CIRCULAR DATED 15 JUNE 2022

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

This Circular (as defined herein) is issued by Brook Crompton Holdings Ltd. (the "Company"). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser(s) immediately.

Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the section entitled "DEFINITIONS".

If you have sold or transferred all your Shares, you should immediately inform the purchaser or transferee, or the bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular, together with the Notice of EGM and the accompanying Proxy Form, may be accessed via SGXNet and the Company's corporate website at URL https://www.brookcromptonholdings.com.

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

This Circular, together with the Notice of EGM and the accompanying Proxy Form, have been made available on SGXNet and the Company's corporate website at URL https://www.brookcromptonholdings.com. **A printed copy of this Circular, together with the Notice of EGM and the accompanying Proxy Form, will NOT be despatched to Shareholders.**

Due to the current COVID-19 situation in Singapore, Shareholders will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) observing the EGM proceedings via a "live" audio-visual webcast or listening to the EGM proceedings via a "live" audio-only feed; (b) submitting relevant questions in advance of the EGM or during the "live" audio-visual webcast of the EGM; and/or (c) participating in the live voting during the "live" audio-visual webcast of the EGM or appointing proxy(ies) to attend, speak and vote on their behalf at the EGM.

Please refer to the Notice of EGM dated 15 June 2022 for further information, including the steps to be taken by Shareholders to participate at the EGM.

BROOK
CROMPTON
a **WOLONG** *company*

BROOK CROMPTON HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 194700172G)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

(I) THE PROPOSED ACQUISITION OF THE TARGET BUSINESS AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL AND AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE LISTING MANUAL

(II) THE PROPOSED BUSINESS DIVERSIFICATION

Independent Financial Adviser to the Non-Interested Directors in respect of the Proposed Acquisition

XANDAR
CAPITAL

XANDAR CAPITAL PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200002789M)

IMPORTANT DATES AND TIMES

Last date and time to register online to attend the Extraordinary General Meeting	: 27 June 2022 at 2:30 p.m.
Last date and time for lodgement of Proxy Form	: 28 June 2022 at 2:30 p.m.
Date and time of Extraordinary General Meeting	: 30 June 2022 at 2:30 p.m.
Place of Extraordinary General Meeting	: The EGM will be held by way of electronic means

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For the purposes of this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

"**APA**"	:	The asset purchase agreement dated 28 April 2022 between the Purchaser and the Seller in respect of the Proposed Acquisition
"**associate**"	:	(a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
"**Assigned Contracts**"	:	Has the meaning ascribed to it in Section 2.3.2 of this Circular
"**ATB**"	:	ATB Austria Antriebstechnik AG, the indirect wholly-owned subsidiary of Wolong Electric Group Co., Ltd. and a Controlling Shareholder of the Company
"**ATB group of companies**"	:	Has the meaning ascribed to it in Section 2.8.4 of this Circular
"**ATB Special Products**"	:	Has the meaning ascribed to it in Section 2.1 of this Circular
"**Audit Committee**"	:	The audit committee of the Company for the time being
"**Board**"	:	The board of directors of the Company for the time being
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This circular to Shareholders dated 15 June 2022
"**Companies Act**"	:	The Companies Act 1967 of Singapore, as may be amended, modified or supplemented from time to time
"**Company**"	:	Brook Crompton Holdings Ltd.
"**Completion**"	:	Has the meaning ascribed to it in Section 2.3.4 of this Circular
"**Completion Date**"	:	Has the meaning ascribed to it in Section 2.3.4 of this Circular

"**Controlling Shareholder**"	:	A person who: (a) holds directly or indirectly 15% or more of all voting shares in the Company (subject to the SGX-ST determining that such a person is not a Controlling Shareholder); or (b) in fact exercises control over the Company
"**Consideration**"	:	Has the meaning ascribed to it in Section 2.3.1 of this Circular
"**Directors**"	:	The directors of the Company for the time being
"**EGM**"	:	The extraordinary general meeting of the Company to be held by way of electronic means on Thursday, 30 June 2022 at 2.30 p.m., notice of which is set out on pages N-1 to N-4 of this Circular
"**EPS**"	:	Earnings per Share
"**FY**"	:	Financial year ended or ending 31 December, as the case may be
"**Group**"	:	The Company and its subsidiaries as at the date of this Circular
"**IFA**"	:	Xandar Capital Pte. Ltd., being the independent financial adviser to the Non-Interested Directors (pursuant to Rule 921(4)(a) of the Listing Manual) in relation to the Proposed Acquisition
"**IFA Letter**"	:	The letter dated 15 June 2022 from the IFA to the Non-Interested Directors in relation to the Proposed Acquisition, a copy of which is enclosed as Appendix I to this Circular
"**Latest Practicable Date**"	:	The latest practicable date prior to the date of issue of this Circular, being 13 June 2022
"**Listing Manual**"	:	The Listing Manual of the SGX-ST as may be amended, modified or supplemented from time to time
"**Non-Interested Directors**"	:	The Directors who are independent for the purposes of the Proposed Acquisition, namely Knut Unger (Lead Independent Director) and Chao Mun Leong (Independent Director)
"**Notice of EGM**"	:	The notice of EGM as set out on pages N-1 to N-4 of this Circular
"**NTA**"	:	Net tangible assets
"**Property Lease**"	:	Has the meaning ascribed to it in Section 2.3.2 of this Circular
"**Proposed Acquisition**"	:	The proposed acquisition of the Target Business by the Purchaser from the Seller pursuant to the terms and conditions of the APA
"**Proposed Diversification**"	:	Has the meaning ascribed to it in Section 3.2.1 of this Circular

"**Proxy Form**"	:	The proxy form in respect of the EGM as set out in this Circular
"**Purchaser**"	:	Brook Motors Ltd., an indirect wholly-owned subsidiary of the Company
"**Seller**"	:	ATB Group UK Limited, an indirect wholly-owned subsidiary of ATB
"**SFA**"	:	Securities and Futures Act 2001 of Singapore, as may be amended, modified or supplemented from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Registered holders of Shares, except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register
"**Shares**"	:	Ordinary shares in the capital of the Company
"**Substantial Shareholder**"	:	A Shareholder who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company
"**Supplemental Agreement**"	:	A supplemental agreement to the APA signed between the Purchaser and Seller on 13 May 2022
"**Target Business**"	:	Has the meaning ascribed to it in Section 2.2.1(a) of this Circular
"**Target Business Products**"	:	Has the meaning ascribed to it in Section 2.2.1(a) of this Circular
"**Valuation Report**"	:	The report on the valuation issued by the Valuer on 15 June 2022, a summary of which is set out in the Valuation Summary Letter as set out in Appendix II to this Circular
"**Valuation Summary Letter**"	:	A summary of the Valuation Report set out in Appendix II to this Circular
"**Valuer**"	:	Chay Corporate Advisory Pte. Ltd., the independent valuer appointed by the Company to conduct an indicative corporate valuation on the Target Business
"**$**", "**S$**" and "**cents**"	:	Singapore dollars and cents, respectively, being the lawful currency for the time being of the Republic of Singapore
"**£**" or "**GBP**"	:	British pound sterling, the lawful currency for the time being of the United Kingdom
"**%**" or **"per cent**"	:	Per centum or percentage

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA. The term "**subsidiary**" shall have the meanings ascribed to it in Section 5 of the Companies Act.

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 and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the SFA, Companies Act, the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the SFA, Companies Act, the Listing Manual or any such statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day or date in this Circular is made by reference to Singapore time or date unless otherwise stated.

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

Chancery Law Corporation has been appointed as the Singapore legal counsel to the Company in relation to the drafting of this Circular.

Beijing Dacheng Law Offices, LLP (Shanghai) has been appointed as the Company's legal adviser on the laws of England and Wales for the preparation of the APA and related documentation in respect of the Proposed Acquisition.

BROOK CROMPTON HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 194700172G)

Directors:		**Registered Office:**
Pang Xinyuan	Chairman / Non-Independent, Non-Executive Director	19 Keppel Road #08-01, Jit Poh Building Singapore 089058
Knut Unger	Lead Independent Director	
Chao Mun Leong	Independent Director	

Date: 15 June 2022

To: The Shareholders of Brook Crompton Holdings Ltd.

Dear Sir/Madam

(I) THE PROPOSED ACQUISITION OF THE TARGET BUSINESS AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL AND AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE LISTING MANUAL

(II) THE PROPOSED DIVERSIFICATION

1. INTRODUCTION

The Directors are convening an EGM to seek Shareholders' approval for the Proposed Acquisition and the Proposed Diversification. Further details on the Proposed Acquisition and the Proposed Diversification are set out below in Section 2 and Section 3 of this Circular respectively.

The purpose of this Circular is to provide Shareholders with relevant information, explain the rationale for, and to seek Shareholders' approval for the Proposed Acquisition (Ordinary Resolution 1) and the Proposed Diversification (Ordinary Resolution 2) at the EGM, notice of which is set out on pages N-1 to N-4 of this Circular. Shareholders should note that Ordinary Resolution 1 and Ordinary Resolution 2 are inter-conditional upon each other. This means that if either Ordinary Resolution 1 or Ordinary Resolution 2 is not passed, the Company will not proceed with either Ordinary Resolution 1 or Ordinary Resolution 2 (as the case may be). In order for the Company to proceed with both Ordinary Resolution 1 and Ordinary Resolution 2, both Ordinary Resolution 1 and Ordinary Resolution 2 need to be approved by Shareholders at the EGM.

The SGX-ST assumes no responsibility for the contents of the Circular including the accuracy of any of the statements made, opinions made or reports contained in this Circular. If a Shareholder is in doubt as to the action he should take, he should consult his stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

2. PROPOSED ACQUISITION OF THE TARGET BUSINESS AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL AND AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE LISTING MANUAL

2.1 Background

On 5 May 2022, the Company announced that its indirect wholly-owned subsidiary, Brook Motors Ltd., (the "**Purchaser**") had on, 28 April 2022, entered into an asset purchase agreement ("**APA**") with ATB Group UK Limited (the "**Seller**") for the acquisition by the Purchaser of the Seller's business which is currently operated under ATB Special Products – a business division of the Seller ("**ATB Special Products**") – and the assets relating to such business (the "**Proposed Acquisition**"). The Company also announced on 13 May 2022 certain disclosure clarifications regarding the announcement on 5 May 2022 and the Supplemental Agreement in respect of the Proposed Acquisition.

The Proposed Acquisition constitutes (i) a major transaction under Chapter 10 of the Listing Manual; and (ii) an interested person transaction as defined under Chapter 9 of the Listing Manual, which value exceeds 5.0% of the latest audited net tangible asset ("**NTA**") of the Group.

Accordingly, the Proposed Acquisition is subject to the approval of Shareholders under Rules 906(1)(a) and 1014 of the Listing Manual by way of an ordinary resolution. Further details on the principal terms of the Proposed Acquisition are set out in Section 2.3 of this Circular.

There are no third-party introducers involved and no introducer fees are payable in respect of the Proposed Acquisition.

