the Offer and the Offeror's intentions for the Company has been extracted from sections 6 and 8 of the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extracts below carefully and note the Offeror's future plans for the Company.**

6. RATIONALE FOR THE OFFER

6.1 General Low Trading Liquidity of Shares

The trading volume of the Shares has been low, with an average daily trading volume¹ of approximately 23,725 Shares, 45,181 Shares, 37,717 Shares and 56,802 Shares during the one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period up to and including 28 May 2021, being the Last Trading Day. This represents less than 0.02% of the total number of issued Shares for each of the relevant periods. Hence, the Offer represents a unique cash exit opportunity for the Shareholders to realise their entire investment at a premium over the market prices of the Shares up to and including the Last Trading Day as stated in paragraph 7 below, an option which may not otherwise be readily available due to the low trading liquidity of the Shares, without incurring brokerage and other trading costs.

[footnote]

1. The average daily trading volume of the Shares is calculated based on the total volume of Shares traded divided by the number of days which the SGX-ST is open for trading of securities during the relevant periods.

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

6.2 Greater Flexibility to Manage the Business of the Company

As noted in paragraph 8.3 below, the Offeror is making the Offer with a view to delisting the Company from the Mainboard of the SGX-ST and exercising any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act. The Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and capital resources and facilitate the implementation of any operational change.

6.3 Reduced Compliance Costs

In maintaining its listed status, the Company incurs compliance and associated costs. In the event the Offeror is able to delist the Company, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.

8. LISTING STATUS AND COMPULSORY ACQUISITION

8.1 Listing Status

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and persons acting in concert with it to above 90% of total Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of total Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of total Shares (excluding any Shares held in treasury), thus causing the percentage of total Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the total number of issued Shares held in public hands to at least 10%, failing which the Company may be delisted from SGX-ST.

8.2 Compulsory Acquisition

*Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding, for the avoidance of doubt, any Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) at a price equal to the Offer Price.*

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Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of total Shares, the Dissenting Shareholders will have a right to require the Offeror to acquire their Shares at the Offer Price. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.

8.3 Offeror's Intentions

The Offeror does not intend to maintain the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of total Shares (excluding any Shares held in treasury) are held in public hands.

*In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual (collectively, the "**Voluntary Delisting Rules**"). Without prejudice to the foregoing, if the Offeror receives, as at the Closing Date, valid acceptances of the Offer from Shareholders (other than persons acting in concert with the Offeror) (the "**Independent Shareholders**") representing at least 75% of the total number of Shares held by the Independent Shareholders and subject to substantive compliance with the other requirements set out in the Voluntary Delisting Rules, the Offeror intends to seek the SGX-ST's waiver from strict compliance with such Voluntary Delisting Rules.*

In the event that the public float is lost and the Offeror is unable to exercise its rights of compulsory acquisition or the Company is unable to meet the requirements set out in the Voluntary Delisting Rules, the trading of the Shares may be subjected to a prolonged period of suspension.

Save as disclosed in this Offer Document and other than in the ordinary course of business, the Offeror currently has no plans to (a) make any major changes to the business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Group. However, the Offeror retains the flexibility at any time to consider any options in relation to the Company which may present themselves and which the Offeror may regard to be in the interest of the Group.

7 FINANCIAL ASSESSMENT OF THE OFFER

In assessing the financial terms of the Offer, we have taken into account the following factors which we consider to have a significant bearing on our assessment:

- (a) Market quotation and trading liquidity of the Shares;
- (b) Historical financial performance of the Group;
- (c) Net tangible asset ("**NTA**") of the Group;

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- (d) Comparison of valuation statistics of companies broadly comparable to the Group;
- (e) Comparison with recent successful privatisation transactions and delisting offers of companies listed on the SGX-ST;
- (f) Comparison with precedent acquisition transactions of companies broadly comparable to the Group; and
- (g) Other relevant considerations.

7.1 Market Quotation and Trading Liquidity of the Shares

7.1.1 Share price performance and trading liquidity of the Shares

Prior to the Offer Announcement, the Shares were last transacted on 28 May 2021, being the last Market Day on which the Shares traded prior to the Offer Announcement (the “**Last Trading Day**”). Trading was halted before trading hours on the Offer Announcement Date and lifted after trading hours on 1 June 2021.

For the purpose of our analysis of the trading performance of the Shares in respect of the Offer, we have compared the Offer Price against the historical market price performance of the Shares and considered the historical trading volume of the Shares for the 12-month period prior to the Offer Announcement Date from 29 May 2020 to the Last Trading Day, and up to the Latest Practicable Date (the “**Period Under Review**”).

A graphical representation of the daily closing prices and volume traded of the Shares for the Period Under Review is set out as follows:



Source: Bloomberg L.P.

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A summary of the salient announcements relating to the Group's business operations and Offer during the Period Under Review is as follows:

Date	Event
13 August 2020	Announcement on the unaudited interim financial results for the 6-month financial period ended 30 June 2020 (“6M2020”) of the Company, which reported a 29.2% decrease in net profit after tax from RMB29.5 million in the 6-month financial period ended 30 June 2019 to RMB20.9 million in 6M2020.
19 November 2020	Shares trade ex-dividend for interim dividend that was announced for the financial year ended 31 December 2020 (“FY2020”) of the Company.
1 March 2021	Announcement on the unaudited financial results for FY2020, which reported a 7.3% decrease in net profit after tax from RMB79.1 million in the financial year ended 31 December 2019 (“FY2019”) to RMB73.3 million in FY2020.
8 April 2021	Release of the annual report for FY2020.
31 May 2021	Announcement on the request for trading halt of the Shares. Announcement on the Offer.
1 June 2021	Announcement on appointment of SAC Capital Private Limited as the independent financial adviser to the directors of the Company who are considered independent for the purposes of the Offer. Announcement on the request for lifting of trading halt of the Shares.
18 June 2021	Announcement on the despatch of the Offer Document dated 18 June 2021.
23 June 2021	Announcement that the Offeror has received valid acceptances amounting to 164,683,290 Shares, which includes acceptances received from parties acting in concert with the Offeror, amounting in aggregate to 152,438,956 Shares ⁽¹⁾ . Accordingly, as at 6.00 p.m. on 22 June 2021, the total number of: (a) Shares owned, controlled or agreed to be acquired by the Offeror and the Offeror's concert parties; and (b) valid acceptances of the Offer, amount to an aggregate of 220,966,154 Shares, representing approximately 61.98% of the total number of Shares.

Source: Announcements relating to the Group on the SGX-ST

Note:

- (1) This figure comprises 152,438,956 Shares held by Spectacular Bright Corp, which Spectacular Bright Corp has tendered in acceptance of the Offer pursuant to its Irrevocable Undertaking.

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As shown in the Share price chart above, the Shares have traded consistently below the Offer Price for the 12-month period up to and including the Last Trading Day, with closing prices of the Shares fluctuating between S\$0.240 and S\$0.300. Prior to the Offer Announcement Date, the Shares last traded at S\$0.250 on the Last Trading Day.

Additional information on the traded closing prices of the Shares, volume-weighted average prices (“VWAP”) and average daily trading volumes for the reference period(s): (a) prior to the Offer Announcement Date; and (b) after the Offer Announcement Date and up to the Latest Practicable Date is set out as follows:

	Highest closing price (S\$)	Lowest closing price (S\$)	VWAP ⁽¹⁾ (S\$)	Premium of Offer Price over VWAP (%)	Average daily trading volume ⁽²⁾ (shares)	Average daily trading volume as percentage of free float ⁽³⁾ (%)
Periods prior to the Offer Announcement Date						
Last 12 months	0.300	0.240	0.270	48.1%	56,802	0.070%
Last 6 months	0.270	0.240	0.251	59.4%	37,717	0.047%
Last 3 months	0.265	0.245	0.249	60.6%	45,181	0.056%
Last 1 month	0.265	0.250	0.251	59.4%	23,725	0.029%
Last Trading Day	0.250	0.250	0.250 ⁽⁴⁾	60.0%	62,800	0.078%
Period after the Offer Announcement Date and up to the Latest Practicable Date						
Period after the Offer Announcement Date and up to the Latest Practicable Date	0.400	0.395	0.396	1.0%	346,655	0.430%
Latest Practicable Date	0.400	0.400	0.400 ⁽⁵⁾	0.0%	258,000	0.320%

Source: Bloomberg L.P.

Notes:

- (1) Based on data extracted from Bloomberg L.P. and with the figures rounded to the nearest three (3) decimal places.
- (2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded divided by the number of Market Days during the relevant periods.
- (3) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 80,684,097 Shares based on the free float of 22.63% as disclosed in the annual report of the Company for FY2020.
- (4) This refers to closing price of the Shares on 28 May 2021, being the Last Trading Day.
- (5) This refers to the closing price of the Shares on the Latest Practicable Date.

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We note the following with regard to the Share prices and the average daily trading volume of the Shares:

Periods prior to the Offer Announcement Date

- (a) during the 12-month period up to and including the Last Trading Day, the closing prices of the Shares ranged between a low of S\$0.240 (on 3 November 2020, 5 November 2020 and 31 December 2020) and a high of S\$0.300 (on 8 July 2020). The Offer Price represents: (i) a premium of 66.7% over the lowest closing price of the Shares; and (ii) a premium of 33.3% over the highest closing price of the Shares, during the 12-month period;
- (b) the Offer Price represents a premium of 48.1%, 59.4%, 60.6% and 59.4% over the VWAP of the Shares for the 12-, 6-, 3- and 1-month periods up to and including the Last Trading Day respectively;
- (c) the Offer Price represents a premium of 60.0% over the closing price of the Shares of S\$0.250 on the Last Trading Day; and
- (d) the average daily trading volume of the Shares as a percentage of the free float ranged between approximately 0.03% and 0.07% for the 12-, 6-, 3- and 1-month periods up to and including the Last Trading Day.

Period after the Offer Announcement Date and up to the Latest Practicable Date

- (a) the Offer Price represents a premium of 1.0% to the VWAP of the Shares for the period after the Offer Announcement Date and up to the Latest Practicable Date;
- (b) the Offer Price is equal to the closing price of the Shares as at the Latest Practicable Date; and
- (c) the average daily trading volume of the Shares as a percentage of the free float was approximately 0.43% for the period after the Offer Announcement Date and up to the Latest Practicable Date.

Based on the above observations, we note that the trading activity and the closing price of the Shares as at the Latest Practicable Date is likely supported by the Offer. Shareholders should note that there is no assurance that the closing price of the Shares would remain at the current level prevailing as at the Latest Practicable Date after the close of the Offer. Shareholders should note that the past trading performance of the Shares should not in any way be relied upon as an indication or a guarantee of its future trading performance, which will depend on, amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

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7.2 HISTORICAL FINANCIAL PERFORMANCE OF THE GROUP

The salient financial information of the Group for the financial years ended 31 December (“FY”) 2018, FY2019 and FY2020 respectively is set out in the table below. The following summary financial information should be read in conjunction with the full text of the annual reports and results announcements of the Group in respect of the relevant financial periods including the notes thereto.

(RMB'000)	Audited		
	FY2018 ⁽¹⁾	FY2019	FY2020
Revenue	1,822,941	1,882,159	1,762,940
Cost of sales	(1,364,829)	(1,354,986)	(1,264,899)
Gross profit	458,112	527,173	498,041
Other income	28,305	25,313	31,957
Selling and distribution expenses	(95,009)	(99,394)	(104,606)
Administrative expenses	(282,642)	(273,911)	(252,481)
Finance costs, net	(7,587)	(7,140)	(2,057)
Other expenses	(26,449)	(45,134)	(85,133)
(Allowance for)/Reversal of impairment of financial assets	(8,297)	4,269	(4,823)
Share of profits of associates	765	332	1,281
Profit before tax	67,198	131,508	82,179
Income tax	(14,072)	(52,399)	(8,853)
Profit for the year	53,126	79,109	73,326

Source: Annual reports of the Company for FY2020 and FY2019

Note:

(1) The FY2018 financial statements have been reclassified, with net gain on “sales of raw materials” and “amortisation of land use rights” previously presented under “Other income” and “Other expenses” to “Revenue” and “Cost of sales” respectively.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FY2018 vs FY2019

The Group’s revenue increased by RMB59.3 million or 3.3% from RMB1,822.9 million to RMB1,882.2 million, mainly due to an increase in revenue from the Business Solutions Segment (as defined below) of RMB105.7 million resulting from increased sales of new products, offset by the decrease in revenue from the High Security Segment (as defined below) of RMB46.4 million due to the decrease in sales of Automated Teller Machine (“ATM”) safes.

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Other income decreased by RMB3.0 million or 10.6% from RMB28.3 million to RMB25.3 million mainly due to: (i) a decrease in net foreign exchange gain; (ii) an absence of a gain on reduction of redemption liability; (iii) a decrease in tooling and mould income; (iv) a decrease in write back of other liabilities; and (v) a decrease in sales of steel scrap, partially offset by: (a) an increase in government grants; (b) a fair value gain on forward currency contracts; and (c) rental income received.

Selling and distribution expenses increased by RMB4.4 million or 4.6% from RMB95.0 million to RMB99.4 million in tandem with the increase in revenue.

Administrative expenses decreased by RMB8.7 million or 3.1% from RMB282.6 million to RMB273.9 million mainly due to better cost control.

Net finance costs decreased by RMB0.5 million or 6.6% from RMB7.6 million to RMB7.1 million mainly due to an increase in bank interest income.

Other expenses increased by RMB18.7 million or 70.8% from RMB26.4 million to RMB45.1 million mainly due to: (i) an increase in impairment losses on intangible assets relating to Metric Group Holdings Limited, Metric Group Limited and Metric Group Inc. (together, the “**Metric Group**”) which were reporting losses and in a net liability position as at 31 December 2019; (ii) impairment losses on right-of-use assets relating to the Metric Group; (iii) impairment losses on property, plant and equipment (“**PPE**”) relating to the Metric Group, partially offset by: (a) an absence of a Guaranteed Minimum Pension equalisation past service cost; and (b) an absence of a loss on settlement of forward currency contracts.

A reversal of impairment losses of financial assets of RMB4.3 million was recognised in 2019, compared to an impairment loss of financial assets of RMB8.3 million in 2018.

Income tax expenses increased by RMB38.3 million or 271.6% from RMB14.1 million to RMB52.4 million mainly due to: (i) the increase in profits generated from the profitable subsidiaries; and (ii) the write off of deferred tax assets at a subsidiary after assessment of its recoverability.

As a result of the above, net profit after tax increased by RMB26.0 million or 49.0% from RMB53.1 million to RMB79.1 million

FY2019 vs FY2020

The Group’s revenue decreased by RMB119.3 million or 6.3% from RMB1,882.2 million to RMB1,762.9 million, mainly due to a decrease in revenue from the Business Solutions Segment of RMB159.0 million resulting from curtailed or delayed business spendings resulting from the COVID-19 pandemic and lockdown in many areas globally, offset by the increase in revenue from the High Security Segment of RMB39.7 million as a result of an uptick in demand for security products such as gun safes.

Other income increased by RMB6.7 million or 26.5% from RMB25.3 million to RMB32.0 million mainly due to: (i) an increase in gain on settlement of forward currency contracts; (ii) an increase in government grants received; (iii) an increase in fair value gain on forward currency contracts, partially offset by: (a) an absence of tooling and mould income; (b) a decrease in sale of steel scrap; and (c) other items of other income.

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Selling and distribution expenses increased by RMB5.2 million or 5.2% from RMB99.4 million to RMB104.6 million mainly due to an increase in online advertising expense incurred to support online sales of Eisenbach Tresore GmbH.

Administrative expenses decreased by RMB21.4 million or 7.8% from RMB273.9 million to RMB252.5 million mainly due to cost control measures.

Net finance costs decreased by RMB5.0 million or 70.4% from RMB7.1 million to RMB2.1 million mainly due to the decrease in interest expenses resulting from a net decrease in outstanding borrowings and an increase in bank interest income.

Other expenses increased by RMB40.0 million or 88.7% from RMB45.1 million to RMB85.1 million mainly due to: (i) a provision for onerous contracts relating to unfulfilled purchase orders from suppliers; (ii) a write-down of right-of-use assets relating to land-use rights of the Group's two subsidiaries in the PRC; (iii) net foreign exchange losses; and (iv) a provision for idle land fee, partially offset by the decrease in impairment loss on intangible assets relating to Metric Group.

Impairment losses of financial assets increased by RMB9.1 million mainly due to the increase in trade receivables.

Income tax expenses decreased by RMB43.5 million, from RMB52.4 million in FY2019 to RMB8.9 million in FY2020 mainly due to: (i) a decrease in profits generated from profitable subsidiaries; (ii) an increase in tax incentive received; and (iii) the absence of a write off of deferred tax assets at a subsidiary in 2020.

As a result of the above, net profit after tax decreased by RMB5.8 million or 7.3% from RMB79.1 million to RMB73.3 million.

Adjusted FY2020 Net Profit

We noted that the Company had the following non-recurring expenses incurred in FY2020 which are elaborated below:

- (a) write-down of right-of-use assets amounting to RMB22.0 million, which relates to land-use rights owned by two subsidiaries of the Group in the PRC. The subsidiaries have received notice from the Nantong Investment and Development Council on the State Government's decision to reclaim certain unused land areas without monetary compensation by end 2021 due to non-fulfilment of terms and conditions in the State-owned Construction Land Use Right Deed of Assignment entered into by the subsidiaries between 2010 and 2014. The Group did not implement its initial development plan to build a new research and development facility on these lands as it had put all major capital expenditure on hold to conserve liquidity. As the Group does not intend to deploy the affected land areas in 2021, the Management has written down the carrying amount of land-use rights by RMB22.0 million accordingly;
- (b) provisions for idle land fees amounting to RMB5.3 million in accordance with Urban Real Estate Administration Law of PRC. This is pursuant to a land transfer agreement signed with local authorities where the transferee is liable for idle land fees should the transferred land be left idle for over a year;

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- (c) provisions for onerous contracts amounting to RMB27.2 million, which relates to non-fulfilment of contracts to certain suppliers as product sales to three major overseas customers were deferred or cancelled. The sales cancellation and/or deferments caused progressive suspension in the production plan which resulted in non-fulfilment of purchase orders committed by the Group to its major suppliers and stock obsolescence for the goods received on fulfilled purchase orders. The suppliers have made claims to the Group in respect of these unfulfilled purchase orders;
- (d) impairment losses on PPE amounting to RMB1.6 million relating to the Metric Group, which continued to report operating losses and was in net liability position at 31 December 2020;
- (e) impairment losses on right-of-use assets amounting to RMB8.2 million relating to the Metric Group, which continued to report operating losses and was in net liability position at 31 December 2020; and
- (f) impairment losses on intangible assets amounting to RMB11.4 million relating to the technical know-how, patent, trademark and development costs of Metric Group, which continued to report operating losses and was in net liability position at 31 December 2020. As at the Latest Practicable Date, we understand from the Management that Metric Group continues to report operating losses in 2021.

In this regard, after adjusting for these non-recurring other expenses, the net profit after tax for FY2020 would have been approximately RMB135.6 million¹ (the “**Adjusted FY2020 Net Profit**”).

Consolidated Statement of Cash Flows

(RMB'000)	FY2018⁽¹⁾	Audited FY2019	FY2020
Net cash flows from operating activities	132,447	235,376	151,928
Net cash flows (used in)/from investing activities	(48,720)	(34,750)	1,876
Net cash flows used in financing activities	(55,130)	(84,566)	(49,279)
Net increase in cash and cash equivalents	28,597	116,060	104,525
Cash and cash equivalents at end of financial year	287,695	406,541	499,183

Source: Annual reports of the Company for FY2020 and FY2019

Note:

- (1) The Group has reclassified “Government grant received” from cash flow from investing activities to operating activities, and amount due from a related party from financing activities to operating activities.

¹ After netting off against an estimated tax expense of RMB13.4 million by the Company based on corporate tax rates varying from 15% to 25% for the various entities.

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The Group generated positive net cash flows from operating activities, which increased from RMB132.4 million in FY2018 to RMB235.4 million in FY2019 and subsequently decreased to RMB151.9 million in FY2020.

The Group had recorded net cash flows generated from operating activities of approximately RMB151.9 million in FY2020 mainly due to operating profit before working capital changes of approximately RMB205.6 million, net working capital outflow of approximately RMB26.6 million, and income tax paid of RMB27.0 million. The net working capital outflow was mainly due to: (i) a decrease in contract liabilities of RMB38.9 million; (ii) an increase in trade receivables of RMB38.6 million; and (iii) an increase in advances to suppliers of RMB17.8 million, partially offset by: (a) a decrease in inventories of RMB51.0 million; and (b) an increase in other payables and accruals of RMB11.0 million.

The Group's net cash flows used in/from investing activities in FY2018, FY2019 and FY2020 mainly relate to purchase of PPE, proceeds from disposal of PPE, additions of intangible assets, proceeds for disposal of other investments and purchase of financial assets such as non-principal protect financial products, investment funds and bonds, partially offset by proceeds from disposal of such financial assets, disposal of PPE and interest received.

The Group's net cash flows used for financing activities in FY2018, FY2019 and FY2020 mainly relate to cash dividends paid on ordinary Shares, interest payments and repayment of borrowings, partially offset by the proceeds from borrowings and withdrawal of pledged deposits.

Taking into account (i) the cash and cash equivalents at the beginning of FY2020 of RMB406.5 million, (ii) the net increase in cash and cash equivalents net of exchange rate changes of RMB92.6 million, the Group's cash and cash equivalent as at 31 December 2020 amounted to RMB499.2 million.

7.3 NTA of the Group

7.3.1 Statement of Financial Position of the Group

A summary of the audited financial position of the Group as at 31 December 2020 is set out as follows:

(RMB'000)	As at 31 December 2020
Non-current assets	
Property, plant and equipment	292,603
Right-of-use assets	73,734
Associates	8,088
Intangible assets	37,041
Deferred tax assets	15,474
Total non-current assets	426,940

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(RMB'000)	As at 31 December 2020
Current assets	
Inventories	319,956
Contract assets	27,400
Trade receivables	297,445
Other receivables, deposits and prepayments	16,267
Advances to suppliers	41,509
Cash and bank balances	538,065
Derivative financial instruments	6,590
Total current assets	1,247,232
Total assets	1,674,172
Current liabilities	
Contract liabilities	58,079
Trade payables	130,665
Other payables and accruals	124,278
Borrowings	122,144
Provisions	32,450
Due to related parties	7,363
Income tax payable	4,397
Total current liabilities	479,376
Non-current liabilities	
Deferred tax liabilities	24,364
Borrowings	48,554
Deferred income	10,526
Pension liability	83,090
Total non-current liabilities	166,534
Total liabilities	645,910
Total equity	1,028,262
Net asset value (“NAV”) of the Group	1,028,262
NTA of the Group	991,221
Number of issued shares (excluding treasury shares) as at 31 December 2020	356,536,000
NAV per Share (RMB)	2.884
NTA per Share (RMB)	2.780
NAV per Share (SGD)⁽¹⁾	0.584
NTA per Share (SGD)⁽¹⁾	0.563

Source: Annual reports of the Company for FY2020

Note:

- (1) Based on the exchange rate of RMB1 to S\$0.2024 as at 31 December 2020. The exchange rate is extracted from Bloomberg and serves as a reference only.

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Assets

As at 31 December 2020, the Group has total assets of RMB1.7 billion comprising current assets of RMB1.2 billion (74.5% of total assets) and non-current assets of RMB426.9 million (25.5% of total assets).

The main current assets of the Group are cash and bank balances of RMB538.1 million (43.1% of current assets), inventories of RMB320.0 million (25.7% of current assets) and trade receivables of RMB297.4 million (23.8% of current assets). We note that the Group has derivative financial instruments amounting to RMB6.6 million as at 31 December 2020. We understand from the Management that these pertain to forward currency contracts for hedging purposes.

The main non-current assets of the Group are PPE of RMB292.6 million (68.5% of non-current assets), right-of-use assets of RMB73.7 million (17.3% of non-current assets) and intangible assets of 37.0 million (8.7% of non-current assets).

Freehold land, buildings and improvements and construction in progress amounted to RMB209.9 million representing approximately 71.7% of total PPE. We understand from the Management that these consist primarily of industrial land and buildings amounting to approximately RMB180.0 million used in the operations of the Group in its ordinary course of business and as at the Latest Practicable Date, the Group does not have any current plans for an imminent material disposal and/or conversion of the use of the Group's assets and/or material change in the nature of the Group's business. Accordingly, no adjustments have been made to the NAV or NTA of the Group in this regard. Plant and machinery amounted to RMB67.8 million whereas office equipment and fittings amounted to RMB12.0 million representing 23.2% and 4.1% of total PPE respectively. The remaining PPE pertains to motor vehicles.

Right-of-use assets comprise leasehold land, leasehold properties and leased office premises, machinery and equipment and motor vehicles.

Intangible assets comprise development costs, customer relationship, technical know-how, patent and trademark, domain and online content, non-compete agreement and goodwill. Goodwill is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Other intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Other intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

Liabilities and equity

As at 31 December 2020, the Group has total liabilities of RMB645.9 million, comprising contract liabilities of RMB58.1 million (9.0% of total liabilities), trade payables of RMB130.7 million (20.2% of total liabilities), other payables and accruals of RMB124.3 million (19.2% of total liabilities), current and non-current borrowings of RMB170.7 million (26.4% of total liabilities) and pension liability of RMB83.1 million (12.9% of total liabilities).

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Total equity of the Group as at 31 December 2020 was RMB1.0 billion. There is no non-controlling interests. Accordingly, the NAV of the Group as at 31 December 2020 was RMB1.0 billion. After deducting intangible assets of RMB37.0 million, the NTA of the Group was RMB991.2 million as at 31 December 2020.

There is no change in the number of issued Shares since 31 December 2020 and up to the Latest Practicable Date.

7.3.2 Book NTA of the Group

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests and all the liabilities of the Group. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the Group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of the shareholders' equity.

Notwithstanding the foregoing, Shareholders should note that an analysis based on the NAV of the Group provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV that can be realised. While the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions. Furthermore, the NAV approach is more relevant in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings-based valuation.

We note that the Group has intangible assets amounting to RMB37.0 million (comprising technical know-how, patent, trademark, research and development costs, domain and online content, non-compete agreement and goodwill) which represent in aggregate approximately 2.2% of total assets as at 31 December 2020. Based on the Group's latest audited financial statements as at 31 December 2020, the NTA of the Group amounted to approximately RMB991.2 million or S\$0.563² per Share, based on 356,536,000 Shares in issue as at 31 December 2020. We note that the Offer Price represents a discount of approximately 28.9% against the NTA per Share of S\$0.563² as at 31 December 2020. Accordingly, the Price-to-NTA ("**P/NTA**") of the Group implied by the Offer Price would be approximately 0.711 times as at 31 December 2020.

The Group recorded cash and bank balances of RMB538.1 million as at 31 December 2020. After deducting for current and non-current borrowings, the Group has net cash of RMB367.4 million (or net cash of S\$0.209² per Share) accounting for 37.1% of the NTA of the Group as at 31 December 2020. As the net cash represents a significant percentage of the NTA of the Group, we also have considered the Group's ex-cash NTA against the Offer

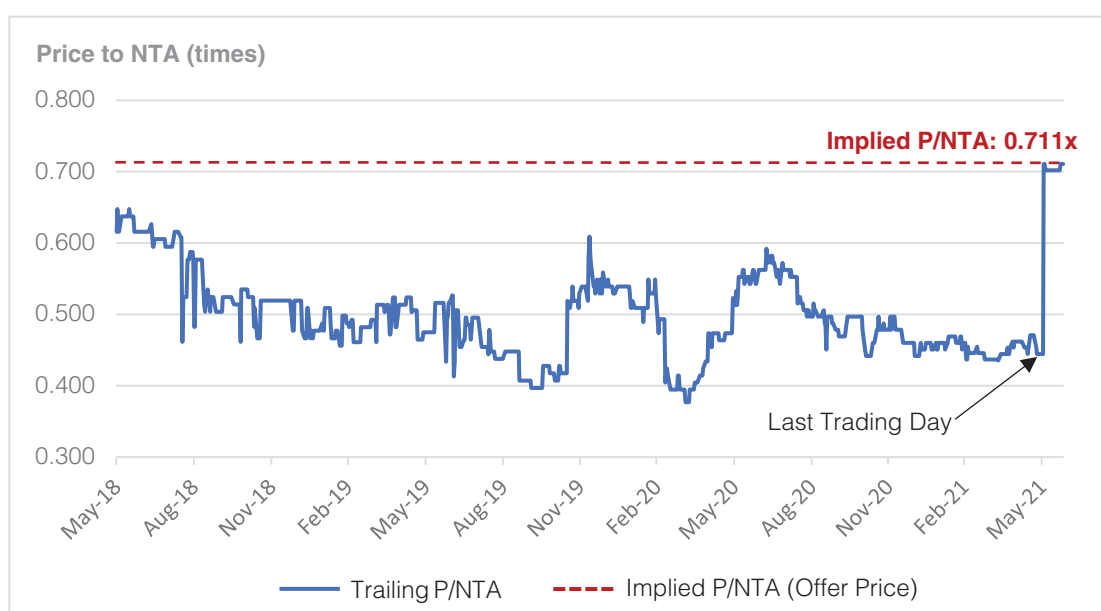
² Based on the exchange rate of RMB1 to S\$0.2024 as at 31 December 2020. The exchange rate is extracted from Bloomberg and serves as a reference only.