2.2 Information on the Target Business and the Seller

The information on the Target Business and the Seller provided below was provided to the Company by the Seller and its representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

2.2.1. Information on the Target Business

(a) Manufacture and Sale of Electrical Industrial Motors

ATB Special Products is principally engaged in the manufacture, sale and distribution of low voltage electrical industrial motors and brakes globally, including customised and integrated motors, axial air gap motors, water-cooled motors, permanent magnet motors and gas turbine electric start motors ("**Target Business**"). The Target Business also includes supplying specialised motors and other products to manufacturers of vacuum pumps, railway signals and related control systems, gas turbines, mechanical handling and conveyance systems (all products of the Target Business described aforesaid collectively referred to as "**Target Business Products**").

The Target Business Products are mostly customer-specific electrical industrial motors suited to the exact needs and meeting the specific and stringent design and application requirements of the customers. Some examples include motors installed in vacuum pumps used in the scientific equipment and semiconductor industries, point motors used for remotely operating and controlling railway points or turnouts on railway tracks as well as replacement motors in the general market which are difficult to source or unavailable from any other motor manufacturers. Customers may also have certain advanced motor designs which require applied manufacturing technology and careful quality control and these usually relate to technologically advanced motors used in the energy market.

The Target Business has a globally diversified customer base across various industries with its main markets located in the Czech Republic, United Kingdom, Canada, Australia, Germany and Japan. The Target Business Products are supplied to customers in the commercial sector. As at the Latest Practicable Date, the Target Business has over 120 customers worldwide, with products sold in over 30 countries.

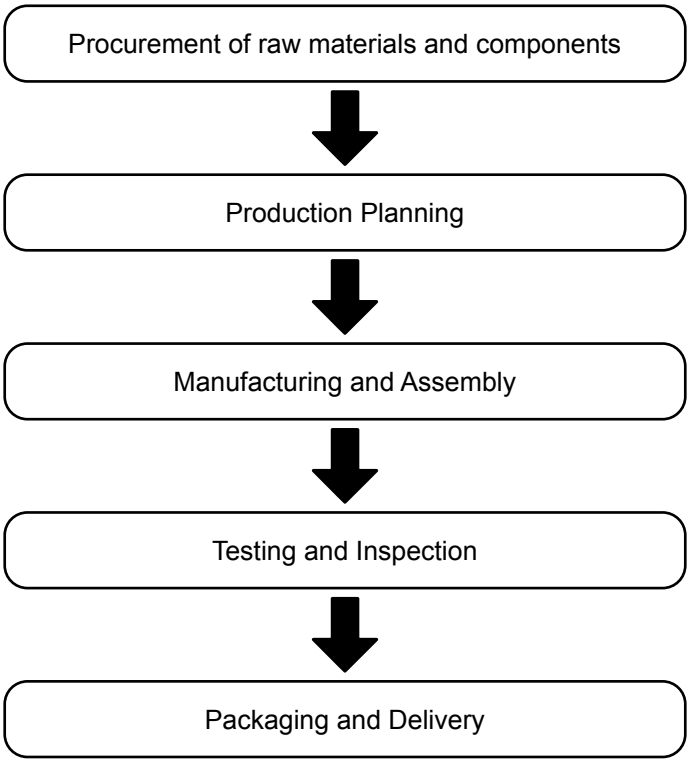
The Target Business has a globally diversified customer base across various industries. The Target Business Products are supplied to customers in the commercial sector. As at the Latest Practicable Date, the Target Business has over 120 customers worldwide, with products sold in over 30 countries.

The Group also purchases the Target Business Products from time to time. Such products include small direct-current (DC) motors, brakes and thrustors. For the last three financial years, the amount of Target Business Products purchased by the Group are as follows:

	GBP	**As a percentage of total purchases of the Group**
FY2019	139,044	0.8%
FY2020	178,909	1.0%
FY2021	172,671	0.9%

(b) Manufacturing Process

The key steps in the manufacturing process of the Target Business are outlined as follows:



(i) *Procurement of raw materials and components*

Following the acceptance of a customer order, purchase orders are created for the procurement of necessary raw materials and components from the suppliers of the Target Business. To manufacture a wide variety of products, the Target Business sources from various standard and specialised suppliers raw materials and components ranging from steel laminations to electrical steel strips with detailed specifications, copper wire to tape-wrapped copper tube, steel fabrications to copper or nickel commutators (rotary electrical switches), insulation materials to carbon brushes and accurately machined components.

For certain customer-specific components, as part of its procurement process, the Target Business will also conduct a make-or-buy analysis whereby all relevant data about product requirements are gathered and analysed before making the decision of either manufacturing the component in-house or purchasing from an external supplier.

(ii) *Production planning*

Once the matters related to sales orders are determined, the production team of the Target Business will plan and schedule the production, taking into account internal work schedules, delivery timelines, raw materials and components inventory, as well as equipment setup.

Part of the production planning stage also includes the preparation of raw materials and components, whereby the production team will inspect and ensure that raw materials and components are checked upon receipt of delivery to be in accordance with the incoming quality assurance procedures of the Target Business, to ensure that they meet internal requirements and inspection standards of the Target Business. Raw materials and components that fail to meet internal requirements are rejected and returned to the suppliers.

(iii) *Manufacturing and assembly*

The core manufacturing processes undertaken include both production of components and finished products from raw materials as well as machining and assembly of components to form the finished products. The Target Business divides its production and assembly processes into a few sub-processing stages, and each stage is provided with comprehensive work instructions for implementation by the production staff, who are specifically trained to undertake the work required for the relevant sub-processing stages.

Quality-control inspections may be performed in-process before proceeding to the next process for further fabrication and machining works. Metal piece-parts or precision machined components that fail to meet the required specifications will be subjected to further quality investigation before rework or replacement.

(iv) *Testing and inspection*

The completed motor products are tested to verify their functionality and to ensure that they conform to our customers' specifications. Assembled products are also inspected and tested to ensure the accuracy of the dimensions and quality of componentry. Products which fail such tests and inspections will be reworked.

(v) *Packaging and delivery*

Finished products are then packaged and prepared for delivery. For local customers, the products are delivered by appointed logistic agents. For our overseas customers, the products are delivered by appointed forwarders.

(c) Certifications

As at the Latest Practicable Date, the Seller has obtained the following certifications in relation to the Target Business:

Type of Certifications	Purpose	Issuing / Certification Body	Validity Period
ISO900 certification	To certify that the management system in respect of the sale, design, manufacture and aftersales support has conformed to the requirements for standardization and quality assurance	Intertek Group plc	Issued on: 29 October 2019 Expiring on: 18 November 2022
CSA certification	To certify that the products comply with the applicable design requirements to ensure product safety	CSA (Canadian Standards Association)	Issued on: 16 March 2022 Expiring on: 15 March 2023

The Seller will procure the transfer of the above certifications to the name of the Purchaser upon Completion.

(d) Financial Information of the Target Business

Based on the audited financial statements of the Seller for the financial year ended 31 December 2021 ("**FY2021**"), (i) net profit before tax attributable to the Target Business for FY2021 amounted to GBP277,623 (equivalent to approximately S$510,826 based on an exchange rate of GBP1.00 : S$1.84 being the exchange rate used in the Company's audited consolidated financial statements for FY2021), and (ii) net assets attributable to the Target Business as at 31 December 2021 amounted to GBP1,214,218 (equivalent to approximately S$2,234,161). As the Target Business is only part of the business of the Seller, there are no audited financial statements for the Target Business.

Further financial information of the Target Business for the last three financial years is set out below:

	31 Dec 2021	31 Dec 2020	31 Dec 2019
	GBP	GBP	GBP
Fixed assets	24,150	29,443	34,832
Trade receivables	436,259	484,824	527,960
Inventories	1,120,544	936,237	1,086,191
Impairment of inventories	(101,459)	(91,303)	(91,303)
Trade payables	(265,276)	(203,492)	(168,267)
Net assets value	1,214,218	1,155,709	1,389,413

	FY2021 GBP	FY2020 GBP	FY2019 GBP
Revenue	2,904,839	2,889,036	2,698,558
Less: Cost of sales	(1,593,811)#	(1,596,221)	(1,300,042)
Gross profit	1,311,028	1,292,815	1,398,516
Gross profit margin	45.13%	44.75%	51.82%
Less: Personnel costs	(712,038)	(752,093)	(872,475)
Less: Other operating expenses	(315,252)	(280,607)	(325,358)
Less: Depreciation	(6,115)	(10,031)	(10,061)
Profit before taxation	277,623	250,085	190,622
Earnings Before Interest, Taxes, Depreciation, and Amortization	283,738	260,116	200,682

Footnote:
This includes recognised impairment losses of approximately GBP9,556.

In addition, the aging profile of the Target Business' trade receivables is also set out below:

	As at 31st Mar 2022 GBP	As at 31st Dec 2021 GBP
Trade receivables:		
1. Not past due	428,541	461,504
2. Past due 1 – 90 days [1]	63,307	(4,486)
3. Due 91 – 180 days [1]	(183)	(3,630)
4. Past due more than 180 days [2]	(20,202)	(17,129)
Total	471, 463	436,259

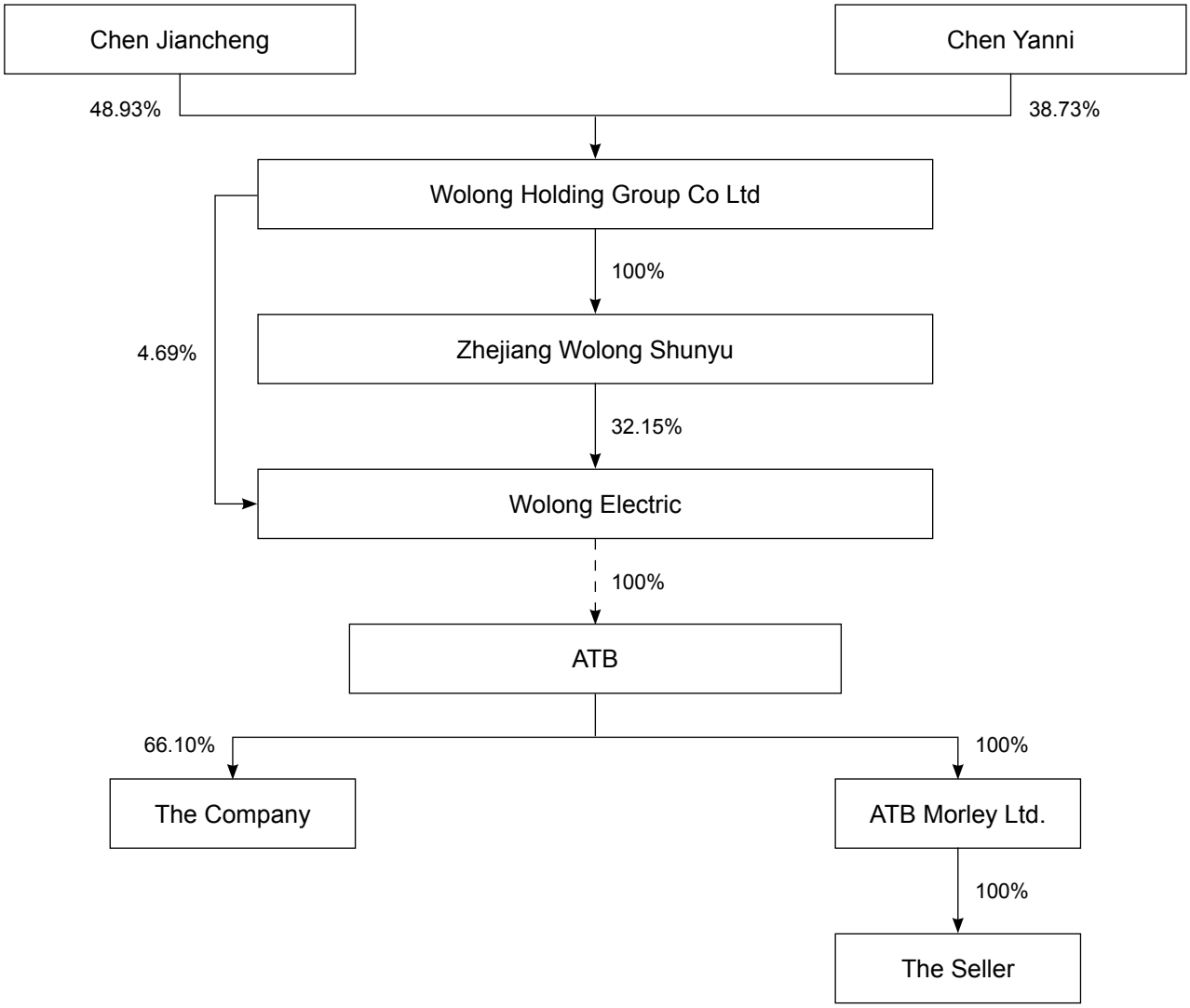
Footnote:
1. The negative figures are due to foreign exchange differences not yet being recognised in the profit and loss statement of the Seller.
2. The negative figures are due to duplicate payments made by customers of the Target Business.