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Price. The ex-cash NTA of the Group as at 31 December 2020 was approximately RMB623.9 million or S\$0.354² per Share (the “**Ex-Cash NTA per Share**”) after adjusting the net cash of RMB367.4 million from the NTA. Accordingly, the Offer Price as adjusted for net cash per Share of S\$0.209², is S\$0.191 (the “**Ex-Cash Offer Price**”) and represents a discount of 45.9% to the Ex-Cash NTA per Share of S\$0.354².

Historical trailing P/NTA ratio of the Shares

We have compared the P/NTA ratio of the Shares as implied by the Offer Price against the historical trailing P/NTA ratio of the Shares (based on the daily closing prices of the Shares and the Group’s trailing NTA per Share), from 29 May 2018 (being the 3-year period up to and including the Last Trading Day) up to and including the Latest Practicable Date.



Source: Bloomberg L.P. and the Company’s results announcement

² Based on the exchange rate of RMB1 to S\$0.2024 as at 31 December 2020. The exchange rate is extracted from Bloomberg and serves as a reference only.

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The average, minimum and maximum of the historical trailing P/NTA ratio of the Shares for the various periods during the 36-month period up to and including 28 May 2021, being the last full trading day prior to the release of the Offer Announcement Date, and for the period after the release of the Offer Announcement Date up to the Latest Practicable Date are set out below:

	Historical trailing P/NTA ratio (times)		
	Minimum	Maximum	Average
Periods prior to the Offer Announcement Date			
Last 36 months	0.377	0.648	0.495
Last 24 months	0.377	0.609	0.478
Last 12 months	0.435	0.592	0.486
Last 6 months	0.435	0.497	0.456
Last 3 months	0.435	0.471	0.449
Last one month	0.444	0.471	0.458
Period after the Offer Announcement Date and up to the Latest Practicable Date			
Period between and including 1 June 2021 and the Latest Practicable Date	0.444	0.711	0.691

Source: Bloomberg L.P. and the Company's results announcement

We note the Shares had consistently traded on the SGX-ST at a discount to the NTA per Share during the last 36-month period up to and including the Last Trading Day. The average P/NTA ratio ranged from 0.449 times for the 3-month period up to and including the Last Trading Day to 0.495 times for the 36-month period up to and including the Last Trading Day. During the 36-month period up to and including the Last Trading Day, the minimum and maximum P/NTA ratios were 0.377 times and 0.648 times respectively.

In contrast, the P/NTA ratio as implied by the Offer Price of 0.711 times is higher than the maximum P/NTA ratio during the 36-month period up to and including the Last Trading Day.

Confirmation by the Company

In our evaluation of the financial terms of the Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that as recorded in the statement of financial position of the Group as at 31 December 2020 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that may have a material impact on the audited NTA of the Group as at 31 December 2020.

We noted that as disclosed in section 8.3 of the Offer Document, the Offeror currently has no plans to: (a) make any major changes to the business of the Company; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of the existing employees of the Group save as disclosed in Offer Document and other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options in

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relation to the Company which may present themselves and which the Offeror may regard to be in the interest of the Group.

In respect of section 7.3.1 and 7.3.2 of this letter, the Directors have confirmed that as at the Latest Practicable Date and to the best of their knowledge and belief:

- (a) they are not aware of any material difference between the estimated market value of the assets held by the Group and its associates *vis-à-vis* their respective book values recorded in the audited statements of financial position of the Group as at 31 December 2020;
- (b) they are not aware of any circumstances which may cause the NTA of the Group as at the Latest Practicable Date to be materially different from that recorded in the audited statement of financial position of the Group as at 31 December 2020;
- (c) there have been no material disposals or acquisitions of assets by the Group between 31 December 2020 and the Latest Practicable Date, and the Group does not have any plans for such impending material disposal or acquisition of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business;
- (d) there are no indicators of impairment on the intangible assets that would require the Group to perform further impairment tests;
- (e) there are no contingent liabilities, bad or doubtful debts or impairment losses or material events at as the Latest Practicable Date which are likely to have a material impact on the NAV of the Group as at 31 December 2020;
- (f) there are no litigation, claim or proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which would have a material impact on the financial position of the Group as at 31 December 2020; and
- (g) there are no other intangible assets as at the Latest Practicable Date which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards (International) and which have not been disclosed that would have a material impact on the NTA of the Group as at 31 December 2020.

7.4 Comparison of Valuation Statistics of Companies Broadly Comparable to the Group

In considering what may be regarded as a reasonable range of valuation for the purpose of assessing the financial terms of the Offer, we have referred to selected listed companies on various stock exchanges which business activities are broadly comparable with those of the Group to give an indication of the current market expectations with regard to the perceived valuation of these businesses.

The Company is an SGX-listed company and is principally engaged in: (a) the design and manufacture of ATM safes, fire-resistant commercial safes, safes for storage of weapons and other security products (the “**High Security Segment**”); and (b) the provision of

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business solutions by designing, engineering, manufacturing and assembling electro-mechanical equipment, ticketing and vending machines (including intelligent terminals) and modules, precision engineering parts, semi-conductor instruments and other modules products (the “**Business Solutions Segment**”). In light of the lack of direct comparable companies on the SGX-ST, we have, in consultation with the Management, used the following companies listed on the regional Asian exchanges which are engaged in businesses that are similar to either the High Security Segment or the Business Solutions Segment (the “**Comparable Companies**”) to get an indication of the current market expectations with regard to the perceived valuation of the Group.

We wish to highlight that the Comparable Companies are not exhaustive and there is no listed company or group which may be considered identical to the Group in terms of, *inter alia*, business activities, market capitalisation, scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, adherence to accounting standards, tax factors, track record and future prospects. In addition, each of the Comparable Companies may engage in other separate business activities which are not related to the principal business of the Group. As such, any comparison made herein is strictly limited in scope and merely serves as an illustrative guide to Shareholders.

Details on the Comparable Companies, including their business descriptions and selected key financial and valuation statistics, are set out below and in Annex A to this letter:

- (a) Nihon ISK Co Ltd;
- (b) PT Lion Metal Works Tbk;
- (c) Takamisawa Cybernetics Company, Ltd; and
- (d) Odawara Auto-Machine Manufacturing Co Ltd.

In assessing the financial terms of the Offer, we have used the following valuation parameters in our analysis:

Valuation parameter	Description
Price-earnings ratio (“ PER ”) ratio	<p>The historical PER, which illustrates the ratio of the market price of a company’s shares relative to its historical consolidated earnings per share, is commonly used for the purpose of illustrating the profitability, and hence valuation, of a company.</p> <p>We have considered the historical PERs of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date and trailing 12 months earnings per share <i>vis-à-vis</i> the corresponding historical PER of the Group based on the Offer Price and the audited earnings per Share for FY2020 as adjusted for certain non-recurring expenses as stated in section 7.2 of this letter.</p>

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Valuation parameter	Description
Price-to-NAV ratio (“ P/NAV ”) ratio or Price-to-NTA ratio (“ P/NTA ”) ratio	<p>An NAV/NTA-based approach is useful to illustrate the extent that the value of each share is backed by assets, and would be more relevant in the case where the group were to change the nature of its business or realise or convert the use of all or most of its assets. The NAV/NTA-based valuation approach may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets over a reasonable period of time at the aggregate value of the assets used in the computation of the NAV/NTA, with the balance to be distributed to its shareholders after the settlement of all the liabilities and obligations of the company or group.</p> <p>We have considered the historical P/NTA ratios of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date and latest announced NTA per share as at the end of the relevant financial year/period (as adjusted for any corporate activities which were undertaken after the latest available balance sheet date that may affect the NTA per share, where relevant), <i>vis-à-vis</i> the corresponding historical P/NTA ratio of the Group based on the Offer Price and the NTA per Share of the Group as at 31 December 2020.</p>
Ex-cash price-to-NTA ratio (“ Ex-Cash P/NTA ”) ratio	<p>In view of the significant net cash position (i.e. cash and bank balances less borrowings) of the Group as at 31 December 2020, we have also computed the historical P/NTA ratios on an ex-cash basis. In this regard, we have considered the historical Ex-Cash P/NTA ratios of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date (less net cash per share, if applicable and adjusted for any corporate activities which were undertaken after the latest available balance sheet date that affect the net cash position) and latest available NTA per share (less net cash, if applicable, and adjusted for any corporate activities which were undertaken after the latest available balance sheet date that affect the net cash position or the NTA per share, where relevant) <i>vis-à-vis</i> the corresponding historical Ex-Cash P/NTA ratio of the Group based on the Ex-Cash Offer Price and the Ex-Cash NTA per Share as at 31 December 2020.</p>

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Valuation parameter	Description
Enterprise value to EBITDA (“EV/EBITDA”) ratio	The historical EV/EBITDA ratio illustrates the ratio of the market value of a company’s business relative to its historical consolidated pre-tax operating cashflow performance, without regard to its capital structure, and provides an indication of current market valuation relative to operating performance. “EV” is the sum of a company’s market capitalisation, preferred equity, minority interests, short- and long-term debts less cash and cash equivalents, and represents the actual cost to acquire the entire company. “EBITDA” refers to historical consolidated earnings before interest, tax, depreciation and amortisation expenses. EBITDA can be used to analyse the profitability between companies as it eliminates the effects of financing and accounting decisions.

We have considered the historical EV/EBITDA ratios of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date, latest available balance-sheet values (as adjusted for any corporate activities which were undertaken after the latest available balance sheet date that may affect the EV, where relevant) and trailing 12 months EBITDA *vis-à-vis* the corresponding historical EV/EBITDA ratio of the Group based on the Offer Price and the FY2020 EBITDA of the Group as adjusted for certain non-recurring expenses as stated in section 7.2 of this letter.

Comparative valuation statistics of the Comparable Companies *vis-à-vis* the Group

The following table sets out the comparative valuation statistics of the Comparable Companies *vis-à-vis* the Group as implied by the Offer Price:

Comparable Companies	Historical PER (times)	Historical P/NTA ratio (times)	Historical Ex-Cash P/NTA ratio (times)	Historical EV/EBITDA ratio (times)
Nihon ISK Co Ltd ⁽¹⁾	5.7	0.69	0.45	1.9
PT Lion Metal Works Tbk	N.A. ⁽²⁾	0.48	0.20	88.9
Takamisawa Cybernetics Company, Ltd ⁽¹⁾	6.0	1.11	1.11 ⁽³⁾	4.2
Odawara Auto-Machine Manufacturing Co Ltd ⁽¹⁾	35.8	0.49	0.42	4.0
High	35.8	1.11	1.11	88.9
Mean	15.8	0.69	0.55	3.4 ⁽⁴⁾
Median	6.0	0.59	0.44	4.0 ⁽⁴⁾
Low	5.7	0.48	0.20	1.9
Company (Implied by the Offer Price)	5.3⁽⁵⁾	0.71	0.54	1.5⁽⁶⁾

Source: Bloomberg L.P., annual reports and/or announcements of the respective Comparable Companies and SAC Capital’s computations

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Notes:

- (1) The relevant trailing 12 months net profit attributable to shareholders or trailing 12 months EBITDA have been adjusted for non-recurring and/or extraordinary income or losses.
- (2) PT Lion Metal Works Tbk was loss making in the latest trailing 12 months.
- (3) Based on the historical P/NTA ratio as Takamisawa Cybernetics Company, Ltd is in a net debt position as at 31 March 2021.
- (4) Excludes PT Lion Metal Works Tbk as a statistical outlier in the computations of the mean and median EV/EBITDA ratio.
- (5) Based on the Adjusted FY2020 Net Profit of the Group.
- (6) Based on the FY2020 EBITDA of the Group as adjusted for certain non-recurring expenses as stated in section 7.2 of this letter.

Historical PER comparison

We note that the historical PER of 5.3 times of the Group as implied by the Offer Price is below the range of historical PERs of the Comparable Companies of between 5.7 times and 35.8 times.

Historical P/NTA ratio comparison

We note that the historical P/NTA ratio of 0.71 times of the Group as implied by the Offer Price and the NTA per Share as at 31 December 2020 is:

- (a) within the range of historical P/NTA ratios of the Comparable Companies of between 0.48 times and 1.11 times; and
- (b) at a premium of approximately 2.9% and 20.3% over the mean and median historical P/NTA ratios of the Comparable Companies of 0.69 times and 0.59 times respectively.

Historical Ex-Cash P/NTA ratio comparison

We note that the historical Ex-Cash P/NTA ratio of 0.54 times of the Group as implied by the Ex-Cash Offer Price and the Ex-Cash NTA per Share as at 31 December 2020 is:

- (a) within the range of historical Ex-Cash P/NTA ratios of the Comparable Companies of between 0.20 times and 1.11 times;
- (b) at a discount of approximately 1.8% to the mean historical Ex-Cash P/NTA ratio of 0.55 times for the Comparable Companies; and
- (c) at a premium of approximately 22.7% over the median historical Ex-Cash P/NTA ratio of 0.44 times for the Comparable Companies.

Historical EV/EBITDA ratio comparison

We note that the historical EV/EBITDA ratio of 1.5 times of the Group as implied by the Offer Price is below the range of historical EV/EBITDA ratios of the Comparable Companies of between 1.9 times and 88.9 times.

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7.5 Comparison with Recent Successful Privatisation Transactions and Delisting Offers of Companies Listed on the SGX-ST

In assessing the reasonableness of the Offer in light of the stated intention of the Offeror to delist the Shares from the Official List of the SGX-ST, we have compared the financial terms of the Offer with: (a) selected recent successful privatisation transactions announced on the SGX-ST during the 12-month period prior to the Offer Announcement Date, whether by way of a general offer under the Code or a scheme of arrangement under Section 210 of the Companies Act where the offeror has stated its intention to delist the target company from the Official List of the SGX-ST; and (b) selected recent completed delisting offers under Rule 1307 of the Listing Manual announced during the 12-month period prior to the Offer Announcement Date (collectively, the “**Take-over Transactions**”). As some of the Take-over Transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the financial terms of such offer transactions with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the Take-over Transactions where available.

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out:

- (a) the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs over the 1-month, 3-month, 6-month and 12-month periods prior to the announcement of the Precedent Privatisation Transactions; and
- (b) the premium or discount represented by each of the respective offer prices to the NAV/NTA of the respective target companies, where applicable. We note that certain transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their latest announced book values. In this respect, we have compared the offer price with the revalued NAV, revalued NTA or adjusted NAV or adjusted NTA of the Precedent Privatisation Transactions, where applicable.