2.2.2. Information on the Seller

The Seller is a company incorporated in May 2007 in England and Wales as a private company limited by shares. As at the Latest Practicable Date, the Seller is wholly-owned by ATB Morley Ltd., which is in turn wholly-owned by ATB Austria Antriebstechnik AG ("**ATB**") and the directors of the Seller are Barry Maurice Scales and Zhang Hongli. The Seller is principally engaged in the business of developing large high voltage electric drive systems for oil and gas, mining, industrial and military applications.

As at the Latest Practicable Date, ATB is a controlling shareholder of the Company holding 66.10% of the entire issued and paid-up capital of the Company. ATB is an indirect wholly-owned subsidiary of Wolong Electric Group Co., Ltd. ("**Wolong Electric**"), which is listed on the Shanghai Stock Exchange. As at the Latest Practicable Date, Zhejiang Wolong Shunyu Investment Co. Ltd ("**Zhejiang Wolong Shunyu**") holds an approximately 32.15% shareholding stake in Wolong Electric; Zhejiang Wolong Shunyu is wholly-owned by Wolong Holding Group Co Ltd and the latter also holds an approximately 4.69% shareholding stake in Wolong Electric. Chen Jiancheng holds 48.93% equity interest in Wolong Holding Group Co Ltd and his daughter Chen Yanni 38.73%. Pang Xinyuan, the non-independent non-executive chairman of the Company, is the spouse of Chen Yanni and son-in-law of Chen Jiancheng. Chen Jiancheng and Chen Yanni do not own any Shares and do not hold any office or employment positions in the Company.

A diagrammatic illustration of the aforesaid shareholdings is set out below:



As at the Latest Practicable Date and save as disclosed in this Circular, none of the directors and shareholders of the Seller are related to any of the Directors, chief executive officer and controlling shareholders of the Company and their respective associates.

As at the Latest Practicable Date and save as disclosed in this Circular, there are no connections (including business relationship) between (i) the Company, the Directors and the Substantial Shareholders of the Company and (ii) the Seller, the Seller's directors and the Substantial Shareholders of the Sellers.

2.2.3. Due Diligence

The Company has reviewed the audited financial statements of the Seller for FY2021 as well as the accounting records of the Seller relating to ATB Special Products. The Company has also procured basic corporate and titles due diligence checks and searches in respect of the Seller. In addition, the Company has visited the office and production site of the ATB Special Products and held discussions with its key management personnel in respect of the business prospects, strategy and operations of the Target Business. As at the Latest Practicable Date, nothing materially adverse in respect of the Target Business has come to the attention to the Company.

2.3 Principal terms of the Proposed Acquisition

2.3.1. Consideration

The aggregate consideration for the Proposed Acquisition is GBP3.0 million (equivalent to approximately S$5.19 million based on an exchange rate of GBP1.00 : S$1.73 being the exchange rate as at 28 April 2022, the date of the APA) ("**Consideration**"). The Consideration shall be fully satisfied in cash in accordance with the terms and conditions of the APA, and will be paid by the Purchaser as follows:

(a) GBP1,000,000 within 20 business days after the Completion Date;

(b) GBP1,000,000 by 30 September 2022; and

(c) GBP1,000,000 by 30 November 2022.

The Consideration was arrived at on a willing buyer and willing seller basis after arm's length negotiations between the Purchaser and the Seller, after taking into account, among others, the then preliminary valuation of the Target Business (as described in the Company's announcement on 5 May 2022 – please also see Section 2.3.3 of this Circular below for additional information on the formal valuation of the Target Business), the unaudited net assets attributable to the Target Business as at 31 March 2022 amounting to GBP1,152,078 (equivalent to approximately S$1,993,095) ("**31 March NAV**"), the financial performance of the Target Business for FY2021, as well as the potential benefits to the Group arising from the Proposed Acquisition.

Pursuant to the Supplemental Agreement, the Purchaser and Seller have agreed as follows:

(a) prior to Completion the Purchaser shall review the unaudited accounts of the Seller for the financial period ending 30 June 2022 to determine, at the Purchaser's sole discretion, the net assets attributable to the Target Business as at 30 June 2022 ("**30 June NAV**");

(b) in the event that the 30 June NAV falls below the 31 March NAV by more than 5%, the Seller shall compensate for the shortfall by a cash contribution of an amount equivalent to the shortfall for the account of the Target Business;

(c) in the event that the 30 June NAV exceeds the 31 March NAV by more than 5%, the Seller shall be entitled to retain a part of the accounts receivable (beginning from the longest outstanding amount) of the Target Business as at 30 June 2022 of an aggregate amount equivalent to the said excess;

(d) for the avoidance of doubt, the aforesaid adjustment is not required if the absolute quantum of the change to the 31 March NAV falls within the aforesaid said 5% range.

Notwithstanding that the 30 June NAV will not be audited, the Company has been reviewing the monthly net assets attributable to the Target Business and the management accounts of the Seller since the execution of the APA as part of its internal due diligence exercise and controls.

The Consideration will be wholly financed by internal cash resources.

2.3.2. Assets to be purchased as part of the Proposed Acquisition

Pursuant to the APA, the Seller shall transfer and deliver to the Purchaser, and the Purchaser shall purchase and accept from the Seller, all rights, title and interests in and to the following assets relating to the Target Business (collectively the "**Purchased Assets**") at Completion:

(a) plant, machinery, equipment, and fixed assets as set out in the APA relating to the Target Business;

(b) all right, title and exclusive interest in all the sales contracts with customers of the Target Business, the outstanding orders placed by such customers and the receivables and payables of the relevant sales contracts relating to the Target Business before the Completion Date as confirmed in writing by both the Purchaser and the Seller (the "**Assigned Contracts**") as set out in the APA;

(c) the property leased by the Seller for the operation of the Target Business ("**Property Lease**"), which shall be assigned to and assumed by the Purchaser on Completion Date in accordance with the terms and conditions of the APA ("**Assignment of Property Lease**"); and

(d) all assets, properties, contracts and documents that are necessary for the Purchaser to conduct the Target Business upon and after the Completion.

Pursuant to the APA, other than the Purchased Assets, no other obligation or liability is transferred from the Seller to the Purchaser (including contingent liabilities arising prior to the Completion Date which remain with the Seller), and the Purchaser shall not be required to take over any other contract, agreement, purchase order or contractual obligation of the Seller in relation to the Purchased Assets apart from the Assigned Contracts.

The property leased by the Seller for the operation of the Target Business is located at Unit 11, Waterfall Lane Trading Estate, Cradley Heath (B64 6PU), United Kingdom. The said property sits on a land area of approximately 53,000 square feet and has a built-up area of approximately 42,000 square feet. The Property Lease expires on 23 June 2028 and the annual rent payable is GBP130,000 exclusive of service charge and value added tax and subject to a rent review on 24 June 2023.

2.3.3. Valuation of the Target Business

In connection with the Proposed Acquisition, the Group has engaged Chay Corporate Advisory Pte. Ltd. ("**Valuer**") as an independent valuer to provide an indicative corporate valuation of ATB Special Products, the division of the Seller under which the Target Business is currently operated as its sole business activity.

Chay Corporate Advisory Pte. Ltd. is a boutique corporate advisory house and has been established in Singapore since 2012. It provides corporate advisory services including corporate and financial instrument valuation to a diverse clientele across a broad array of industry sectors, including companies listed on the SGX-ST. Its valuation services include among others corporate and business valuation, valuation of property, plant and machinery, intangible assets and employee share options plans, purchase price allocation and impairment assessment of tangible and intangible assets. The chief executive officer of Chay Corporate Advisory Pte. Ltd. is Mr. Chay Yiowmin. He holds a Bachelor of Accountancy (Hons) and a Master of Business from Nanyang Technological University, and a Master of Business Administration from the University of Birmingham, and is a chartered valuer and appraiser of the Institute of Valuers and Appraisers of Singapore (IVAS) and currently sits on the Standards and Technical Committee of IVAS.

As at the date of the APA, based on the Company's discussions with the Valuer and based on the then draft preliminary valuation report in respect of ATB Special Products, the indicative corporate valuation of ATB Special Products as at 31 December 2021 was estimated to be between GBP2.7 million to GBP3.6 million.

Subsequent to the execution of the APA, the Valuer issued the finalised Valuation Report, and the Valuation Summary Letter is set out in Appendix II to this Circular. Based on the Valuation Report, the indicative corporate valuation of ATB Special Products as at 31 December 2021 remained within the said range of between GBP2.7 million to GBP3.6 million, with a base value of GBP3.1 million as at the Valuation Date (subject to assumptions stated in the Valuation Report and the Valuation Summary Letter). The Company notes that there is no difference between the aforesaid preliminary and final valuations.

As set out in the Valuation Summary Letter, the aforesaid valuation has been prepared in accordance with the International Valuation Standards as prescribed by the International Valuation Standards Council. Whilst the primary valuation methodology adopted by the Valuer is the discounted cash flow ("**DCF**") approach, the valuation of ATB Special Products also takes into consideration the values implied by a combination of the DCF and comparable companies analysis. Section 5 of the Valuation Summary Letter sets out the details on valuation methodology as well as the rationale for adopting the DCF approach as the primary valuation methodology for the valuation, part of which is extracted below:

"The indicative valuation of the Division has taken into consideration of the values implied by a combination of discounted cash flow ("DCF") and comparable companies ("CC") analysis.

The discounted cash flow analysis is premised on the principle that the value of a company, division, business, or collection of assets can be derived based on the present value of its projected free cash flow, while the CC analysis determines the value of a company's business by referencing to available market information, such as trading multiples of comparable publicly listed companies.

In valuing the Division, we have adopted the DCF approach as the primary valuation methodology for the following reasons:

i) The DCF approach reflects the future plans and growth of the Division. This approach is less influenced by volatile external factors because it is an inward-looking process which relies more heavily on the fundamental expectations of the business and explicit estimates of the value drivers;

ii) The asset-based approach does not take into account of the future changes in sales or income; and

iii) The scarcity of information available on precedent transactions performed in the recent past of firms with similar characteristics as the Division.

Under this approach and methodology, we have discounted the projected free cash flows of Division with discount rates having considered, amongst all relevant risk factors, such as business size, business environment, cost of debt, riskiness of cash flows. The free cash flow of the Division has been projected for the period starting from financial year ending 31 December ("FY") 2022 to FY 2026. We have considered the enterprise value ("EV") to earnings before interest, tax, depreciation and amortisation ("EBITDA") ("EV/EBITDA") multiple of comparable companies as a reference cross-check to ensure reasonableness of the derived valuation results from the DCF analysis."

Our valuation is based on various assumptions with respect to the Division, including their respective present and future financial conditions, business strategies and the environment in which they operate. These assumptions are based on the information that we have been provided and discussions with the Division and Management reflecting current expectations on current and future events.

Among other assumptions that are stated in the Valuation Report, the key assumptions are as follows:

i) The Division's forecast from FY 2022 to FY 2026 as prepared by the Management and the trend of the industry as disclosed in the circular have been considered.

ii) The Division will continue as a going concern without any changes to its key personnel and Management subsequent to the Proposed Acquisition and accordingly, the future operations of the Division will not be adversely affected by the Proposed Acquisition;

iii) All contracts entered into by the Division will continue to be in effect for the foreseeable future;

iv) The information provided to us by the Management reflects the financial positions of the Division for the respective financial years/period;

v) The Division has the legal titles to all assets as mentioned in the financial information provided to us by the Management. All assets, which are physically in existence, are in good working condition.

vi) There are no risks that any of these assets will be subject to compulsory acquisition by any third party or government body;

vii) There will be no major changes in the corporate taxation basis or rates applicable to the Division which is expected to be based on United Kingdom's corporate tax rate of 19% for FY 2022 and 23% from FY 2023 onwards;

viii) Related party transactions, if any, are carried out on an arm's length basis and will continue to be so for the foreseeable future even if there are any changes in the shareholding structure;

ix) There are no subsequent events after the date of the report which will have material effect on the unaudited management accounts of the Division for FY 2021;

x) The revenue forecast is derived from the expected revenue to be earned from the sale of electrical component and industrial equipment in the United Kingdom and Europe;

xi) From FY 2022 to FY 2026, project revenue is expected to recover with the pick up in the electrical component and industrial equipment sector as the United Kingdom and Europe slowly emerge from the COVID-19 pandemic;

xii) Projected revenue from FY 2022 to FY 2026 is expected to increase at a conservative 5% year on year as compared to the global electric motor market which is projected to grow at a CAGR of 6.9% from 2020 to 2026;

xiii) Projected gross profit margin of 45.13% from FY 2022 and onwards is in line with the actual gross profit margin of 45.13% for FY 2021;

xiv) Personnel costs and other operating expenses, the latter of which consists mainly of rental of equipment and premises is expected to increase by 3.5% year on year, in line with the expected long-term inflation rate of the United Kingdom for FY 2021;

xv) Projected EBITDA margin is expected to range from 10.27% to 12.22% for the projected financial years from FY 2022 to FY 2026 as compared to the actual EBITDA margin ranging from 6.11% to 9.77% for the historical financial years from FY 2017 to FY 2021 is mainly due to the Division's shift in focus towards high value product mix while utilising the existing resources; and

xvi) Depreciation and the corresponding capital expenditure for the projected financial years from FY 2022 to FY 2026 was estimated at GBP 6,115 based on the Division's capital expenditure requirement subsequent to the Proposed Acquisition."

A copy of the Valuation Summary Letter issued by the Valuer in respect of the independent valuation of the Target Business is enclosed as Appendix II to this Circular. Shareholders are advised to read and consider the Valuation Summary Letter carefully, in particular the terms of reference, methodology, key assumptions and other critical factors considered by the Valuer in the valuation of the Target Business.

2.3.4. Completion Date

Completion of the Proposed Acquisition ("**Completion**") shall take place as promptly as practicable following but in no event later than the third business day after all the conditions precedent set out under the APA (refer to Section 2.3.5 of this Circular for certain key conditions) have been satisfied or waived (the "**Completion Date**").

2.3.5. Key Conditions Precedent

Completion of the APA is conditional upon, *among others*, the following key conditions:

(a) the Purchaser shall have obtained all necessary approvals for entering into the APA and consummating the transactions contemplated under the APA (the "**Transactions**");

(b) the Purchaser shall have obtained the resolutions of the board or the extraordinary general meeting of the shareholders approving the APA and the Transactions;

(c) the Seller shall have obtained all necessary approvals for entering into the APA and consummating the Transactions;

(d) the Seller shall have obtained the unanimous board resolutions approving the APA and the Transactions;

(e) the Seller shall have obtained all approvals and consents and completed all filings that are required by or necessary under any applicable laws, contract or any other arrangement to consummate the Transactions;

(f) the Purchased Assets shall be delivered to the Purchaser free of any encumbrances and on a debt -free basis;

(g) the Seller obtaining a written consent from GL Consultants Limited, being the registered owner of the leased property, for the Assignment of Property Lease; and

(h) the Seller obtaining a written consent from the counterparties to all of the Assigned Contracts (if necessary) for the assignment of the Assigned Contracts to the Purchaser.

2.3.6. Termination of the APA

(a) *Non-fulfilment of Conditions Precedent*

If any condition precedent as set out in the APA has not been fulfilled within six months following the date of the APA, the Purchaser shall be entitled to terminate the APA provided that failure to fulfill such condition precedent is not caused by reason solely attributable to the Purchaser.

(b) *Breach by the Seller*

The APA may be terminated by the Purchaser with immediate effect if the Seller commits a material breach of the APA, and such failure is not remedied within 30 business days of the Purchaser's written notice of such breach.

(c) *Mutual Agreement*

The APA may be terminated immediately upon written agreement by all the parties thereto.

2.3.7. Other Salient Terms

(a) At Completion, the Purchaser shall also assume the liabilities, duties, commitments and obligations of the Seller to be observed performed, paid, discharged or satisfied after the Completion Date in relation to each of the Assigned Contracts in accordance with their respective terms.

(b) As part of the Proposed Acquisition, the Seller and the Purchaser have agreed that the relevant employment laws and regulations of England and Wales ("**Relevant Employment Regulations**") regarding the relevant employees of the Seller in respect of the Target Business (as listed in the APA) ("**Transferred Employees**") will have effect as from the Completion Date as if the contracts of employment had been made between the Purchaser and the Transferred Employees. The Seller and the Purchaser agree to use reasonable endeavors to comply with their respective obligations under the Relevant Employment Regulations to inform and consult with the appropriate representatives of the Transferred Employees.

The Seller will indemnify the Purchaser against any claim originating or relating to the employment of any of the Transferred Employees during the period of employment up to and including the Completion Date including claims related to any failure on the part of the Seller to comply with the duties and obligations of the Relevant Employment Regulations. The Seller further agrees to indemnify the Purchaser against any severance paid to any of the Transferred Employees calculated on the service years of employment up to and including the Completion Date.

The Purchaser will indemnify the Seller against any claim originating or relating to the employment of any of the employees for the period of employment starting the day after the Completion Date including claims related to any failure on the part of the Purchaser to comply with the duties and obligations of the Relevant Employment Regulations.

(c) Unless otherwise agreed by the parties to the APA, the Seller shall deliver or cause to be delivered to the Purchaser an executed copy of the new lease agreement by and between GL Consultants Limited and the Purchaser and any other instruments of transfer or documents which are necessary to the transfer to and assumption of the Property Lease by the Purchaser within 30 days after the Completion Date.

(d) The Seller shall indemnify the Purchaser against, among others, any and all liabilities, penalties, fines, damages, fees and expenses incurred by the Purchaser arising out of or relating to, among others, (i) any breach of, or inaccuracy in, any warranty made by the Seller in the APA, (ii) any breach or default in performance by the Seller of any agreement or obligation in the APA and (iii) any customer claims arising out of any defects of the products transferred from the Seller to the Purchaser pursuant to the APA. The said cumulative indemnification obligations of the Seller shall not exceed GBP600,000 and such indemnification obligations shall survive in full force and effect for a period of six (6) months after the Completion Date.

2.4 Rationale for the Proposed Acquisition

The Board is of the view that the Proposed Acquisition would provide the following commercial benefits to the Group:

(a) The Target Business serves a customer base in Europe, the Americas and South-East Asia. The Proposed Acquisition allows the Group to acquire a business with an established track record and to expand its customer base by gaining access to the customer segments and markets of the Target Business utilising the Group's established trading entities in those regions.

(b) The Group and the Target Business are in a similar business of supplying electric motors. The Proposed Acquisition of the Target Business will allow the Company's wholly-owned subsidiaries, which are principally engaged in the distribution of electric motors, to further extend their portfolio of products across a wider customer base in the core geographical regions in which the Group operates.

(c) The Target Business is a manufacturing business, and as such, the Proposed Acquisition would provide the Group with the opportunity to increase its range of offerings of value-added and margin-generating modifications to include mechanical and electrical modifications that are not possible without full manufacturing facilities. This provides additional opportunities for sales to its existing and well-established distribution and user base, allowing growth of revenue and earnings in existing sales entities. The Target Business would not be able to access these customers without the leverage of the Group's sales channels.

(d) The Target Business is profitable and the Proposed Acquisition would therefore provide the Group with the opportunity to acquire a profitable entity, which would be earnings accretive with opportunities for growth. As such the Company believes that the Proposed Acquisition is in the interest of the Group and will enhance shareholders' value in the long term.

(e) Discussions regarding the Proposed Acquisition were initiated internally between the Company and Wolong Electric in response to a proposal by the Company for technical support from Wolong Electric to develop a strategy to commence assembly operations for certain products with an intent to reduce reliance of the Group on long delivery times from certain suppliers. The Proposed Acquisition is therefore also part of the Group's strategy and would allow the Group to gain production and assembly capabilities for some of the products it distributes and thereby enhance its management and execution of product shipment or delivery schedules and deadlines for its customers.

2.5 Chapter 10 of the Listing Manual

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual and the Group's latest announced audited consolidated financial statements for FY2021 are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of compared with the Group's net asset value	Not applicable[1]
(b)	The net profits[2] attributable to the assets acquired compared with the Group's net profits	14%[3]
(c)	The aggregate value of the consideration given or received compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	23%[4]
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable[5]
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not an acquisition of such assets.	Not applicable[6]

Notes:

(1) Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.

(2) Net profits is defined to be profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

(3) Computed based on the audited net profit before income tax attributable to the Target Business of approximately GBP277,623 (equivalent to approximately S$510,826 based on an exchange rate of GBP1.00 : S$1.84) for FY2021 and the audited net profit before income tax of the Group of approximately S$3.73 million for FY2021.