We wish to highlight that the Take-over Transactions set out below are by no means exhaustive. In addition, as the Group is not directly comparable to the target companies involved in the Take-over Transactions in terms of business activities, scale of operations, market capitalisation, geographical spread, risk profile, accounting policies, financial performance, operating and financial leverage, track record and future prospects, the comparison merely serves as a general guide to provide an indication of the premia/ discounts paid in connection with privatisation transactions and delisting offers of companies listed on the SGX-ST. Each of the Take-over Transactions must be judged on its own commercial and financial merits. Shareholders should also note that the premium (if any) to be paid by an offeror in a privatisation transaction or delisting offer varies in different circumstances depending on, *inter alia*, the offeror’s intentions with regard to the target company, the potential synergy that the offeror can gain from acquiring the target company, the attractiveness of the underlying business, prevailing market expectations and the presence of competing bids. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Company.

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Company	Date of offer announcement	Offer price (\$)	last transacted price	Premium of offer price over				Offer price-to-NAV/NTA ratio (times) ⁽¹⁾
				1-month VWAP prior to announcement of offer (%)	3-month VWAP	6-month VWAP	12-month VWAP	
Dynamic Colours Limited	1 June 2020	0.225	13.6	23.0	29.3	27.1	32.4	0.95 ⁽²⁾
Perennial Real Estate Holdings Limited	12 June 2020	0.950	88.1 ⁽³⁾	105.2 ⁽³⁾	124.1 ⁽³⁾	112.5 ⁽³⁾	95.1 ⁽³⁾	0.57 ⁽⁴⁾
Luzhou Bio-Chem Technology Limited	30 June 2020	0.030	100.0	87.5	130.8	150.0	130.8	n.a. ⁽⁵⁾
Teckwah Industrial Corporation Limited	12 August 2020	0.650	17.1	23.1	25.0	32.4	38.3	0.81 ⁽⁶⁾
China Jishan Holdings Limited	20 August 2020	0.350	84.2	101.1	105.9	116.0	83.2	0.78 ⁽⁷⁾
SK Jewellery Group Limited	2 September 2020	0.150	70.5	89.9	94.8	94.8	80.7	1.31 ⁽⁸⁾
LCT Holdings Limited	16 September 2020	0.600	39.5	60.9	61.7	61.3	37.6	0.91 ⁽⁹⁾
Sunningdale Tech Ltd.	9 November 2020	1.650	32.0 ⁽¹⁰⁾	39.0 ⁽¹⁰⁾	45.0 ⁽¹⁰⁾	58.2 ⁽¹⁰⁾	42.6 ⁽¹⁰⁾	0.79 ⁽¹¹⁾
Sunvic Chemical Holdings Limited	20 November 2020	0.028	27.3 ⁽¹²⁾	40.0 ⁽¹²⁾	(3.4) ⁽¹²⁾	16.7 ⁽¹²⁾	(12.5) ⁽¹²⁾	0.16 ⁽¹³⁾
Hi-P International Limited	18 December 2020	2.000	13.6	23.3	42.5	50.7	62.5	2.60 ⁽¹⁴⁾
CEI Limited	11 January 2021	1.150	15.0	18.1	20.5	24.2	28.2	1.93 ⁽¹⁵⁾
GL Limited	15 January 2021	0.800	42.9	46.5	52.4	46.3	25.2	0.75 ⁽¹⁶⁾

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Company	Date of offer announcement	Offer price (\$)	last transacted price	Premium of offer price over				Offer price-to-NAV/NTA ratio (times) ⁽¹⁾
				1-month VWAP prior to announcement of offer (%)	3-month VWAP prior to announcement of offer (%)	6-month VWAP prior to announcement of offer (%)	12-month VWAP prior to announcement of offer (%)	
International Press Softcom Limited	28 January 2021	0.045	12.5	25.0	32.4	21.6	28.6	1.09 ⁽¹⁷⁾
Singapore Reinsurance Corporation Limited	19 March 2021	0.3535	17.8	20.6	20.6	21.9	27.6	0.79 ⁽¹⁸⁾
Neo Group Limited	30 March 2021	0.600	20.0	17.9	14.5	15.4	31.0	1.66 ⁽¹⁹⁾
Sin Ghee Huat Corporation Ltd	29 April 2021	0.270	25.6 ⁽²⁰⁾	52.5 ⁽²⁰⁾	60.7 ⁽²⁰⁾	66.7 ⁽²⁰⁾	61.7 ⁽²⁰⁾	0.57 ⁽²¹⁾
Top Global Limited	30 April 2021	0.390	122.9 ⁽²²⁾	132.1 ⁽²²⁾	146.8 ⁽²²⁾	148.4 ⁽²²⁾	142.2 ⁽²²⁾	0.32 ⁽²³⁾
Cheung Woh Technologies Ltd	6 May 2021	0.285	90.0	90.0	92.6	109.6	141.5	1.10 ⁽²⁴⁾
High		122.9	132.1	146.8	150.0	142.2	2.60	
Mean		46.3	55.3	60.9	65.2	59.8	1.01	
Median		29.7	43.3	48.7	54.5	40.5	0.81	
Low		12.5	17.9	-3.4	15.4	-12.5	0.16	
Company (Implied by the Offer Price)	31 May 2021	0.40	60.0	59.4	60.6	59.4	48.1	0.71⁽²⁵⁾

Source: Announcements and circulars to shareholders in relation to the respective Take-over Transactions and SAC Capital's computations.

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Notes:

- (1) Based on the revalued NAV per Share or adjusted NAV per Share or revalued NTA per share as extracted from the independent financial adviser's letters for the respective companies.
- (2) Based on the adjusted NAV per share of Dynamic Colours Limited as at 31 December 2019.
- (3) On 18 May 2020, Perennial Real Estate Holdings Limited announced that certain of its substantial shareholders are review the options in relation to their holdings in the Company. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 15 May 2020, being the last Market Day prior to the announcement of the possible transaction.
- (4) Based on the revalued NAV per share of Perennial Real Estate Holdings Limited as at 31 December 2019.
- (5) Luzhou Bio-Chem Technology Limited is at a net tangible liability and revalued net tangible liability position as at 31 December 2019.
- (6) Based on the revalued NAV per share of Teckwah Industrial Corporation Limited as at 30 June 2020.
- (7) Based on the revalued NAV per share of China Jishan Holdings Limited as at 30 June 2020.
- (8) Based on the NAV per share of SK Jewellery Group Limited as at 30 June 2020.
- (9) Based on the adjusted NAV per share of LCT Holdings Limited as at 30 June 2020.
- (10) On 9 September 2020, Sunningdale Tech Ltd. announced that it has been approached in relation to a possible transaction involving its shares. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 9 September 2020, being the last Market Day prior to the announcement of the possible transaction.
- (11) Based on the revalued NTA per share of Sunningdale Tech Ltd. as at 30 September 2020.
- (12) On 8 January 2019, Sunvic Chemical Holdings Limited's shares were halted and subsequently suspended from trading on the SGX-ST on 14 January 2019 as the company was unable to demonstrate that it can continue as a going concern. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 7 January 2019, being the last Market Day prior to the trading halt.
- (13) Based on the NAV per share of Sunvic Chemical Holdings Limited as at 31 December 2019.
- (14) Based on the NAV per share of Hi-P International Limited as at 30 June 2020.
- (15) Based on the revalued NTA per share of CEI Limited as at 31 December 2020.
- (16) Based on the revalued NAV per share of GL Limited as at 31 December 2020.
- (17) Based on the NTA per share of International Press Softcom Limited as at 31 December 2020
- (18) Based on the NAV per share of Singapore Reinsurance Corporation Limited as at 31 December 2020.

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- (19) Based on the revalued NTA per share of Neo Group Limited as at 30 September 2020.
- (20) On 21 April 2021, Sin Ghee Huat Corporation Ltd announced that its controlling shareholders has entered into negotiations with third parties to explore a possible transaction involving its shares which may or may not lead to an offer being made. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 21 April 2021, being the last Market Day prior to the announcement of the possible transaction.
- (21) Based on the revalued NAV per share of Sin Ghee Huat Corporation Ltd as at 31 December 2020.
- (22) On 10 March 2021, an announcement was released on the disclosure of changes in interest in relation to Mdm. Oei Siu Hoa @ Sukmawati Widjaja's ("Mdm Oei") acquisition of 26,023,193 shares at S\$0.390 per share by way of an off-market transaction on 10 March 2021. The premia of the offer price is computed based on the share prices for the period(s) prior to and including 9 March 2021, being the last Market Day prior to the disclosure of change in interest announcement. The offeror for Top Global Limited is wholly owned by Mdm Oei.
- (23) Based on the revalued NAV per share of Top Global Limited as at 31 December 2020.
- (24) Based on the revalued NAV per share of Cheung Woh Technologies Ltd as at 28 February 2021.
- (25) Based on the NTA per share of the Company as at 31 December 2020.

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We note that in respect of the Take-over Transactions:

- (a) the premium of the Offer Price over the last transacted price of the Shares prior to the Offer Announcement Date of approximately 60.0% is:
 - (i) within the range of the corresponding premia of the Take-over Transactions of between 12.5% and 122.9%; and
 - (ii) above the corresponding mean and median premia of 46.3% and 29.7% of the Take-over Transactions respectively;
- (b) the premium of the Offer Price over the VWAP of the Shares for the 1-month period prior to the Offer Announcement Date of approximately 59.4% is:
 - (i) within the range of the corresponding premia of the Take-over Transactions of between 17.9% and 132.1%; and
 - (ii) above the corresponding mean and median premia of 55.3% and 43.3% of the Take-over Transactions respectively;
- (c) the premium of the Offer Price over the VWAP of the Shares for the 3-month period prior to the Offer Announcement Date of approximately 60.6% is:
 - (i) within the range of the corresponding (discount)/premium of the Take-over Transactions of between -3.4% and 146.8%; and
 - (ii) above the median premium of 48.7% but below the mean premium of 60.9% of the Take-over Transactions;
- (d) the premium of the Offer Price over the VWAP of the Shares for the 6-month period prior to the Offer Announcement Date of approximately 59.4% is:
 - (i) within the range of the corresponding premia of the Take-over Transactions of between 15.4% and 150.0%; and
 - (ii) above the median premium of 54.5% but below the mean premium of 65.2% of the Take-over Transactions;
- (e) the premium of the Offer Price over the VWAP of the Shares for the 12-month period prior to the Offer Announcement Date of approximately 48.1% is:
 - (i) within the range of the corresponding (discount)/premium of the Take-over Transactions of between -12.5% and 142.2%; and
 - (ii) above the median premium of 40.5% but below the mean premium of 59.8% of the Take-over Transactions;

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- (f) the P/NTA ratio as implied by the Offer Price and the NTA per Share as at 31 December 2020 of 0.71 times is:
- (i) within the range of Price-to-NAV/NTA ratios of the Take-over Transactions of between 0.16 times and 2.60 times; and
 - (ii) at a discount of 29.7% and 12.3% to the mean and median Price-to-NAV/NTA ratios of the Take-over Transactions of 1.01 times and 0.81 times respectively.

7.6 Comparison with Precedent Acquisition Transactions of Companies Broadly Comparable to the Group

For the purpose of our evaluation of the financial terms of the Offer, we have also attempted to compare the relevant valuation statistics implied by the Offer Price *vis-a-vis* recently completed mergers and/or acquisition transactions involving acquisition of companies which are in the High Security Segment or Business Solutions Segment (the “**Precedent M&A Transaction**”). However, publicly available information on these Precedent M&A Transaction may be limited and may not include the relevant financial information necessary for our comparison purposes.

We wish to highlight that the Precedent M&A Transaction set out below is by no means exhaustive. In addition, as the Group is not directly comparable to the target company involved in the Precedent M&A Transaction in terms of business activities, scale of operations, market capitalisation, geographical spread, risk profile, accounting policies, financial performance, operating and financial leverage, track record and future prospects, the comparison merely serves as a general guide to provide an indication of the valuation paid in connection with the acquisition transaction.

Please refer to section 7.4 for the valuation parameters used in our analysis. A brief description of the Precedent M&A Transaction is set out below:

Completion Date	Target Company	Description and background
10 December 2020	Gunnebo Actiebolag (“ Gunnebo AB ”)	Gunnebo AB provides security products and services. The company offers gates and fence systems, access control, vaults, cash management, and electronic security solutions. Gunnebo AB serves customers worldwide. Altor Fund Manager AB and Stena Adactum AB, through GB HoldCo AB acquired 74.0% of Gunnebo AB for approximately SEK1.77 billion (approximately S\$279.8 million ³) through a public cash offer submitted on 28 September 2020. The offer was completed on 10 December 2020, and Gunnebo AB was delisted from Nasdaq Stockholm.

³ Based on the exchange rate of SEK1 to S\$0.1582 as at 10 December 2020. The exchange rate is extracted from Bloomberg and serves as a reference only.

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Valuation ratios of Precedent M&A Transaction

Company	Acquirer Company	Announcement Date	PER (times)	Historical P/NAV ratio (times)	Historical EV/EBITDA ratio (times)
Gunnebo AB	GB HoldCo AB	27 Sep 2020	N.A. ⁽¹⁾	1.85 ⁽²⁾	10.9
Company (Implied by the Offer Price)	TSI Metals HK Limited	31 May 2021	5.3⁽³⁾	0.69	1.5⁽⁴⁾

Source: Relevant announcements by Gunnebo AB.

Notes:

- (1) Gunnebo AB was loss making for the trailing 12-month period from 1 July 2019 to 30 June 2020.
- (2) Gunnebo AB had a negative NTA as at 30 June 2020, being the date of the latest condensed consolidated balance sheet as at the announcement date of the acquisition.
- (3) Based on the Adjusted FY2020 Net Profit of the Group.
- (4) Based on the FY2020 EBITDA of the Group as adjusted for certain non-recurring other expenses as stated in section 7.2 of this letter.

We note that the historical P/NAV ratio of 0.69 times and historical EV/EBITDA ratio of 1.5 times of the Company, as implied by the Offer Price and the NAV per Share as at 31 December 2020 is below that of the Precedent M&A Transaction.

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7.7 Other Relevant Considerations

7.7.1 Outlook of the Group

We note that the Group had, in the FY2020 results announcement, included a commentary on the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group for the next reporting period and the next 12 months which is reproduced in *italics* below:

“The COVID-19 outbreak has negatively impacted our business operations, supply chains and logistics with negative impacts to the Group’s revenue and results, particularly with our European operations. This is projected to continue in 2021.

Management expects trading conditions to remain challenging. Steady appreciation of Renminbi against US dollar, rising raw materials prices, a shrinking ATM market with ebanking and other fintech solutions, and labour cost challenges will remain as head winds for our business. On-going trade and political issues between China and the US will also bring uncertainties to the Group’s future performance.”

7.7.2 Historical dividend yields of the Company

We set out below an analysis of the dividends declared and the dividend payout ratio for the last three financial years ended 31 December, and the implied dividend yield based on the closing price of the Shares on the final cum-dividend date:

(\$)	FY2018	FY2019	FY2020
Interim dividend per Share	0.010	0.010	0.010
Final dividend per Share	–	–	–
Total dividend per Share	0.010	0.010	0.010
Dividend payout ratio (%)	33.0	22.8	24.3
Share price on final cum-dividend date ⁽¹⁾	S\$0.295	S\$0.230	S\$0.270
Total dividend yield (%)	3.39	4.35	3.70

Sources: Bloomberg L.P., Company’s announcements on the SGXNET and SAC Capital’s computations.

Note:

(1) Based on the closing market prices of the Company as at the final cum-dividend date in respect of the interim dividends declared for each of the respective financial years.

Notwithstanding the past dividend payouts, the Directors have confirmed that the Company does not have a fixed dividend policy. Shareholders should note that past dividend payouts should not be in any way relied upon as an indication or promise of the Company’s future dividend payouts. There is no assurance that the Company will maintain the level of dividends paid in the past financial years after the completion of the Offer.

The quantum of dividends paid by the Company in any period would depend upon various factors including but not limited to the financial position of the Group, retained earnings, results of operation and cash flow, the Group’s expected working capital requirements and capital expenditure, future expansion and investment plans, funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

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7.7.3 Offer is unconditional in all respects

As the Offer is unconditional in all respects, Shareholders who accept the Offer are assured of receiving the Offer Price in respect of all their acceptances of the Offer with no transaction costs involved.

7.7.4 Absence of alternative or competing offers

As at the Latest Practicable Date, other than the Offer, there is no publicly available evidence of an alternative or competing offer for the Shares from any other party. We note that the likelihood of an alternative take-over offer is remote in view that as at the Latest Practicable Date, the total number of Shares owned, controlled or agreed to be acquired by the Offeror and the Offeror's concert parties and together with valid acceptances of the Offer amount to an aggregate of 220,966,154 Shares, representing approximately 61.98% of the total number of Shares.

In addition, the Directors have confirmed that as at the Latest Practicable Date, apart from the Offer, they have not received any alternative or competing offer for the Shares from any other party.

7.7.5 Statutory control of the Company by the Offeror

As at the Latest Practicable Date, the Offeror and its concert parties have an aggregate direct and indirect interest in 220,966,154 Shares (including Shares agreed to be acquired by the Offeror and its concert parties and valid acceptances of the Offer), representing approximately 61.98% of the total number of issued Shares.

Accordingly, the Offeror and its concert parties will be in a position to exercise statutory control of the Company which will allow the Offeror the ability to pass all ordinary resolutions on matters in which the Offeror and its related parties do not have an interest in at general meetings of Shareholders.

7.7.6 Offeror's intention for the listing status of the Company

The Offeror has stated the intention not to maintain the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of total Shares (excluding any Share held in treasury) are held in public hands. **For the avoidance of doubt, Shares which are held by substantial shareholders (a shareholder that has interest in not less than 5% of the total voting shares) does not count towards the public float. As at 15 March 2021, as disclosed in the annual report of the Company for FY2020, only approximately 22.63% of the Company's issued shares (excluding treasury shares and subsidiary holdings) were held in the hands of public.**

As disclosed in section 8.3 of the Offer Document, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual (collectively, the "**Voluntary Delisting Rules**"). The SGX-ST will generally consider waiving compliance imposed on a voluntary delisting if: (a) an offer is fair and reasonable (and the independent financial adviser to the relevant company has opined that the offer is fair and reasonable); and (b) the offeror has received acceptances from

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independent shareholders at the close of the offer that represent a majority of at least 75% of the total number of issued shares held by independent shareholders. In this regard, please refer to section 8 of this letter for our opinion on the Offer.

In the event that the public float is lost and the Offeror is unable to exercise its rights of compulsory acquisition or the Company is unable to meet the requirements set out in the Voluntary Delisting Rules, the trading of the Shares may be subjected to a prolonged period of suspension.

Saved as disclosed in the Offer Document and other than in the ordinary course of business, the Offeror currently has no plans to: (a) make any major changes to the business of the Company; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of the existing employees of the Group. However, the Offeror retains the flexibility at any time to consider any options in relation to the Company which may present themselves and which the Offeror may regard to be in the interest of the Group.

7.7.7 Directors' intentions in relation to the Offer

As set out in Appendix B to the Circular, the following Directors who have direct or deemed interests in the Shares have informed the Company of their intentions in respect of the Offer, as follows:

- (a) Spectacular Bright Corp ("**Spectacular**") has provided an irrevocable undertaking to, *inter alia*: (i) accept the Offer in respect of all Shares held by it; and (ii) accept the Offer in respect of any other Shares or securities in the capital of the Company that it may acquire, or which may be allocated and issued to it, on or after the date of the irrevocable undertaking. Dr Johnny Liu is deemed interested in the 152,438,956 Shares held by Spectacular, by virtue of his shareholding in Spectacular. Dr Johnny Liu has informed the Company that Spectacular had so accepted the Offer on 22 June 2021;
- (b) Willalpha International Limited ("**Willalpha**") has provided an irrevocable undertaking to, *inter alia*: (i) accept the Offer in respect of all Shares held by it; and (ii) accept the Offer in respect of any other Shares or securities in the capital of the Company that it may acquire, or which may be allocated and issued to it, on or after the date of the irrevocable undertaking. Mr Liu Bin is deemed interested in the 56,282,864 Shares held by Willalpha, by virtue of his shareholding in Willalpha. Mr Liu Bin has informed the Company that Willalpha had so accepted the Offer on 25 June 2021;
- (c) Dr Hedda Juliana im Brahm-Droege and Mr Christoph Hartmann have informed the Company that, as at the Latest Practicable Date, Droege Capital GmbH is not convinced that the Offer Price in respect of the Offer reflects the fair market value of the Company. Accordingly, Dr Hedda Juliana im Brahm-Droege and Mr Christoph Hartmann have informed Company that they are **unable** to provide an indication to Shareholders of Droege Capital GmbH's intention to accept or reject the Offer in respect of all or part of its Shares; and
- (d) Mr Graham Macdonald Bell has informed the Company that he intends to accept the Offer in respect of his Shares.

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7.7.8 Implications of delisting or suspension for Shareholders

Shareholders who do not accept the Offer should note the following implications or consequences which may arise as a result of any suspension and/or delisting of the Shares:

- (a) shares of unquoted companies are generally valued at a discount to the shares of comparable listed companies as a result of lack of marketability;
- (b) it is likely to be difficult for Shareholders to sell their Shares in the absence of a public market for the Shares as there is no arrangement for such Shareholders to exit their investments in the Shares. If the Company is delisted, even if such Shareholders were subsequently able to sell their Shares, they may receive a lower price than that of the Offer Price;
- (c) assuming that the relevant thresholds are met, time will be taken for the Offeror to exercise its right to compulsorily acquire the remaining Shares or for Dissenting Shareholders to exercise any rights they may have to compel the Offeror to acquire their Shares under Section 215(3) of the Companies Act. Accordingly, the settlement date on compulsory acquisition is likely to be later than the settlement date had the Offer been accepted;
- (d) as an unlisted company, the Company will no longer be obligated to comply with the listing requirements of the SGX-ST, in particular, the continued corporate disclosure requirements under Chapter 7 and the relevant Appendices of the Listing Manual. Shareholders will no longer enjoy the same level of protection, transparency and accountability afforded by the Listing Manual. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution and the interests of Shareholders who do not accept the Offer will be protected to the extent provided for by the Companies Act which includes, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting, at which the accounts will be presented; and
- (e) there is no assurance that the Company will maintain its historical dividend payments in the future should the Shares be suspended or delisted.

8 OUR OPINION AND ADVICE

8.1 Key Considerations of the Offer

In arriving at our opinion and advice in respect of the Offer, we have taken into account, and reviewed the following key considerations, which we consider to be pertinent in our assessment of the Offer. The follow should be read in conjunction with, and in the context of, the full text of this letter:

- (a) an assessment of the market quotation and trading liquidity of the Shares as follows:
 - (i) in relation to Share prices:
 - (aa) the closing prices of the Shares being below the Offer Price for the 12-month period up to and including the Last Trading Day;

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- (bb) the Offer Price representing a premium of approximately 66.7% and 33.3% over the lowest and highest closing prices of the Shares during the 12-month period up to and including the Last Trading Day respectively;
 - (cc) the Offer Price representing a premium of approximately 48.1%, 59.4%, 60.6% and 59.4% over the VWAP of the Shares for the 12-, 6-, 3- and 1-month periods up to and including the Last Trading Day respectively;
 - (dd) the Offer Price representing a premium of approximately 60.0% over the closing price of the Shares of S\$0.250 on the Last Trading Day; and
 - (ee) the Offer Price represents a premium of 1.0% to the VWAP of the Shares for the period after the Offer Announcement Date and up to the Latest Practicable Date; and
 - (ff) the Offer Price is equal to the closing price of the Shares as at the Latest Practicable Date.
- (ii) in relation to trading liquidity of the Shares:
 - (aa) the average daily trading volume of the Shares as a percentage of free float ranged between 0.03% and 0.07% for the 12-, 6-, 3- and 1-month periods up to and including the Last Trading Day; and
 - (bb) the average daily trading volume of the Shares as a percentage of the free float was approximately 0.43% for the period after the Offer Announcement Date and up to the Latest Practicable Date;
- (b) historical financial performance of the Group, as set out in section 7.2 of this letter;
 - (c) a comparison with the NTA of the Group as follows:
 - (i) the Offer Price representing a discount of approximately 28.9% to the NTA per Share of S\$0.563 as at 31 December 2020;
 - (ii) the Offer Price of S\$0.191, as adjusted for net cash per share of S\$0.209, representing a discount of approximately 45.9% to the Ex-Cash NTA per Share of S\$0.354 as at 31 December 2020; and
 - (iii) the P/NTA ratio as implied by the Offer Price of approximately 0.711 times being higher than the maximum P/NTA ratio for the Shares during the 36-month period up to and including the Last Trading Day;
 - (d) a comparison with the valuation statistics of the Comparable Companies as follows:
 - (i) the historical PER of 5.3 times of the Group as implied by the Offer Price being below the range of historical PERs of the Comparable Companies of between 5.7 times and 35.8 times;
 - (ii) the historical P/NTA ratio of 0.71 times of the Group as implied by the Offer Price and the NTA per Share as at 31 December 2020 being (aa) within the range of historical P/NTA ratios of the Comparable Companies of between 0.48 times and

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- 1.11 times and (bb) at a premium of approximately 2.9% and 20.3% over the mean and median historical P/NTA ratios of the Comparable Companies of 0.69 times and 0.59 times respectively;
- (iii) the historical Ex-Cash P/NTA ratio of 0.54 times of the Group as implied by the Ex-Cash Offer Price and the Ex-Cash NTA per Share as at 31 December 2020 being (aa) within the range of historical Ex-Cash P/NTA ratios of the Comparable Companies of between 0.20 times and 1.11 times, (bb) at a discount of approximately 1.8% to the mean historical Ex-Cash P/NTA ratio of 0.55 times for the Comparable Companies and (cc) at a premium of approximately 22.7% over the median historical Ex-Cash P/NTA ratio of 0.44 times for the Comparable Companies; and
 - (iv) the historical EV/EBITDA ratio of 1.5 times of the Group as implied by the Offer Price being below the range of historical EV/EBITDA ratios of the Comparable Companies of between 1.9 times and 88.9 times;
- (e) a comparison with recent successful privatisation transactions and delisting offers of companies listed on the SGX-ST as follows:
- (i) the premium of the Offer Price over the last transacted price of the Shares prior to the Offer Announcement Date of approximately 60.0% being (aa) within the range of the corresponding premia of the Take-over Transactions of between 12.5% and 122.9% and (bb) above the corresponding mean and median premia of 46.3% and 29.7% of the Take-over Transactions respectively;
 - (ii) the premium of the Offer Price over the VWAP of the Shares for the 1-month period prior to the Offer Announcement Date of approximately 59.4% being (aa) within the range of the corresponding premia of the Take-over Transactions and (bb) above the corresponding mean and median premia of the Take-over Transactions respectively;
 - (iii) the premium of the Offer Price over the VWAP of the Shares for the 3-month, 6-month and 12-month periods prior to the Offer Announcement Date of approximately 60.6%, 59.4% and 48.1% respectively being (aa) within the range of the corresponding (discount)/premia of the Take-over Transactions and (bb) above the corresponding median premium but below the mean premium of the Take-over Transactions across the respective periods; and
 - (iv) the P/NTA ratio as implied by the Offer Price and the NTA per Share at 31 December 2020 of 0.71 times being (aa) within the range of Price-to-NAV/NTA ratios of the Take-over Transactions of between 0.16 times and 2.60 times and (bb) at a discount of approximately 29.7% and 12.3% over the corresponding mean and median Price-to-NAV/NTA ratios of the Take-over Transactions of 1.01 times and 0.81 times respectively;
- (f) a comparison with recently completed mergers and/or acquisition transactions as follows:
- (i) the historical P/NAV ratio of 0.69 times of the Group as implied by the Offer Price and the NAV per Share as at 31 December 2020 was lower than the historical P/NAV ratio of 1.85 times for the Precedent M&A Transaction;

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- (ii) the historical EV/EBITDA ratio of 1.5 times of the Group as implied by the Offer Price was lower than the historical EV/EBITDA ratio of 10.9 times for the Precedent M&A Transaction;
- (g) other relevant considerations as follows:
 - (i) the outlook of the Group, as set out in section 7.7.1 of this letter;
 - (ii) that notwithstanding the consistent dividend payout over the last 3 years, there is no assurance that the Company will maintain the level of dividends paid in the past financial years after the completion of the Offer, as set out in section 7.7.2 of this letter;
 - (iii) the Offer being unconditional in all respects and accordingly, Shareholders who accept the Offer are assured of receiving the Offer Price in respect of all their acceptances of the Offer with no transaction costs involved, as set out in section 7.7.3 of this letter;
 - (iv) the absence of alternative take-over offers from third parties as at the Latest Practicable Date and the likelihood of an alternative take-over being remote in view that the Offeror and its concert parties held an aggregate direct and indirect interest of approximately 61.98% of the issued Shares as at the Latest Practicable Date (including Shares agreed to be acquired by the Offeror and its Concert Parties and valid acceptances of the Offer), as set out in section 7.7.4 of this letter;
 - (v) that as the Offeror and its concert parties holds approximately 61.98% of the issued Shares as at the Latest Practicable Date (including Shares agreed to be acquired by the Offeror and its Concert Parties and valid acceptances of the Offer), the Offeror and its concert parties will be in a position to exercise statutory control of the Company which will allow the Offeror the ability to pass all ordinary resolutions on matters in which the Offeror and its related parties do not have an interest in at general meetings of Shareholders, as set out in section 7.7.5 of this letter;
 - (vi) the Offeror's intention not to maintain the listing status of the Company, and in the event that the public float is lost and the Offeror is unable to exercise its rights of compulsory acquisition or the Company is unable to meet the requirements set out in the Voluntary Delisting Rules, the trading of the Shares may be subjected to a prolonged period of suspension, as set out in section 7.7.6 of this letter;
 - (vii) the Directors' intentions in relation to the Offer accept or reject the Offer as set out in section 7.7.7 of this letter; and
 - (viii) the implications of delisting or suspension for Shareholders, as set out in section 7.7.8 of this letter.