(4) This is calculated based on the sum of approximately GBP3.0 million (equivalent to approximately S$5.19 million based on an exchange rate of GBP1.00 : S$1.73), being the aggregate of the Consideration, and the Company's market capitalisation of approximately S$22.52 million. The market capitalisation of the Company was computed based on the issued share capital of the Company ("**Shares**") of 35,458,818 Shares and the volume weighted average price of S$0.635 per Share, based on trades transacted on 27 April 2022 (being the last market day preceding the date of the APA on which the Shares were transacted).

(5) Rule 1006(d) of the Listing Manual is not applicable as no equity securities are to be issued by the Company as part of the Consideration for the Proposed Acquisition.

(6) Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil and gas company.

2.6 The Proposed Acquisition as a Major Transaction under Chapter 10 of the Listing Manual

As the relative figure set out in Rules 1006(c) of the Listing Manual exceeds 20%, the Proposed Transaction will be classified as a "major transaction" under Rule 1014 of the Listing Manual. Accordingly, the Proposed Acquisition is conditional upon approval by the shareholders under Chapter 10 of the Listing Manual.

2.7 Financial Effects of the Proposed Acquisition

2.7.1. The *pro forma* financial effects of the Proposed Acquisition are presented for illustrative purposes only and are not intended to reflect the actual future financial performance and position of the Company or the Group after the completion of the Proposed Acquisition.

The *pro forma* financial effects set out below have been computed based on the latest audited financial statements of the Group for FY2021 and the audited financial statements of the Seller for FY2021, as well as based on the following bases and key assumptions:

(a) the financial effects of the Proposed Acquisition on the NTA per Share of the Group are computed assuming that the Proposed Acquisition was completed on 31 December 2021;

(b) the financial effects of the Proposed Acquisition on the earnings per Share ("**EPS**") of the Group are computed assuming that the Proposed Acquisition was completed on 1 January 2021;

(c) exchange rate of GBP1.00 : S$1.84 is used for the computations; and

(d) expenses incurred in connection with the Proposed Acquisition are estimated to be approximately S$118,000.

2.7.2. NTA per Share

As at 31 December 2021	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S$'000)	39,435	36,479
Number of Shares ('000)	35,459	35,459
NTA per Share (S$ cents)	111.2	102.9

2.7.3. EPS

FY2021	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to owners of the Company (S$'000)	2,661	2,843
Weighted average number of Shares ('000)	35,459	35,459
EPS (S$ cents)	7.50	8.02

2.8 The Proposed Acquisition as an Interested Person Transaction under Chapter 9 of the Listing Manual

2.8.1. Details of the Interested Person

As at the Latest Practicable Date:

(a) as described in Section 2.2.2 of this Circular, the Seller is wholly-owned by ATB Morley Ltd., which is in turn wholly-owned by ATB, a controlling shareholder of the Company holding 66.10% of the entire issued and paid-up capital of the Company. As such, the Seller is an associate of ATB and is therefore an "interested person" under Chapter 9 of the Listing Manual; and

(b) the Purchaser is wholly-owned by Brook Crompton UK Ltd, which is in turn wholly-owned by the Company. As such, the Purchaser is therefore an "entity at risk" under Chapter 9 of the Listing Manual.

Accordingly, the Proposed Acquisition which is a transaction between the Seller (an "interested person") and the Purchaser (an "entity at risk"), constitutes an "interested person transaction" for the purposes of Chapter 9 of the Listing Manual.

2.8.2. Requirement for Shareholders' Approval

For the purposes of Chapter 9 of the Listing Manual, the value of the Proposed Acquisition is approximately GBP3.0 million (equivalent to approximately S$5.19 million based on an exchange rate of GBP1.00 : S$1.73), being the Consideration payable by the Company to the Seller for the acquisition of the Target Business. The Consideration represents approximately 13% of the Group's latest audited net tangible assets ("**Group NTA**") of approximately S$39.44 million as at 31 December 2021.

Accordingly, the Proposed Acquisition will require the approval of the independent shareholders of the Company pursuant to Rule 906(1)(a) of the Listing Manual to be obtained by the Company at the EGM (as defined below).

2.8.3. Total Value of Interested Person Transactions

The aggregate value of all interested person transactions entered into by the Group with the Seller (excluding the Proposed Acquisition), during the course of the current financial year from 1 January 2022 up to the Latest Practicable Date is S$104,621 representing approximately 0.27% of the Group NTA.

For the current financial year from 1 January 2022 up to the Latest Practicable Date, the aggregate value of all transactions entered into by the Group with interested persons (excluding the Proposed Acquisition) is approximately S$7.93 million, representing approximately 20% of the Group NTA. Such interested person transactions comprised (i) trading of electric motors and components, (ii) production and sub-contracting services, (iii) receipt of financial assistance and (iv) management support services.

All the aforesaid interested person transactions were carried out under an existing general mandate granted by shareholders of the Company pursuant to Rule 920 of the Listing Manual.

2.8.4. Recurring Transactions between the Seller and Wolong Holding Group Co. Ltd, ATB and their respective associates

As at the Latest Practicable Date, the Seller (through ATB Special Products) is engaged in the trading of electric motors, motors components and other related products with Wolong Holding Group Co. Ltd and its associates as well as with entities in the ATB group of companies (defined below), which are recurrent transactions forming part of the day-to-day operations of the Target Business. Based on the unaudited financial information of the Target Business, the value of transactions between the Target Business and the ATB group of companies amounted to GBP161,347 for FY2021.

Upon Completion, it is envisaged that the aforesaid transactions will continue to be undertaken by the Purchaser in the daily conduct of the Target Business. Such transactions will constitute interested person transactions ("**Recurring Transactions of Target Business**").

At the annual general meeting of the Company held on 28 April 2022, shareholders of the Company approved the renewal of a general mandate ("**IPT General Mandate**") to enable the Company, its subsidiaries and associated companies to enter into any transactions with the ATB, Wolong Holding Group Co. Ltd and any of the associates of ATB and Wolong Holding Group Co. Ltd (ATB and its associates collectively the "**ATB group of companies**").

The Recurring Transactions of Target Business will fall within the ambit of the IPT General Mandate and will be subject to the review procedures as set out under the IPT General Mandate.

2.9 Advice of the Independent Financial Adviser on the Proposed Acquisition

Xandar Capital Pte. Ltd., has been appointed as the independent financial adviser ("**IFA**") pursuant to Rule 921(4)(a) of the Listing Manual, as well as to advise the Non-Interested Directors to, among others, opine on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

The IFA Letter is reproduced in full in Appendix I to this Circular. **Shareholders are advised to read the IFA Letter in its entirety carefully and consider it in the context of this Circular before deciding on whether to approve the Proposed Acquisition.** The IFA's opinion can be found in Section 7 of the IFA Letter and a summary of the IFA's opinion has been extracted from the IFA Letter and are set out in italics below. Unless otherwise defined or the context otherwise requires, all terms defined in the IFA Letter shall have the meanings therein.

"Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration when assessing the Proposed Acquisition:

(a) the Consideration is within the market value range of the Target Business as opined by the Valuer;

(b) the Consideration of GBP 3.0 million represents a discount of 3.23% to the base value of GBP 3.1 million as opined by the Valuer;

(c) while the P/NAV ratio of the Target Business as implied by the Consideration is higher than the mean and median P/NAV ratios of the Selected Comparable Companies, these EV/EBITDA ratio, P/E ratio and P/S are all within the range of the corresponding ratios of the Selected Comparable Companies and lower than the mean and median corresponding ratios of the Selected Comparable Companies (excluding HEM's P/E ratio as statistical outlier);

(d) the EV/EBITDA ratio of the Target Business as implied by the Consideration is lower than the mean and median EV/EBITDA ratios of the Selected Comparable Companies excluding the Company;

(e) the positive pro forma earnings effects of the Proposed Acquisition; and

(f) other considerations set out in paragraph 6.6 of this IFA Letter.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Acquisition, is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders."

2.10 Audit Committee Statement

The Audit Committee (comprising the Non-Interested Directors), having considered, among others, the terms, rationale and benefits of the Proposed Acquisition, the Valuation Report, as well as the opinion of the IFA as set out in the IFA Letter, is of the view that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

3. THE PROPOSED DIVERSIFICATION

3.1 Existing Business of the Group

The Group is engaged in the business of trading high voltage and low voltage industrial electric motors primarily under the Group's *Brook Crompton* trademark. The Group sources electric motors and components from various original equipment manufacturer suppliers and distributes such products to customers comprising wholesalers, retailers, end users and original equipment manufacturers across the Asia Pacific, Europe, the Middle East and North America. The Group may also offer modifications of the electric motors and provide customer service to its customers through its network of service centres. The Group's electric motors are used in various industrial activities spanning diverse sectors from marine, mining and oil and gas to HVAC (heating, ventilation and air conditioning).

3.2 The Proposed Diversification and the Target Business

3.2.1. In connection with the Proposed Acquisition, the Company intends to undertake a proposed diversification and expansion of its existing scope of business to include new business activities which encompass the Target Business (the "**Proposed Diversification**"). As described above in Section 2.2.1 of this Circular, the Target Business comprises the manufacture, sale and distribution of low voltage electrical industrial motors and brakes, including customised and integrated motors, axial air gap motors, water-cooled motors, permanent magnet motors and gas turbine electric start motors. The Target Business also includes supplying specialised motors and other products to manufacturers of vacuum pumps, railway signals and related control systems, gas turbines, mechanical handling and conveyance systems.

3.2.2. The Group currently does not engage in any manufacturing activities. Upon Completion, it is envisaged that the Proposed Acquisition, with the inclusion of the manufacturing activities of the Target Business, would change the existing risk profile of the Group and accordingly the Company is seeking shareholders' approval for the Proposed Diversification.

3.3 Rationale for the Proposed Diversification

The Board proposes to pursue the Proposed Diversification for the following reasons:

3.3.1. The Proposed Diversification would allow the Group to grow its revenue and earnings

As described in Section 2.4(c) of this Circular, the Target Business is a manufacturing business, and as such, the Proposed Acquisition would allow the Group to engage in manufacturing activities and provide opportunities to increase its range of offerings of value-added margin-generating modifications to include mechanical and electrical modifications that are not possible without full manufacturing facilities. This provides additional opportunities for sales to its existing and well established distribution and user base, allowing growth of revenue and earnings in existing sales entities.

3.3.2. Enhancing shareholder value

The Board also believes that the Proposed Diversification is aligned with the Company's strategy to provide Shareholders with long-term growth. Through the Proposed Diversification, the Company may reduce its reliance on its existing business and enhance its profitability, shareholder value and returns through offering business opportunities, providing new revenue streams and engaging in new business activities with higher margins.

3.3.3. The Proposed Diversification would provide flexibility to enter into transactions relating to the Target Business

Upon completion of the Proposed Acquisition, the Target Business will form part of the ordinary course of business of the Group. By obtaining a mandate from Shareholders for the Proposed Diversification, the Group may, in the ordinary course of business, engage in activities and/or enter into transactions relating to the Target Business without having to seek Shareholders' approval, subject to compliance with the relevant rules of the Listing Manual. The Proposed Diversification would eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when business activities and/or potential transactions relating to the Target Business arise. This will allow the Group greater flexibility to pursue business opportunities which may be time-sensitive in nature, and will reduce the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

3.4 Management of the Target Business

Following the Completion, our Chief Executive Officer, Richard Eason, will oversee the operations of the Target Business. He will be supported by the existing senior management personnel of ATB Special Products, Steve Hurley (Operations Director), who will continue to manage the day-to-day operations of the Target Business.