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8.2 Assessment of the Offer

For the purpose of evaluating the Offer, we have adopted the approach that the term “fair” and “reasonable” are regarded as two different concepts. The term “fair” relates to an opinion on the value of the offer price against the value of the securities subject to the offer (the “**Securities**”), and an offer is “fair” if the price offered is equal to or greater than the value of the Securities. In considering whether an offer is “reasonable”, other matters as well as the value of the Securities are taken into consideration. Such other matters include, but are not limited to, existing voting rights in the company held by an offeror and its concert parties or the market liquidity of the relevant securities.

8.2.1 Assessment of Fairness of the Offer

In determining the fairness of the Offer, we have considered, *inter alia*, the following pertinent factors:

- (a) based on the NAV approach, which provides an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the value of the Group’s assets as represented by the NTA per Share of S\$0.563 is significantly higher than the Offer Price of S\$0.40;
- (b) after adjusting for net cash of S\$0.209 per Share, the value of the Group’s assets that is not cash and bank balances amounted to S\$0.354, which is significantly higher than the Ex-Cash Offer Price of S\$0.191;
- (c) the historical PER and EV/EBITDA ratio as implied by the Offer Price did not compare favourably against those of the Comparable Companies;
- (d) the P/NTA ratio as implied by the Offer Price and the NTA per Share as at 31 December 2020 of 0.71 times did not compare favourably against the mean and median Price-to-NAV/NTA ratios for the Take-Over Transactions; and
- (e) the P/NAV Ratio as implied by the Offer Price and the NAV per Share as at 31 December 2020 and the EV/EBITDA ratio as implied by the Offer Price did not compare favourably against the Precedent M&A Transaction.

In view of the above, we are of the opinion that the Offer is NOT FAIR.

8.2.2 Assessment of Reasonableness of the Offer

In determining the reasonableness of the Offer, we have considered, *inter alia*, the following pertinent factors:

- (a) the Offer Price is at a premium of 60.0% over the closing price of the Shares on the Last Trading Day;
- (b) the Offer Price represents a premium of 48.1%, 59.4%, 60.6% and 59.4% over the VWAP of the Shares for the 12-, 6-, 3- and 1-month periods up to and including the Last Trading Day respectively;

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- (c) the Shares are thinly traded with the average daily trading volume as a percentage of free float for the 12-month period up to and including the Last Trading Day being 0.07%;
- (d) notwithstanding that the Offer Price is at a significant discount to the Group NTA per Share as at 31 December 2020, the P/NTA ratio as implied by the Offer Price of 0.711 times is higher than the maximum P/NTA ratio of 0.648 times for the 36-month period up to and including the Last Trading Day;
- (e) the P/NTA ratio as implied by the Offer Price is at a premium to the mean and median P/NTA ratio of the Comparable Companies;
- (f) the Ex-Cash P/NTA ratio as implied by the Ex-Cash Offer Price is between the mean and median Ex-Cash P/NTA ratio of the Comparable Companies;
- (g) the premia implied by the Offer Price over the historical transacted price and VWAP are higher than or between the mean and median premia of the Precedent Privatisation Transactions;
- (h) the Group's operations, in particular its European operations have been negatively impacted by the COVID-19 outbreak. Steady appreciation of the Renminbi against the US dollar, rising raw material prices, a shrinking ATM market with ebanking and other fintech solutions, as well as labour cost challenges will continue to act as head winds for the business;
- (i) as at the Latest Practicable Date, apart from the Offer made by the Offeror, no alternative offer or proposal has been received by the Company; and
- (j) the Offeror already has statutory control over the Company which places the Offeror in a position to pass all ordinary resolutions on matters which the Offeror and its related parties do not have an interest in.

In view of the above, we are of the opinion that the Offer is REASONABLE.

In conclusion, we are of the opinion that the financial terms of the Offer are not fair but reasonable. Based on our opinion, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all transaction costs in connection with open market transaction.

We would advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the market prices of the Shares after the close of the Offer may be maintained at current levels prevailing as at the Latest Practicable Date.

In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or specific group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

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Our opinion and advice are addressed to the Independent Directors for their benefit and for the purposes of their consideration of the Offer. The recommendation to be made by them to the Shareholders in respect of the Offer shall remain the responsibility of the Independent Directors. Whilst a copy of this letter may be reproduced in the Circular, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any purpose at any time and in any manner without the prior written consent of SAC Capital in each specific case, except for the purpose of the Offer.

This letter is governed by and shall be construed in accordance with the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Bernard Lim
Executive Director

Foo Siang Sheng
Partner

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		Annex A				
		Latest full financial year				
Company	Stock exchange	Business description (as extracted from Bloomberg)	Share price as at the Latest Practicable Date	Market capitalisation as at the Latest Practicable Date (million)	Net profit/(loss) after tax attributable to shareholders (million)	
			Financial year end	Revenue (million)		
Nihon ISK Co Ltd	Tokyo Stock Exchange	Nihon ISK Co Ltd manufactures fire-resistant safes, fire extinguishers, personal lockers, electronic cash registers, computer software and hardware, and dental equipment.	JPY1,376	JPY2,361.9	JPY5,001.0	JPY279.7 ⁽¹⁾
PT Lion Metal Works Tbk	Jakarta Stock Exchange	PT Lion Metal Works Tbk manufactures office, hospital, file storage and security equipment such as filing cabinets, office tables and chairs, medicine boxes, steel cabinets, safe deposit boxes and others. The company also manufactures warehouse equipment such as steel shelves and pallets, cable ladders, and other steel products as well as building materials.	IDR406	IDR211,185.0	IDR298,552.9	IDR(9,571.3)
Takamisawa Cybernetics Company, Ltd	Tokyo Stock Exchange	Takamisawa Cybernetics Company, Ltd manufactures and markets electronic control instruments. The company's products include ticket dispenser machines for IC (integrated circuit) cards and cash transaction machines at railroad stations.	JPY910	JPY4,002.7	JPY12,749.4	JPY663.5 ⁽¹⁾
Odawara Auto-Machine Manufacturing Co Ltd	Tokyo Stock Exchange	Odawara Auto-Machine Manufacturing Co Ltd develops, produces, and sells fare machines for buses. The company also manufactures magnetic and contactless IC card readers as well as other bus transportation-related equipment such as ticket-issuing machines and digital electronic displays. Odawara Auto-Machine Mfg also performs maintenance and repair services for its machines.	JPY559	JPY1,738.0	JPY4,780.3	JPY135.3 ⁽¹⁾

Source: Bloomberg L.P., annual reports and/or announcements of the respective companies

Note:

(1) Adjusted for non-recurring and/or extraordinary income or losses.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

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

Names	Address	Description
Dr. Johnny Liu	c/o 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	Executive Chairman and Chief Executive Officer
Mr. Liu Bin	c/o 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	Executive Vice-Chairman
Ms. Tan Yee Peng	c/o 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	Lead Independent Director
Mr. Graham Macdonald Bell	c/o 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	Independent Director
Mr. Chen Zhaohui, George	c/o 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	Independent Director
Dr. Hedda Juliana im Brahm-Droege	c/o 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	Non-Executive Director
Mr. Christoph Hartmann	c/o 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	Non-Executive Director

2. REGISTERED OFFICE OF THE COMPANY

The registered office of the Company is at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623.

3. PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activity of the Company and its subsidiaries is that of the manufacture of high security products.

4. SHARE CAPITAL OF THE COMPANY

4.1 Number and class of Shares

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 356,536,000 Shares. The Company does not have any treasury shares. As at the Latest Practicable Date, the Company does not have any other class of share capital.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

4.2 Rights of Shareholders in respect of capital, dividends and voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting has been reproduced in Appendix D to this Circular. The Constitution is available for inspection at the Company Registrar's office at 8 Robinson Road, #03-00 ASO Building, Singapore 048544. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution.

4.3 Number of Shares issued since the end of the last financial year

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2020, being the end of the last financial year.

4.4 Convertible instruments

As at the Latest Practicable Date, the Company has not granted any other options or issued any rights, warrants or other securities convertible into, exercisable for or redeemable with any Shares.

5. SUMMARY OF FINANCIAL INFORMATION

5.1 Consolidated statements of profit or loss and other comprehensive income

A summary of the financial information of the Group for FY2018, FY2019 and FY2020 (based on the audited consolidated statement of profit or loss and other comprehensive income of the Group for FY2018, FY2019 and FY2020) is set out below.

	Audited FY2018 RMB'000	Audited FY2019 RMB'000	Audited FY2020 RMB'000
Revenue	1,822,941	1,882,159	1,762,940
Costs of sales	(1,364,829)	(1,354,986)	(1,264,899)
Other income	28,305	25,313	31,957
Expenses	(411,687)	(425,579)	(444,277)
(Allowance for)/Reversal of impairment of financial assets	(8,297)	4,269	(4,823)
Share of profits of associates	765	332	1,281
Net profit before tax	67,198	131,508	82,179
Income tax expense	(14,072)	(52,399)	(8,853)
Net profit for the year	53,126	79,109	73,326
Profit for the year attributable to:			
Owners of the Company	53,126	79,109	73,326
Non-controlling interests	–	–	–
Net earnings per Share (RMB cents)	14.90	22.19	20.57
Net dividends per Share (RMB cents)	4.98	5.23	4.81

APPENDIX B – ADDITIONAL GENERAL INFORMATION

5.2 Statements of financial position

	Audited FY2020 RMB'000
Non-current assets	426,940
Current assets	1,247,232
Non-current liabilities	(166,534)
Current liabilities	(479,376)
Net assets	1,028,262
Share capital	154,623
Retained Earnings	586,971
Reserves	286,668
Non-controlling interests	–
Total equity	1,028,262

5.3 Significant accounting policies

A summary of the significant accounting policies of the Group is set out in pages 45 to 71 of the Annual Report FY2020.

Save as disclosed in this Circular and publicly available information on the Group (including but not limited to that contained in the audited financial statements of the Group for FY2020), there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

5.4 Changes in accounting policies

Save as disclosed in publicly available information on the Group, as at the Latest Practicable Date, there is no change in the accounting policy of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

Copies of the annual report of the Company for FY2020 are available on the website of the SGX-ST at www.sgx.com.

6. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in this Circular and publicly available information on the Company (including without limitation, the announcements released by the Company on the SGXNET), there are no known material change in the financial position of the Company as at the Latest Practicable Date since 31 December 2020, being the date to which the Company's last published audited accounts were made up.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

7. DISCLOSURE OF INTERESTS OF THE COMPANY, THE DIRECTORS AND THE IFA

7.1 Shareholders and dealings

Interests of the Company in Offeror Securities

As at the Latest Practicable Date, the Company does not have any direct or deemed interests in any Offeror Securities.

Dealings in Offeror Securities by the Company

As at the Latest Practicable Date, the Company has not dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date.

Interests of the Directors in Offeror Securities

Directors' holdings in Offeror Securities as at the Latest Practicable Date are set out below:

<i>Name</i>	<i>Direct Interest</i>		<i>Deemed Interest</i>		<i>Total Interest</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
<i>Dr. Johnny Liu</i>	<i>50,000</i>	<i>100.00</i>	<i>–</i>	<i>–</i>	<i>50,000</i>	<i>100.00</i>

Except for Dr Johnny Liu, none of the Directors has any direct or deemed interests in any Offeror Securities as at the Latest Practicable Date.

Dealings in Offeror Securities by the Directors

Save as disclosed, none of the Directors has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date.

Interests of the Directors in Company Securities

Directors' holdings in Company Securities as at the Latest Practicable Date are set out below:

<i>Name</i>	<i>Direct Interest</i>		<i>Deemed Interest</i>		<i>Total Interest</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
<i>Dr. Johnny Liu</i>	<i>–</i>	<i>–</i>	<i>152,438,956</i>	<i>42.76</i>	<i>152,438,956</i>	<i>42.76</i>
<i>Mr. Liu Bin</i>	<i>–</i>	<i>–</i>	<i>56,282,864</i>	<i>15.79</i>	<i>56,282,864</i>	<i>15.79</i>
<i>Dr. Hedda Juliana im Brahm-Droege</i>	<i>–</i>	<i>–</i>	<i>31,509,000</i>	<i>8.84</i>	<i>31,509,000</i>	<i>8.84</i>
<i>Mr. Graham Macdonald Bell</i>	<i>17,000</i>	<i>0.00</i>	<i>–</i>	<i>–</i>	<i>17,000</i>	<i>0.00</i>

APPENDIX B – ADDITIONAL GENERAL INFORMATION

Dealings in Company Securities by the Directors

None of the Directors has dealt for value in any Company Securities during the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date.

Company Securities owned or controlled by IFA

As at the Latest Practicable Date, none of SAC or any funds whose investments are managed by SAC on a discretionary basis owns or controls any Company Securities.

Dealings in Company Securities by SAC

During the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date, none of SAC or any funds whose investments are managed by SAC on a discretionary basis has dealt for value in the Company Securities.