Steve Hurley has over 30 years of experience in engineering, manufacturing, design and management in the electric motor industry. Upon completing his tertiary education and graduating with a degree in Mechanical Engineering, Steve Hurley joined the Target Business as a graduate apprentice and later as a research and development engineer. He was subsequently promoted to the role of an engineering manager before leading the Target Business as Operations Director in 2019.

Steve Hurley is in charge of the daily operations of the Target Business as well as spearheading its future development. He is supported by an operations manager, finance controller and two production supervisors in the key aspects of the Target Business including procurement, production, sales and marketing and accounts and finance. Upon Completion, the employment of the aforesaid personnel will be transferred to the Purchaser.

As at the Latest Practicable Date, Steve Hurley does not hold any Shares and is not related to any of the Directors, chief executive officer and controlling shareholders of the Company and their respective associates.

The Group may also explore joint ventures, partnerships and/or strategic alliances with third parties (including interested persons) who have the relevant expertise and resources to carry out the Target Business as and when opportunities arise. Such alliances may be carried out on a case-by-case basis and in selecting its strategic partners, the following factors will be taken into account: (a) the specific expertise and competencies necessary for the projects or deals in question and the experience; (b) track record; and (c) financial standing of the party and/or parties concerned. In the event that the Group proposes to enter into a joint venture, partnership or strategic alliance with an interested person (as defined under the Listing Manual), the Company will comply with the relevant provisions of Chapter 9 of the Listing Manual.

3.5 Funding for the Target Business

The Group intends to fund the daily operations of the Target Business and any future growth and development primarily through internal sources of funds. As and when necessary and deemed appropriate, the Group may develop secondary fund-raising exercises by tapping the capital markets.

3.6 Risk Factors

In undertaking the Proposed Diversification, the Group could be affected by a number of risks which relate to the Target Business as well as those which may generally arise from, inter alia, economic, business, market and political factors, including the risks set out herein. Shareholders should carefully consider and evaluate each of the following considerations and all other information contained in this Circular.

To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed decision on the Proposed Diversification have been set out below. If any of the factors and/or uncertainties described below develops into actual events affecting the Proposed Diversification, this may have a material and adverse impact on the overall results of operations, financial condition and prospects of the Group.

The risks set out below are not intended to be exhaustive and are not presented in any particular order of importance. New risk factors may emerge from time to time, and it is not possible for the Directors to predict all risk factors, nor can the Directors assess the impact of all factors on the Proposed Diversification or the extent to which any factor, or combination of factors, may affect the Proposed Diversification. There may also be other risks associated with entry into the Proposed Diversification which are not presently known to the Directors, or that the Company may currently deem immaterial and as such have not been included in the discussion below.

3.6.1. <u>General Risk Factors associated with the Proposed Diversification</u>

(a) *The Group may face difficulties in implementing and integrating the Target Business*

There can be no assurance that the Group will be successful in implementing and integrating the Target Business. Delays in implementation and/or integration of the Target Business into the Company may divert the attention and resources of the Group's management, delay the commencement of or prevent revenue growth in any of the businesses, which may materially and adversely affect the results of operations or financial position of the Group.

(b) *The operations and profitability of the Target Business may be disrupted by outbreaks of communicable diseases, terrorist attacks, wars and other acts of violence*

The operations and profitability of the Target Business may be affected by an outbreak of infectious diseases (such as the severe acute respiratory syndrome (SARS) or the H1N1 virus or the COVID-19 disease), terrorist attacks, acts of violence, civil unrest or wars in the countries in which the Group operates. Any of these may have a material adverse effect on the Group's business operations, financial performance and financial condition.

(c) *The Group may face legal proceedings arising from the operations of the Target Business*

The Group may be involved from time to time in disputes with various parties arising from the operations of the Target Business including but not limited to past employees and third-party customers and suppliers. Further, the Group may have disagreements with regulatory bodies in the course of its operations, which may result in administrative proceedings and unfavourable decrees that result in financial losses. Any claims or disputes arising from the above will adversely affect the Group's business and financial performance.

(d) *The Group's performance in the Target Business will be subject to exposure to macro-economic risks*

The business activities of the Group may be affected by many factors which are beyond the Group's control. Any of the following factors may cause fluctuations and/or declines in the markets in which the Group operates or invests:

(i) legal and regulatory changes;

(ii) economic and political conditions;

(iii) the level and volatility of interest rates and foreign currency exchange rates;

(iv) concerns over inflation; and

(v) changes in investor confidence levels.

Any of the above-mentioned factors could adversely impact the economic and business conditions in the countries where the Target Business will operate. The costs of funding, revenue, financial performance and business prospects of the Group may thereby be materially and adversely affected.

(e) *The Group is subject to liquidity or late payment or non-payment risks*

The Group may face uncertainties over the timeliness of customers' payments and their solvency or creditworthiness in respect of goods and/or services provided by the Group in connection with the Target Business. There is no assurance that the Group will be able to collect any payments on a timely basis, or at all. In the event that there are significant delays in collecting payments from customers and/or defaulting customers, the liquidity and cash flow of the Group may be strained. Furthermore, some of the Group's customers may default on their payments to the Group, owing to events or circumstances that are difficult to anticipate or detect that would have an impact on the Group's customers' ability to make timely payments. As a result of the Group's customers defaulting on their payments to it, the Group would have to make provisions for doubtful debts, or incur write-offs, which may have an adverse effect on its operating results and profitability.

3.6.2. Risk Factors associated with the Target Business

(a) The Group may be exposed to rising costs of raw materials and increase in energy costs

The Target Business will involve purchases of raw materials and components from its suppliers. The cost and availability of these products are subject to many economic and political factors and events occurring throughout the world which the Group can neither control nor accurately predict. The Group is also exposed to fluctuations in energy and fuel prices which can affect its operating costs. Any adverse fluctuation in energy prices may lead to a decrease in operating margin. Where the costs of supplies increase, or where there is a rise in energy costs, and the Group is unable to pass on such increases in the costs to its customers, the Group's financial performance may be adversely affected.

(b) *The Group plans its production based on customers' projections of the demand for their products which may not materialise into orders*

The Target Business plans its production based on customers' projections of the demand for their products. There can be no certainty that such projections will materialise into purchase orders. Any shortfall in these projections will adversely affect production costs and efficiencies and the Group risks committing resources for projections that may not materialise. Such shortfalls in projections will cause an inefficient allocation of staff and raw materials, which could have been better utilised for other profitable products. Additionally, new products are vulnerable to specification changes and product launch delays which are outside of our control. The occurrence of any of the foregoing may have a material and adverse effect on our business, financial position, results of operations and prospects.

(c) *The Target Business may be required to purchase key components from a limited number of suppliers*

The Target Business may, from time to time, be required by customers to purchase certain key components used in the manufacturing of its products from a limited number of suppliers. The Target Business may also, from time to time, purchase key components used in the manufacturing of its products from suppliers as directed by our customers. Lead times for materials and components ordered by the Target Business can vary significantly and depend on factors such as the supply and demand for a component at a given time. Competition for supplies of materials and components may drive up prices and increase lead times. There is no assurance that such shortages or interruptions will not occur, in which case there would be a need to explore alternative sourcing options such as engaging independent contract manufacturers. There is no assurance that the Group will be able to find alternative suppliers or independent contract manufacturers that are able to comply with the specifications and meet the delivery requirements of the Target Business on acceptable terms and/or in a timely manner, or at all, which could materially and adversely affect the Group's business, results of operations and financial position.

(d) *Unexpected disruptions to manufacturing facilities and production processes may materially and adversely affect its business operations*

The manufacturing facilities and production processes of Target Business are subject to operational risks beyond the Group's control including, inter alia, fire, breakdown, failure of our equipment and machinery, power shortages, natural disasters and any interruption in our operations as a result of any failure to comply with any applicable laws, regulations and standards. If there is any damage to such manufacturing facilities, the Group may not be able to remedy such situations in a timely and proper manner and the ability to manufacture our products in a timely manner could be materially and adversely affected. Any breakdown or malfunction of any equipment could cause a material disruption of operations. Frequent or prolonged occurrence of any of such events may have a material adverse effect on the business, financial position and results of operation relating to the Target Business.

(e) The Target Business may incur costs and liabilities as a result of product liability claims

The Target Business is subject to laws and regulations relating to product liability arising from the manufacture and/or sale of its products. Product liability can arise from any number of issues with products, including defective components, design defects or faulty manufacturing. In addition, liability may be incurred for any loss or damage suffered by third-parties arising from defects in products supplied by the Target Business, if such loss or damage is the result of a defect attributable to negligence. Liability may also be incurred for defective products or non-compliance with customers' specifications. Further, product recalls may be necessary if there are allegations of the products being unsafe. Product liability claims can be expensive to defend and can divert the attention of management and other personnel for long periods of time, regardless of the ultimate outcome. As at the Latest Practicable Date, the Group has a comprehensive general liability insurance policy which post-Completion will cover, amongst others, product liability claims in relation to the Target Business. The other insurance requirements of the Target Business will also be incorporated into the existing insurance policies of the Group. The Company's Directors, having considered the risk levels and the cost of procuring insurance for certain risks associated with the Target Business, do not have any reason to doubt that the insurance policies for the Target Business are adequate in amount and coverage for the business and operations of the Target Business. However, in the event that such coverage is insufficient or inadequate due to the nature of the claim, the Group may not be able to obtain further insurance coverage on acceptable terms or insurance that will provide adequate coverage against potential claims. If product liability claims cannot be successfully defended against, substantial liabilities may be incurred and this could materially and adversely affect the business, financial position and results of operations of the Target Business. Product liability claims could also damage the branding and reputation of the Group, regardless of the ultimate outcome.

(f) The Group may be required to pay penalties or be liable for failure to meet delivery deadlines for the Target Business

Under the sales contracts entered into with customers, the Target Business may be required to adhere to the delivery schedules stipulated in these contracts. Any failure to meet such delivery deadlines could result in the Group having to pay penalties or be subjected to claims by such customers. There is no assurance that there will not be such claims in future, which may have an adverse impact on the business, financial position and results of operations of the Target Business.

(g) We are exposed to the risk of claims by third parties of an infringement of their intellectual property rights which may be costly to resolve

The Target Business develops products using components sourced from third party manufacturers in the course of its business. There is no assurance that such components, services and technologies do not or will not infringe valid patents, trademarks, copyrights or other intellectual property rights held by third parties, notwithstanding that the Group conducts regular internal audits against patent records and trademark, copyright and patent registrations are transacted through specialist legal advisor(s) to ensure compliance with applicable regulations and prevent any infringement. The Target Business may therefore be subject, in the ordinary course of its business, to legal proceedings and claims from time to time relating to the intellectual property of others, which could have a material adverse effect on its business, financial position and results of operation.

(h) The Target Business may be affected by inventory obsolescence or shortage of inventory

The Target Business purchases components and raw materials according to confirmed orders and forecasts from customers. To ensure adequate inventory supply, the Target Business must forecast inventory needs and place orders with suppliers before firm orders are placed by customers. If the Group fail to accurately forecast demand, excess inventory levels or a shortage of inventory may occur. Inventory levels in excess of demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would have an adverse effect on the Group's profitability. If the demand for the products of the Target Business is underestimated, suppliers may not be able to produce sufficient number of products to meet such unanticipated demand, and this could result in delays in product shipments of the Target Business and damage to its reputation and distributor and/or retailer relationships. The difficulty in forecasting demand also makes it difficult to estimate the future results of operations and financial position relating to the Target Business from period to period. Failure to accurately predict the level of demand for the products of the Target Business could materially and adversely affect its business, results of operations, financial position and cash flow.

(i) The Target Business is vulnerable to disruptions to our information systems

The Group's information systems are protected through physical and software safeguards. They are still vulnerable, however, to storms, flood, fire, terrorist acts, power loss, telecommunications failures, physical or software break-ins, computer viruses and similar events. If the Group's critical information systems fail or are otherwise unavailable, the Group would have to accomplish these functions manually, which could temporarily impact its ability to identify business opportunities quickly, to maintain records reliably and to bill for services efficiently. Should any of these events occur, the Group's business, results of operations and financial position may be materially and adversely affected. In addition, the Group depends on third-party vendors or software and operating systems supplied by third party vendors for certain functions whose future performance and reliability cannot be warranted.

(j) We are reliant on experienced staff and are dependent on our ability to attract and retain such personnel and to maintain labour costs

The Target Business relies on skilled and experienced personnel for its business operations and the operation of the production lines at our manufacturing facilities. Demand for such experienced staff and skilled personnel is increasing. The future growth and expansion of the Target Business will depend on its ability not only to retain the existing skilled personnel, but to continue employing suitable skilled personnel at a rate consistent with its business growth. In the event that the Group is unable to retain or hire the services of adequate skilled specialised personnel and is required to train new staff, the time required and costs to be incurred to train such personnel may affect its cost competitiveness or new product relevance, which may in turn adversely affect the Group's financial performance. If there is a shortage of such skilled personnel, the business, financial position, results of operations and prospects of the Target Business may be materially and adversely affected. In addition, stringent cost control measures which need to be implemented from time to time may require that manpower resources be kept at an operationally optimal level. Should there be substantial employee absenteeism (due to illness or injury) and/or a sudden surge in demand for the Target Business Products, the ability to meet product delivery deadlines and the daily operations of the Target Business may also be adversely affected.

3.7 Risk Management Measures and Safeguards

The Board recognises the importance of internal control and risk assessment for the smooth running of the Target Business. In order to better manage the Group's external and internal risks resulting from the Target Business, the Group will implement the relevant operations and compliance procedures.

In particular, the Audit Committee will, with the input and/or recommendations of the management:

(i) be involved in identifying and managing the various business, financial and legal or compliance risks relating to the Target Business;

(ii) be required to review and accept appropriate risk management and internal control procedures and measurement methodologies formulated by the management before tabling to the Board for its approval; and

(iii) adopt internal policies and procedures which will be implemented by the management in evaluating new projects before tabling to the Board for its approval.

Further, the Audit Committee and the Board will:

(a) review with the management, external and internal auditors on the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, informational technology and risk management systems relating to the Target Business; and

(b) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

3.8 Disclosure of Financial Results of the Target Business

The Target Business will be reflected as a secondary business activity for accounting treatment purposes. The Group's trading business will be reflected as the primary activity. The Target Business (being manufacturing in nature whereas the existing business of the Group is sales/trading) will be accounted for separately as a new business activity or operating segment within the Group's financial statements after Completion in line with the International Financial Reporting Standards (International). The financial results of the Target Business together with the Group's financial statements will be periodically announced pursuant to the requirements as set out in Chapter 7 of the Listing Manual. In these periodic announcements, the Group may provide segmented financial results relating to the Target Business where appropriate or if required under any applicable accounting standards.

3.9 Conflict of Interests

3.9.1. Interested Person Transactions

Pursuant to Rule 223 of the Listing Manual, conflicts of interests may arise when any of the Directors, chief executive officer ("**CEO**"), Controlling Shareholders and/or their associates are involved in any of the following situations:

(a) carry on any business transactions with the Company or provide services to or receive services from the Group;

(b) lend to or borrow from the Group;

(c) lease property to or from the Group; or

(d) an interest in businesses that are competitors, suppliers or customers of the Group.

In addition, should the Target Business involve recurring transactions of a revenue or trading nature or is necessary for the day-to-day operations of such business, and such recurring transactions are entered into with a Director, CEO or Controlling Shareholder of the Company and/or their associates, these recurring transactions are also interested person transactions which will be subject to a general mandate to be obtained from Shareholders under Chapter 9 of the Listing Manual. Please see Section 2.8.4 of this Circular for information regarding recurring transactions between the Target Business and the ATB group of companies.

3.9.2. Potential conflict arising from similar businesses

Generally, a conflict of interest may also arise when any of the Directors, CEO, Controlling Shareholders or their associates is carrying on the same business or dealing in similar products as our Group ("**Conflicted Individual**"). A Conflicted Individual has a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceedings of the Board and shall abstain from voting in respect of any such transaction where the conflict arises.

ATB is a Controlling Shareholder of the Company. The ATB group of companies specialises in the production of electric drive systems (the "**ATB Business**"). The product range includes electric motors, generators, transformers, frequency converters, inverters and controllers from a few Watts to 50MW for a wide range of industrial and domestic applications. As described in this Circular, the Target Business Products comprises essentially low voltage electrical industrial motors and brakes, axial air gap motors, water-cooled motors, permanent magnet motors and gas turbine electric start motors – essentially non-standard, specialised and niche electrical industrial motors products. The Target Business Products are currently solely and exclusively manufactured and supplied by ATB Special Products and not by any other entity within the ATB group of companies. After Completion, when the Target Business is acquired by and transferred to the Group, the ATB group of companies will not be manufacturing and supplying the Target Business Products. As such, the Board is of the view that there are no potential conflicts of interest arising from ATB carrying on the ATB Business (i) as the ATB Business can be clearly differentiated and distinguished from the Target Business post-Completion due to the different product offerings and there being no overlap of the same and (ii) in view of the Non-compete Undertaking (as defined and described below) provided by ATB.

Notwithstanding the above, to mitigate any risk of potential conflicts of interests between any entity within the ATB group of companies and the Group, ATB has provided an undertaking in favour of the Company that ATB shall not, and shall procure that its associates shall not, among others, directly or indirectly carry on or otherwise be involved in any business which is in competition with or similar to the Target Business other than through the Group ("**Non-compete Undertaking**"). The Non-compete Undertaking is effective from the Completion Date and shall be in force for as long as (i) ATB and/or any of its associates is a Controlling Shareholder of the Company and (ii) the Shares continue to be listed on the SGX-ST.

The Non-compete Undertaking shall not apply to (I) the direct or indirect holding, for financial investment purposes, of a shareholding of not more than 5% in quoted or listed securities of a company on a stock exchange having the Target Business as its principal business provided there is no holding of any executive positions by representatives or nominees of ATB and/or its associates in such entities, or (II) the holding by ATB and/or its associates of any securities of the Company.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The details of the Directors' and Substantial Shareholders' interests in the Company as at the Latest Practicable Date are set out as follows:

	Direct Interest		Deemed Interest		Total Interest	
Name	**No. of Shares**	**%(1)**	**No. of Shares**	**%(1)**	**No. of Shares**	**%(1)**
Directors						
Pang Xinyuan	-	-	23,439,519(2)	66.10	23,439,519	66.10
Knut Unger	10,000	0.03	-	-	10,000	0.03
Chao Mun Leong	-	-	-	-	-	-
Substantial Shareholder(s) (other than Directors)						
ATB	-	-	23,439,519(3)	66.10	23,439,519	66.10
Wolong Investments Gmbh	-	-	23,439,519(4)	66.10	23,439,519	66.10
Wolong Holding Group Gmbh	-	-	23,439,519(5)	66.10	23,439,519	66.10
Hongkong Wolong Holding Group Co Ltd	-	-	23,439,519(6)	66.10	23,439,519	66.10
Wolong Electric	-	-	23,439,519(7)	66.10	23,439,519	66.10
Zhejiang Wolong Shunyu Investment Co. Ltd	-	-	23,439,519(8)	66.10	23,439,519	66.10
Wolong Holding Group Co Ltd	-	-	23,439,519(9)	66.10	23,439,519	66.10
Chen Jiancheng	-	-	23,439,519(10)	66.10	23,439,519	66.10
Chen Yanni	-	-	23,439,519(11)	66.10	23,439,519	66.10

Notes:

(1) Based on 35,458,818 Shares in issue as at the Latest Practicable Date.

(2) Pang Xinyuan is the spouse of Chen Yanni and son-in-law of Chen Jiancheng, and is therefore deemed to be interested in the Shares held by ATB by virtue of Section 133(4) of the SFA.

(3) ATB is deemed to be interested in the 23,439,519 Shares held under the name of nominee, CGS-CIMB Securities (Singapore) Pte Ltd.

(4) Wolong Investments Gmbh ("**Wolong Investments"**) holds 100% shares in ATB and is therefore deemed to be interested in the Shares held by ATB by virtue of Section 4 of the SFA.

(5) Wolong Holding Group Gmbh ("**Wolong Holdings**") is the sole shareholder of Wolong Investments and is therefore deemed to be interested in the Shares held by ATB by virtue of Section 4 of the SFA.

(6) Hongkong Wolong Holding Group Co Ltd ("**Hongkong Wolong**") is the sole shareholder of Wolong Holdings and is therefore deemed to be interested in the Shares held by ATB by virtue of Section 4 of the SFA.

(7) Wolong Electric is the sole shareholder of Hongkong Wolong and is therefore deemed to be interested in the Shares held by ATB by virtue of Section 4 of the SFA.

(8) Zhejiang Wolong Shunyu Investment Co Ltd ("**Zhejiang Wolong Shunyu**") holds 32.15% equity interest in Wolong Electric and is therefore deemed to be interested in the Shares held by ATB by virtue of Section 4 of the SFA.

(9) Wolong Holding Group Co Ltd ("WHGCL") is the sole shareholder of Zhejiang Wolong Shunyu and holds 4.69% equity interest in Wolong Electric, and is therefore deemed to be interested in the Shares held by ATB by virtue of Section 4 of the SFA.

(10) Chen Jiancheng holds 48.93% equity interest in WHGCL and is therefore deemed interested in the Shares held by ATB by virtue of Section 4 of the SFA.

(11) Chen Yanni holds 38.73% equity interest in WHGCL and is therefore deemed to be interested in the Shares held by ATB by virtue of Section 4 of the SFA.

Save as disclosed in the Circular, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than through their respective shareholdings and/or directorships, as the case may be, in the Company).

5. EXTRAORDINARY GENERAL MEETING

The EGM will be held by way of electronic means on Thursday, 30 June 2022 at 2.30 p.m. for the purpose of considering and, if thought fit, passing, with or without any modifications, the Proposed Resolution as set out in the Notice of EGM.

6. NON-INTERESTED DIRECTORS' RECOMMENDATION

Having considered, among others, the rationale and information relating to the Proposed Acquisition and the Proposed Diversification, the opinion of the IFA as set out in the IFA Letter in relation to the Proposed Acquisition, the Non-Interested Directors are of the view that the Proposed Acquisition and the Proposed Diversification is in the best interests of the Company and the Shareholders. Accordingly, the Non-Interested Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Acquisition and the Proposed Diversification (the "**Proposed Resolutions**") at the EGM.