7.2 Directors' intentions in relation to the Offer

As at the Latest Practicable Date, the following Directors who have direct or deemed interests in the Shares have informed the Company of their intentions in respect of the Offer as follows:

- (a) As described in Section 5 of this Circular, Spectacular has provided an irrevocable undertaking to, *inter alia*, (i) accept the Offer in respect of all Shares held by it; and (ii) accept the Offer in respect of any other Shares or securities in the capital of the Company that it may acquire, or which may be allocated and issued to it, on or after the date of the irrevocable undertaking. Dr Johnny Liu is deemed interested in the 152,438,956 Shares held by Spectacular, by virtue of his shareholding in Spectacular. Dr Johnny Liu has informed the Company that Spectacular had so accepted the Offer on 22 June 2021;
- (b) As described in Section 5 of this Circular, Willalpha has provided an irrevocable undertaking to, *inter alia*, (i) accept the Offer in respect of all Shares held by it; and (ii) accept the Offer in respect of any other Shares or securities in the capital of the Company that it may acquire, or which may be allocated and issued to it, on or after the date of the irrevocable undertaking. Mr Liu Bin is deemed interested in the 56,282,864 Shares held by Willalpha, by virtue of his shareholding in Willalpha. Mr Liu Bin has informed the Company that Willalpha had so accepted the Offer on 25 June 2021;
- (c) Dr Hedda Juliana im Brahm-Droege and Mr Christoph Hartmann have informed the Company that, as at the Latest Practicable Date, Droege Capital GmbH is not convinced that the Offer Price in respect of the Offer reflects the fair market value of the Company. Accordingly, Dr Hedda Juliana im Brahm-Droege and Mr Christoph Hartmann have informed the Company that they are **unable** to provide an indication to Shareholders of Droege Capital GmbH's intention to accept or reject the Offer in respect of all or part of its Shares; and
- (d) Mr Graham Macdonald Bell has informed the Company that he intends to accept the Offer in respect of his Shares.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

7.3 Directors' service contracts

As at the Latest Practicable Date, (i) there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries with more than twelve (12) months to run, which the employing company cannot, within the next twelve (12) months, terminate without payment of compensation; and (ii) there are no such service contracts entered into or amended between any of the Directors or proposed director with the Company or any of its subsidiaries during the period between the start of six (6) months preceding the Announcement Date and the Latest Practicable Date.

7.4 Arrangements affecting directors

As at the Latest Practicable Date:

- (a) there are no payments or other benefits which will be made or given to any Director or any director of any 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 Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) save as disclosed in Section 7 (Disclosure of Interests of the Company and the Directors) of this Appendix B, none of the Directors have a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

8. MATERIAL CHANGES IN INFORMATION

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

9. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in publicly available information, neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Announcement Date.

10. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in publicly available information, the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such material litigation, claims or proceedings, which might materially and adversely affect the financial position of the Company, taken as a whole.

11. COSTS AND EXPENSES

All expenses and costs incurred by the Company in relation to the Offer shall be borne by the Company.

APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR

The following information on the Offeror has been extracted from Appendix I to the Offer Document:

APPENDIX I

ADDITIONAL INFORMATION ON THE OFFEROR

1. DIRECTOR OF THE OFFEROR

The name, address and description of the sole Director as at the Latest Practicable Date are as follows:

Name	Address	Description
<i>Dr. Liu Jia Yan Johnny</i>	<i>11G, International Shipping & Finance Ctr, 720 Pudong Avenue, Shanghai, China 200120</i>	<i>Director</i>

2. REGISTERED OFFICE OF THE OFFEROR

The registered office of the Offeror is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

3. PRINCIPAL ACTIVITY OF THE OFFEROR

The principal activity of the Offeror is that of investment holding.

4. NO FINANCIAL STATEMENTS

As the Offeror has been dormant since its incorporation on 9 April 2019, the Offeror is not required to prepare, and has not prepared, any financial statements since the date of its incorporation.

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for the making and financing of the Offer, there has been no known material changes in the financial position of the Offeror since its incorporation.

6. SIGNIFICANT ACCOUNTING POLICIES

As no audited financial statements of the Offeror have been prepared, there are no significant accounting policies to be noted.

APPENDIX D – EXTRACTS FROM THE COMPANY’S CONSTITUTION

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced below:

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution of the Company, a copy of which is available for inspection at the Company Registrar’s office at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, during normal business hours for the period during which the Offer remains open for acceptance.

(a) Rights in respect of Capital

SHARES		
5.	Subject to the Statutes, no shares may be issued without the prior approval of the Company in General Meeting but subject thereto and to these Articles relating to new shares and to any special right attached to any share for the time being issued, the Directors may allot (with or without conferring any right of renunciation), grant options over or otherwise dispose of the same to such persons on such terms and conditions (including such consideration) and at such time as the Directors determine Provided Always that the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.	Shares under control of Company in General Meeting.
6(1).	The Company in General Meeting may by Ordinary Resolution authorise the Directors to exercise any power of the Company to issue shares, such authority being confined to a particular exercise of that power or generally. Any such authority may be unconditional or subject to conditions and shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the approval was given or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held whichever is the earlier but may be previously revoked or varied by the Company in General Meeting Provided Always that no shares may be issued to transfer a controlling interest without prior approval of the Company in General Meeting.	Authority of Directors to issue shares.
6(2).	Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register as the holder thereof or before such share is entered against the name of a Depositor in the Depository Register, as the case may be, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of such share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit.	

APPENDIX D – EXTRACTS FROM THE COMPANY’S CONSTITUTION

7.	Any share in the Company may be issued with such preferred, qualified, deferred or other special rights, privileges and conditions or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine, and subject to the Statutes, the Company may issue preference shares which are or, at the option of the Company, are liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution. In the event of preference shares being issued, the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares.	Company may issue shares with preferred, qualified, deferred and other special rights.
8.	The Company shall have the power to issue further preference capital ranking equally with or in priority to the preference capital then already issued.	Issue of further preference shares.
9.	Subject to the provisions of the Statutes, all or any of the special rights or privileges for the time being attached to any preference share for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by a Special Resolution passed by holders of such preference shares at a extraordinary meeting called for the purpose. To any such extraordinary meeting, all provisions of these Articles as to General Meetings of the Company shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third of the issued preference shares concerned and that every holder of the preference shares concerned shall be entitled on a poll to one vote for every such share held by him and that any holder of the preference shares concerned present either in person or by proxy may demand a poll Provided Always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from holders of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.	Alteration of rights of preference shareholders.
10.	Preference shareholders shall have the same rights as ordinary Members as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning the sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.	Rights of preference shareholders.

APPENDIX D – EXTRACTS FROM THE COMPANY’S CONSTITUTION

11.	If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the holder for the time being of the share or his legal personal representative.	Instalments of shares.
12.	The Company may pay a commission to any person in consideration of his subscribing, or agreeing to subscribe, whether absolutely or conditionally, for any share in the capital of the Company but such commission shall not exceed ten per cent of the price at which the shares are issued or an amount equivalent thereof. Any such commission may be paid in whole or in part in cash or fully or partly paid shares of the Company at par as may be arranged, and the Company may, in addition to, or in lieu of, such commission, in consideration of any person so subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any share in the Company, confer on any such person an option call within a specified time for a specified number or amount of shares in the Company at a specified price. The payment or agreement to pay a commission or the conferring of an option shall be in the discretion of the Directors on behalf of the Company. The requirements of the Statutes shall be observed, so far as applicable.	Commission for subscribing.
13(1).	The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors, administrators or trustees of the estate of a deceased Member.	Joint holders.
13(2).	Subject to Article 13(1), any two or more persons may be registered as joint holders of any share and the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls and interest (if any) due in respect of such share.	
13(3).	The joint holder first named in the Register or the Depository Register, as the case may be, shall as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share.	
14.	No person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the person (other than the depository) entered in the Register as the registered holder or in the person whose name is entered in the Depository Register in respect of that share, as the case may be, except only where these Articles otherwise provide or as required by the Statutes or pursuant to any order of Court.	No trusts recognised.

APPENDIX D – EXTRACTS FROM THE COMPANY’S CONSTITUTION

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|-----|--|--|
| 15. | No person shall exercise any rights of a Member in respect of a share until his name shall have been entered in the Register as the registered holder thereof or in the Depository Register in respect of such share, as the case may be, and, unless the Directors otherwise determine, such person shall have paid all calls and other moneys for the time being due and payable on any share held by him. | Exercise of rights of Members |
| 16. | No part of the funds of the Company shall be employed by the Directors or the Company in the acquisition of shares in the Company or in lending on the security of shares in the Company unless permitted by the Statutes. | Company not to deal with its own shares. |

TRANSFER OF SHARES

- | | | |
|--------|--|--|
| 40. | Save as provided by these Articles, there shall be no restriction on the transfer of fully paid shares (except where required by law or by the rules, bye-laws or listing rules of the Exchange). All transfers of shares may be effected by way of book-entry in the Depository Register Provided Always that the legal title in the shares may be transferred by the registered holders thereof by an instrument of transfer in the form approved by the Directors and the Exchange. The instrument of transfer shall be left at the Office accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the registered holder of the shares until the name of the transferee is entered in the Register in respect thereof. | Shares to be transferable. |
| 41. | The instrument of transfer shall be signed both by the transferor and by the transferee, and it shall be witnessed Provided Always that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository. | Instrument of transfer. |
| 42. | Shares of different classes shall not be comprised in the same instrument of transfer. | Only shares of same class to be in same instrument. |
| 43. | No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind. | Restriction on transfer. |
| 44(1). | All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same. | Retention of Instrument of transfer and disposal of documents. |
| 44(2). | The Company shall be entitled to destroy:-

(a) all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof; | |

APPENDIX D – EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (b) all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof; and
 - (c) all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof.
- 44(3). It shall be conclusively presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and that:
- (a) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
 - (b) every share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and
 - (c) every other document hereinbefore mentioned so destroyed was a valid and effective document;
- in accordance with the recorded particulars thereof in the books or records of the Company.
- 44(4). Articles 44(2) and 44(3) shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant.
- 44(5). Nothing contained in this Article 44 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstance which would not attach to the Company in the absence of this Article 44, and references in this Article 44 to the destruction of any document include references to the disposal thereof in any manner.
45. The Directors may decline to accept any instrument of transfer unless:–
- (a) all or any part of the stamp duty (if any) payable on each share transfer and such fee not exceeding two Singapore Dollars for each transfer or such other sum as may from time to time be prescribed by the Exchange is paid to the Company; and
 - (b) such fee not exceeding two Singapore Dollars as the Directors may from time to time determine is paid to the Company in respect of the registration of any instrument of transfer, probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares.
- Fees relating to transfers.

APPENDIX D – EXTRACTS FROM THE COMPANY’S CONSTITUTION

<p>46. The Directors may refuse to register the transfer of shares or allow the entry of or against a person’s name in the Depository Register in respect of shares transferred or to be transferred to such person:-</p> <p>(a) which are not fully paid up; or</p> <p>(b) on which the Company has a lien.</p>	<p>Power of Directors to refuse to register.</p>
<p>47. If the Directors refuse to register any transfer of any share they shall, where required by the Statutes, serve on the transferor and transferee, within one month beginning with the day on which the transfer was lodged with the Company, a notice in writing informing each of them of such refusal and of the facts which are considered to justify the refusal.</p>	<p>Notice of refusal to be sent by Company.</p>
<p>48. The Register may be closed at such times and for such periods as the Directors may from time to time determine Provided Always that the Register shall not be closed for more than thirty days in any year Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange stating the period and purpose or purposes for which such closure is to be made.</p>	<p>Closure of the Register.</p>

TRANSMISSION OF SHARES

<p>49(1). In the case of the death of a Member the survivor where the deceased was a joint holder, and the legal personal representative of the deceased who was a sole or only surviving holder, or where such legal representative is entered in the Depository Register in respect of the shares of the deceased Member who was a Depositor, shall be the only person recognised by the Company as having any title to his shares.</p>	<p>Transmission of registered shares.</p>
<p>49(2). Nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share solely or jointly held by him.</p>	
<p>50. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register may upon producing such evidence of his title as the Directors may require, have the right either to be registered himself as the holder of the share, upon giving to the Company notice in writing of such intent, or to make such transfer thereof as such deceased or bankrupt person could have made, but the Directors shall in either case have the same right to refuse or suspend registration as they would have had in the case of such transfer by such deceased or bankrupt person before the death or bankruptcy, as the case may be.</p>	<p>Rights of registration and transfer upon demise or bankruptcy of Member.</p>

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| 51. | <p>Save as otherwise provided in these Articles, a person becoming entitled to a share pursuant to Articles 49(1) and 50, shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share, but he shall have no right to receive notice or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a Member until he shall have been registered as a Member in the Register or his name shall have been entered in the Depository Register, as the case may be Provided Always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or transfer the share, and if the notice is not complied with within ninety days of the date of such notice, the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.</p> | <p>Person registered under transmission clause entitled to dividends.</p> |
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STOCK

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| 53. | <p>The Company in General Meeting may by Ordinary Resolution convert any paid-up shares into stock and may from time to time reconvert such stock into paid-up shares.</p> | <p>Conversion of shares to stock.</p> |
| 54. | <p>When any shares have been converted into stock the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in General Meeting shall direct, but in default of any direction then in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. But the Directors may if they think fit from time to time fix the minimum amount of stock transferable.</p> | <p>Stockholders entitled to transfer interest.</p> |
| 55. | <p>The several holders of stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interests in such stock and such interests shall, in proportion to the amount thereof, confer on the holders thereof respectively the same rights, privileges and advantages for the purposes of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such rights, privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any such aliquot part of consolidated stock as would not, if existing in shares, have conferred such rights, privileges or advantages.</p> | <p>Stockholders entitled to profits.</p> |
| 56. | <p>All such provisions of these Articles as are applicable to paid up shares shall apply to stock and in all such provisions the words “shares” shall include “stock”, and “Depositor”, “Member” and “shareholder” shall include “stockholder”.</p> | <p>Definitions.</p> |

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INCREASE OF CAPITAL

57. The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being issued have been fully paid up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company by the resolution authorising such increase shall direct. Power to increase capital.
- 58(1). Unless otherwise determined by the Company in General Meeting or except as permitted under the Exchange’s listing rules, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings, in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. Issue of new shares to Members.
- 58(2). The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in the manner hereinbefore provided. Notice of issue.
59. Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association or these Articles, any capital raised by creation of new shares shall be considered as part of the original capital and all new shares shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital. New capital considered part of original capital.

ALTERATION OF CAPITAL

- 60(1). The Company may by Ordinary Resolution:– Alteration of capital.
- (a) consolidate and divide all or any of its share capital; or
 - (b) cancel the number of shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the number of the shares so cancelled; or
 - (c) sub-divide its existing shares or any of them. The resolution by which the subdivision is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other

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special rights or be subject to any restriction as the Company has power to attach to unissued or new shares; or

(d) subject to the Statutes, convert any class of shares into any other class of shares.

60(2). The Company may by Special Resolution reduce its share capital in any manner and with and subject to any requirement authorised and consent required by law.”

(b) Rights in respect of Voting

GENERAL MEETINGS		
66.	In addition to any other meetings, a General Meeting shall be held once at least in every calendar year, at such time and place as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such General Meetings.	General Meetings.
67.	The abovementioned General Meetings shall be called Annual General Meetings. All other General Meetings shall be called Extraordinary General Meetings.	Annual General Meetings.
68.	The First Annual General Meeting of the Company shall be held at such time within a period of not more than eighteen months from the date of incorporation of the Company and at such time and place as the Directors may determine.	First Annual General Meeting.
69.	The Directors may call an Extraordinary General Meeting of the Company whenever they think fit in accordance with the Statutes.	Directors may call Extraordinary General Meetings.
70.	The Directors shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect:–	Extraordinary General Meetings called on requisition of shareholders.
	<p>(a) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.</p> <p>(b) If the Directors of the Company do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or any of them representing more than one-half of the voting rights of all of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit.</p>	

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	<p>(c) In the case of a meeting at which a resolution is to be proposed as a Special Resolution the Directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by the Statutes.</p> <p>(d) Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.</p>	
71.	<p>Subject to the Statutes relating to the convening of meetings to pass Special Resolutions and agreements for shorter notice, at least fourteen clear days’ notice in writing specifying the place, day and hour of the meeting, and in case of special business, a notice in writing setting out the general nature of such special business, accompanied by a statement regarding the effect of any proposed resolution in respect of such special business, shall be given to all Members and the Exchange other than such as are not entitled under these Articles to receive such notices from the Company. Every such notice shall be published in at least one English Language daily newspaper circulating in Singapore at least fourteen clear days before the meeting and in writing to any Stock Exchange in which the Company is listed. Whenever any meeting is adjourned for fourteen days or more, at least seven days’ notice in writing of the place and hour of such adjourned meeting shall be given in like manner Provided Always that when a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.</p>	<p>Notice of meeting.</p>
72.	<p>Any Member entitled to be present and vote at a meeting or his proxy may submit any resolution to any General Meeting, provided that at least for the prescribed time before the day appointed for the meeting he shall have served upon the Company a notice in writing by him containing the proposed resolution, and stating his intention to submit the same. The prescribed time abovementioned shall be such that, between the date that the notice is served and the day appointed for the meeting, there shall be not less than three nor more than fourteen intervening days.</p>	<p>Members may submit resolution to meeting on giving notice to Company.</p>
73.	<p>Upon receipt of any such notice as in the last preceding Article mentioned, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution will be proposed.</p>	<p>Secretary to give notice to Members.</p>
74.	<p>The accidental omission to give any notice to or non-receipt of any notice by any Member shall not invalidate the meeting or any resolution passed or proceedings at any such meeting.</p>	<p>Accidental omission to give notice.</p>

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PROCEEDINGS AT GENERAL MEETINGS

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| 75. | All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting with the exception of the consideration of the accounts, balance sheets and reports (if any) of the Directors and Auditors, the fixing of the remuneration of Directors, the election of Directors in the place of those retiring, the declaration of dividends and the appointment of and the fixing of the remuneration of the Auditors. | Special business. |
| 76. | Save as is herein otherwise provided, two Members present in person or by proxy shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum is present at the commencement of the business. A corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Article 91. | Quorum. |
| 77. | If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place. At the adjourned meeting, any two or more Members present in person or by proxy shall be a quorum. | If quorum not present. |
| 78. | The Chairman (if any) of the Board of Directors shall preside as Chairman at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director or, if no Director be present or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting. | Chairman. |
| 79. | The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. | Adjournment |
| 80. | At every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by:–

(a) the Chairman of the meeting; or

(b) not less than two Members present in person or by proxy and entitled to vote; or | How matters are to be decided. |

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(c) a Member or Members present in person or by proxy, holding or representing, as the case may be:–

(i) not less than one-tenth of the total voting rights of all Members entitled to vote at the meeting; or

(ii) shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

81(1). If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Chairman’s direction as to poll.

81(2). No poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.

82. Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

Declaration of Chairman conclusive.

83(1). No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting, as the case may be, at which the vote objected to is or may be given, tendered or cast, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

Objection to admissibility.

83(2). If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.

84. In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote.

In the event of equality of votes.

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VOTES OF MEMBERS

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| <p>85(1). Subject to and without prejudice to any special privileges or restriction as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company:–</p> <p>(a) every Member who is present in person or by proxy shall have one vote on a show of hands, the Chairman to decide which proxy shall be entitled to vote where a Member is represented by two proxies; and</p> <p>(b) every Member who is present in person or by proxy, in case of a poll, shall have one vote for every share which he holds or represents and upon which all calls or other sums due thereon to the Company have been paid.</p> | <p>Voting rights.</p> |
| <p>85(2). For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being called, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company.</p> | |
| <p>86. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register or the Depository Register, as the case may be.</p> | <p>Right of joint holders.</p> |
| <p>87. Unless the Directors otherwise determine, no person other than a Member who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting.</p> | <p>Members only entitled to vote upon full payment.</p> |
| <p>88. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by the committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may, on a poll, vote by proxy.</p> | <p>Votes of members of unsound mind.</p> |
| <p>89. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.</p> | <p>Vote personal or by proxy.</p> |
| <p>90(1). A proxy need not be a Member.</p> | <p>Proxies.</p> |

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90(2). A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting Provided Always that where 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 the Cut-Off Time as certified by the Depository to the Company;
- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company, whether that number be greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and
- (c) in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

90(3). 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. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company’s option to treat the instrument of proxy as invalid.

91. Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of the Company or any class of Members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder.

Corporation may appoint representative.

92. An instrument appointing a proxy shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and:–

Execution of instrument of proxy on behalf of appointor.

- (1) in the case of an individual shall be signed by the appointor or his attorney;
- (2) 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.

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93.	Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.	Lodgement instrument appointing proxy.
94.	The signature on an instrument of proxy need not be witnessed.	No witness needed for instrument of proxy.
95.	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided Always that no notice in writing of the death or revocation or transfer shall have been received at the Office one hour at least before the time fixed for holding the meeting.	When vote by proxy valid though authority revoked.
96.	An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the meeting.	Instrument deemed to confer authority.
97.	Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.”	Voting in respect of shares of different monetary denominations.

(c) Rights in respect of Dividends

DIVIDENDS		
135.	The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid up on the shares held by them respectively.	Appropriation of profits.
136.	The Company in General Meeting may by Ordinary Resolution declare a dividend on or in respect of any share to the Members according to their rights and interest in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.	Declaration of Dividend.
137.	No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest.	Dividend payable out of profits.
138.	The declaration of the Directors as to the net profits of the Company shall be conclusive.	Declaration conclusive.

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139.	The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies provided no such dividends shall be declared more than once in six months.	Interim dividend.
140.	The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.	Debts may be deducted.
141.	A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor’s name in the Depository Register, as the case may be.	Effect of transfer.
142.	Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures, or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payments shall be made to any Member upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividends as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 63 of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective.	Dividend in specie.
143.	The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmissions of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.	Power to retain dividends.
144.	In case several persons are registered in the Register or entered in the Depository Register, as the case may be, as the holders of any share, any resolution of the Directors or the Company in General Meeting declaring a dividend on shares of any class may specify that the dividend shall be payable to such persons at the close of business on a particular date and thereupon the dividend shall be payable in accordance with their respective holdings so registered. Any person registered in the Register or in the Depository Register, as the case may be, as the holder or joint holder of any share or is entitled jointly to a share in consequence of the death or bankruptcy of the holder may give effectual receipts for dividends, bonuses,	Payment to and receipt by joint holders.

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other moneys payable or properties distributable and payment on account of dividends on or in respect of such shares.

145. Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement. Notice of dividend.
146. Unless otherwise directed, any dividend may be paid by cheque, dividend warrant or Post Office Order, sent through the post to the registered address appearing in the Register or the Depository Register, as the case may be, of the Member or person entitled, or where two or more persons are registered in the Register or entered in the Depository Register, as the case may be, as joint holders or are entitled to the dividend as a result of the death or bankruptcy of the holder, to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect thereof and every cheque, dividend warrant or Post Office Order so sent shall be made payable to the order of the person to whom it is sent or to any person and address as such Member(s) or persons(s) may direct in writing. The Company shall not be responsible for the loss of any cheque, dividend warrant or Post Office Order, which shall be sent by post duly addressed to and at the sole risk of the Member or person for whom it is intended. Payment of the cheque, dividend warrant or Post Office Order by the bank upon which they are respectively drawn shall be a full and valid discharge to the Company. Notwithstanding the provisions of these Articles, payment by the Company to the Depository of any dividend payable to a Depositor shall also be a full and valid discharge of the Company from liability to the Depositor in respect of that payment to the extent of the payment made to the Depository. Payment by post.
147. The Depository will hold all dividend unclaimed for six years after having been declared and paid before release to the Directors, and the Directors may invest or otherwise make use of the unclaimed dividends for the benefit of the Company until claimed. Unclaimed dividends.

CAPITALISATION OF PROFITS AND RESERVES

- 148(1). The Company in General Meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company’s reserve funds or to the credit of the profit and loss account or otherwise available for distribution; and accordingly that such sum be set free for distribution amongst the holders of shares in the Register or in the Depository Register, as the case may be, who would have been entitled thereto if distributed by way of dividends and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up on full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such holders or in their nominees in the proportion Capitalisation of profits and reserves.

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aforesaid or partly in the one way and partly in the other and the Directors shall give effect to such resolution.

148(2). Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the amounts resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register or in the Depository Register, as the case may be, under such resolution to a fractional part of a share by the issue of fractional certificates or by payment in cash or otherwise as they think fit and also to authorise any persons to enter on behalf of such holders entitled thereto or their nominees into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares to which they may be entitled upon such capitalisation; and any agreement made under such authority shall be effective and binding on all such holders and their nominees.

LIEN ON SHARES

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| 22. | The Company shall have a first and paramount lien on every share (not being a fully-paid share) and all dividends or interests from time to time declared in respect thereof for all moneys (whether presently payable or not) called or payable at a fixed time, in respect of that share and for all moneys which the Company may be called upon by law to pay in respect of the shares of the Member or the deceased Member. The Directors may however waive any lien which has arisen and may resolve that any share shall for any limited period be exempt wholly or partially from the provisions of this Article 22. | Company's lien on shares. |
| 23. | For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit, and no sale shall be made until such time as the moneys are presently payable, and until a notice in writing stating the amount due and demanding payment, and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on the holder for the time being of the share or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for seven days after such notice. | Right to enforce lien by sale. |
| 24. | The net proceeds of any such sale shall be applied in or towards the satisfaction of the amount due, and the residue (if any) shall be paid to the person whose share has been sold, his executors, administrators, trustees or assignees or as he shall direct. | Application of proceeds of sale. |
| 25. | To give effect to any such sale the Directors may authorise some person to transfer or to effect the transfer, as the case may be of the shares sold to the purchaser. | How sale to be effected. |

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CALLS ON SHARES

26.	The Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares or on any class of shares and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to his having been given at least fourteen days’ notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.	Powers of Directors to make calls.
27.	The joint holders of a share shall be jointly and severally liable to pay all calls and interest (if any) in respect thereof.	Joint and several liability.
28.	If before or on the day appointed for payment thereof a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at the rate of eight per cent per annum from the day appointed for payment thereof to the time of actual payment, but the Directors shall have power to waive payment of such interest or any part thereof.	Interest on unpaid calls.
29.	Any sum which by the terms of allotment of a share is made payable upon issue or at any fixed date and any instalment of a call shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like, and all the other relevant provisions of these Articles or the Statutes shall apply as if such sum were a call duly made and notified as hereby provided.	Sums payable under terms of allotment to be deemed calls.
30.	The Directors may from time to time make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.	Difference in calls between various holders.
31.	The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any share held by him, and upon all or any part of the moneys so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in General Meeting shall otherwise direct) eight per cent per annum as may be agreed upon between the Directors and the Member paying the sum in advance. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits.	Payment of call in advance.

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FORFEITURE OF SHARES

32.	If any Member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment of the same or any interest thereon, the Directors may at any time thereafter during such time as the call or instalment or interest remains unpaid serve a notice on such Member requiring him to pay the same, together with any interest (including interest upon interest) and expenses that may have been incurred by the Company by reason of such non-payment.	Notice to be given of intended forfeiture.
33.	The notice shall name a further day (not being less than fourteen days from the date of service of the notice) and a place on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment or interest is payable shall be liable to be forfeited.	Form of notice.
34.	If the requirements of any notice as aforesaid are not complied with, any share in respect of which the notice has been given, may at any time thereafter, before payment of all such calls or instalments, interests and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.	If notice not complied with shares may be forfeited.
35.	Any share so forfeited or surrendered shall be deemed to be the property of the Company, and the Directors may sell, re-allot, or otherwise dispose of the same in such manner as they think fit. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed.	Sale etc of forfeited and surrendered shares.
36.	The Directors may at any time before any share so forfeited or surrendered shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture or surrender thereof upon such conditions as they think fit.	Power to annul forfeiture.
37.	For the purpose of giving effect to any sale of forfeited or surrendered shares, the Directors may authorise some person to transfer or to effect the transfer of, as the case may be, the shares sold to the purchaser.	Transfer of forfeited or surrendered shares.
38.	Any Member whose shares shall have been forfeited or surrendered shall cease to be a Member in respect of the forfeited or surrendered shares but shall, notwithstanding such forfeiture or surrender, be liable to pay, and shall forthwith pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until payment, at the	Liability on forfeited share.

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rate of eight per cent per annum and the Directors may enforce the payment of such moneys or any part thereof if they think fit, but shall not be under any obligation so to do. Any residue after the satisfaction of the unpaid calls, accrued interest and expenses shall be paid to the person whose shares have been forfeited or surrendered, his executors, administrators, trustees or assignees or as he shall direct.

- 39(1). A statutory declaration in writing that the declarant is a Director or the Secretary, and that a share has been duly forfeited, surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate, where the same be required, delivered to a purchaser or (where the purchaser is a Depositor) to the Depository or the allottee thereof, as the case may be, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share.

Declaration by Director or Secretary conclusive of fact of forfeiture.

- 39(2). (a) In the event of such sale, re-allotment or disposal, where the person (the “Relevant Person”) to whom the share is sold, re-allotted or disposed of is not a Depositor, the share shall be registered in the Register in the name of the Relevant Person and, where the Relevant Person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of.
- (b) The Relevant Person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

WINDING UP

168. The Directors shall have the power to present a petition to the court in the name and on behalf of the Company for the Company to be wound up.
169. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed

Directors have power to present petition.

Distribution of assets in winding up.

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amongst the Members in proportion to the capital at the commencement of the winding up paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

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| 170. | If the Company shall be wound up, the liquidators may, with the sanction of a Special Resolution, divide among the Members in specie any part of the assets of the Company and any such division may be otherwise than in accordance with the existing rights of the Members, but so that if any division is resolved or otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to Section 306 of the Act. A Special Resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any share or other consideration receivable by the Liquidators amongst the Members otherwise than in accordance with their existing rights; and any such determination, shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section. | Distribution of assets in specie. |
| 171. | On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been ratified by the Members. The amount of such payment shall be notified to all Members at least seven days prior to the meeting at which it is to be considered.” | Commission or fee to liquidators. |