7. ABSTENTION FROM VOTING

ATB, the Controlling Shareholder of the Company, and Pang Xinyuan, the non-independent non-executive chairman and deemed Controlling Shareholder of the Company, are also deemed controlling shareholders of the Seller. ATB, Pang Xinyuan and their respective associates will therefore abstain from voting on the Proposed Resolutions. ATB, Pang Xinyuan and their respective associates will decline to accept appointments as proxy from any Shareholders to vote on the Proposed Resolutions. The Company will disregard any votes cast by ATB, Pang Xinyuan and their respective associates on the Proposed Resolutions.

Pang Xinyuan will also abstain from deliberating and making any recommendation in respect of the Proposed Resolutions.

8. CONSENTS

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

The Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, its Valuation Summary Letter as set out in Appendix II to this Circular and all references thereto, in the form and context in which they appear in this Circular.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders (excluding CPF/SRS investors) may cast their votes remotely in real time via electronic means for the resolution to be tabled at the EGM. As an alternative to the aforesaid real-time remote electronic voting, Shareholders (excluding CPF/SRS investors) may also vote on the resolution at the EGM by appointing the Chairman of the EGM as their proxy by completing the Proxy Form as attached to the Notice of EGM.

CPF/SRS investors should contact their respective CPF Agent Banks/SRS Operators as soon as possible to specify voting instructions and to submit his/her voting instructions through a relevant intermediary (as defined in Section 181 of the Companies Act and including CPFIS Members or SRS investors) at least seven (7) working days prior to the date of the EGM.

Please refer to the alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM as set out in the Notice of EGM, which has been uploaded together with this Circular on SGXNet, the Company's corporate website at URL https://www.brookcromptonholdings.com and the URL https://conveneagm.com/sg/brookcromptonegm.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least seventy-two (72) hours before the time fixed for the holding of the EGM, as certified by the CDP to the Company.

10. SERVICE CONTRACTS

As at the date of the APA and as at the Latest Practicable Date, no person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition and the Proposed Diversification, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, a copy of each of the following documents are available for inspection at the Company's registered office at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058 during normal business hours for a period of three (3) months from the date of this Circular:

(a) the Constitution of the Company;

(b) the annual report of the Company for FY2021;

(c) the APA and the Supplemental Agreement;

(d) the IFA Letter;

(e) the Valuation Summary Letter;

(f) the consent letter from the IFA; and

(g) the consent letter from the Valuer.

Yours faithfully
For and on behalf of the Board of Directors of
BROOK CROMPTON HOLDINGS LTD.

Knut Unger
Lead Independent Director

15 June 2022

Brook Crompton Holdings Ltd.
19 Keppel Road
#08-01 Jit Poh Building
Singapore 089058

Attention: The Non-Interested Directors (as defined herein)

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF BROOK CROMPTON HOLDINGS LTD. (THE "COMPANY") IN RESPECT OF THE PROPOSED ACQUISITION OF THE TARGET BUSINESS (AS DEFINED HEREIN) FROM ATB GROUP UK LIMITED (THE "SELLER") AS AN INTERESTED PERSON TRANSACTION (THE "PROPOSED ACQUISITION") UNDER CHAPTER 9 OF THE LISTING MANUAL (THE "LISTING MANUAL") OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST")

*Unless otherwise defined or the context otherwise requires, all terms applied in this letter (this "**IFA Letter**") shall have the same meaning as defined in the Company's circular to its shareholders dated 15 June 2022 (the "**Circular**").*

1. INTRODUCTION

On 5 May 2022, the Company announced (the "**APA Announcement**") that it has entered into an asset purchase agreement dated 28 April 2022 (the "**APA**") with the Seller, pursuant to which the Seller has agreed to sell, and Brook Motors Ltd. (the "**Purchaser**", an indirect wholly-owned subsidiary of the Company) has agreed to acquire, the Seller's business which is currently operated under ATB Special Products (**ATB Special Products**, a business division of the Seller) and the assets relating to such business (the "**Proposed Acquisition**") for an aggregate consideration of GBP 3.0 million (the "**Consideration**"). ATB Special Products is principally engaged in the manufacture, sale and distribution of low voltage electrical industrial motors and brakes globally, including customised and integrated motors, axial air gap motors, water-cooled motors, permanent magnet motors and gas turbine electric start motors (the "**Target Business**"). The Company also announced on 13 May 2022 certain disclosure clarifications regarding the announcement on 5 May 2022 and the Supplemental Agreement in respect of the Proposed Acquisition.

The Seller is wholly-owned by ATB Morley Ltd., which is in turn wholly-owned by ATB Austria Antriebstechnik AG ("**ATB**"). ATB holds 23,439,519 ordinary shares ("**Shares**"), representing 66.10% of the entire issued and paid-up capital of the Company. Accordingly, ATB is a 'controlling shareholder' of the Company and the Seller is an 'associate' of ATB under the Listing Manual, and the Seller is an 'interested person' and the Proposed Acquisition constitute an 'interested person transaction' under Chapter 9 of the Listing Manual.

Based on the exchange rate of GBP 1.00 to S$1.73, being the exchange rate as at 28 April 2022, the date of the APA, the Consideration is equivalent to approximately S$5.19 million and

represents approximately 13.15% of the latest audited net tangible assets ("**NTA**") of the Company and its subsidiaries (the "**Group**") of approximately S$39.44 million as at 31 December 2021.

Accordingly, the Proposed Acquisition is an 'interested person transaction' which requires the approval of the shareholders of the Company ("**Shareholders**") pursuant to Rule 906(1)(a) of the Listing Manual.

The Company is convening the extraordinary general meeting ("**EGM**") to seek Shareholders' approvals for, *inter alia*, the Proposed Acquisition. In connection thereof, the Company is required to obtain an opinion from an independent financial adviser ("**IFA**") on whether the Proposed Acquisition is on normal commercial terms, and whether the Proposed Acquisition is prejudicial to the interests of the Company and its minority Shareholders.

Xandar Capital Pte. Ltd. ("**Xandar Capital**") has been appointed by the Company to act as the IFA pursuant to Rule 921(4)(a) of the Listing Manual, as well as to advise the directors of the Company (the "**Directors**") who are considered to be independent for the purpose of the Proposed Acquisition, namely Dr Knut Unger and Mr Chao Mun Leong (collectively, the "**Non-Interested Directors**") as to whether the Proposed Acquisition is on normal commercial terms and whether the Proposed Acquisition is prejudicial to the interests of the Company and its minority Shareholders.

This letter, which is prepared pursuant to Rule 921(4)(a) of the Listing Manual, as well as to advise the Non-Interested Directors sets out our evaluation of, and our opinion to, the Proposed Acquisition (this "**IFA Letter**"), and forms part of the Circular issued by the Company in connection with the Proposed Acquisition.

2. TERMS OF REFERENCE

Xandar Capital has been appointed pursuant to Rule 921(4)(a) of the Listing Manual, as well as to advise the Non-Interested Directors on whether the Proposed Acquisition is on normal commercial terms and whether the Proposed Acquisition is prejudicial to the interests of the Company and its minority Shareholders.

We are not and were not involved in any aspect of the negotiations pertaining to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decisions on the part of the Directors to agree on the terms of the Proposed Acquisition. Our evaluation is limited to the terms of the Proposed Acquisition and has not taken into account the legal risks, commercial risks or merits, financial risks or merits of the Proposed Acquisition.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Proposed Acquisition, or the future performance or prospects of the Group. We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the Group, whether with or without the Proposed Acquisition.

As with other business transactions of the Company, the merit and/or associated risk, whether commercial, financial or otherwise, of the Proposed Acquisition, are solely the responsibility of the Board. Likewise, we are not expressing herein as to the prices at which the Shares may trade upon with the receipt of independent Shareholders' approval for the Proposed Acquisition. We

are also not addressing the relative merits of the Proposed Acquisition, as compared to any alternative transaction previously considered by the Company or that otherwise may become available to the Group in the future. Such evaluations or comments remain the responsibility of the Board and the management of the Company.

We have not made any independent evaluation and appraisal on the assets and liabilities of the Target Business. The Company has appointed Chay Corporate Advisory Pte. Ltd. as the independent valuer (the "**Valuer**") to perform a business valuation of the market value of the Target Business as at 31 December 2021 and issue a valuation report of the same (the "**Valuation Report**"). A summary of the Valuation Report dated 15 June 2022 (the "**Valuation Summary Letter**") is reproduced as Appendix II to the Circular and will be made available for inspection at the Company's registered office for three (3) months from the date of the Circular. Save for the Valuation Report (and the Valuation Summary Letter), we have not been furnished with any other evaluation or appraisal of the Target Business. With respect to the Valuation Report (and the Valuation Summary Letter), we are not experts in the evaluation or appraisal of the subject concerned and we have placed sole reliance on the Valuation Report (and the Valuation Summary Letter) for such appraisal.

In the course of our evaluation and for the purpose of our opinion in relation to the Proposed Acquisition, we have held discussions with certain Directors and management of the Company and have examined information provided by the Directors and management of the Company and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition as well as the Group, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Proposed Acquisition and the Group, are to the best of their knowledge and belief, fair and accurate in all material aspects.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us in the Circular as at 13 June 2022, being the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their consideration of the Proposed Acquisition, which may be released by the Company after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisers immediately.

This IFA Letter has been prepared pursuant to Rule 921(4)(a) of the Listing Manual as well as for the use and benefit of the Non-Interested Directors in their deliberation of the Proposed Acquisition, and the recommendation made by the Non-Interested Directors shall remain the responsibility of the Non-Interested Directors.

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

Our opinion in relation to the Proposed Acquisition should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Non-Interested Directors advise Shareholders to read these pages carefully.

3. THE PROPOSED ACQUISITION

Details of the Proposed Acquisition are set out in Section 2 of the Circular. Shareholders are advised to read the information carefully.

3.1 PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1.1 The Consideration

The Consideration of GBP 3.0 million shall be fully satisfied in cash in accordance with the terms and conditions of the APA, and will be paid by the Purchaser as follows:

(a) GBP 1.0 million within 20 business days after the date of completion of the Proposed Acquisition (the "**Completion Date**");

(b) GBP 1.0 million by 30 September 2022; and

(c) GBP 1.0 million by 30 November 2022.

The Consideration was arrived at on a willing buyer and willing seller basis after arm's length negotiations between the Purchaser and the Seller, after taking into account, *among others*, the then preliminary valuation of the Target Business (as further described under paragraph 3.2.3 of this IFA Letter), the unaudited net assets attributable to the Target Business as at 31 March 2022 amounting to GBP 1,152,078 (equivalent to approximately S$1,993,095) ("**31 March NAV**"), the

financial performance of the Target Business for FY2021, as well as the potential benefits to the Group arising from the Proposed Acquisition.

Pursuant to the Supplemental Agreement entered into on 13 May 2022, the Purchaser and Seller have further agreed as follows:

(a) prior to Completion the Purchaser shall review the unaudited accounts of the Seller for the financial period ending 30 June 2022 to determine, at the Purchaser's sole discretion, the net assets attributable to the Target Business as at 30 June 2022 ("**30 June NAV**");

(b) in the event that the 30 June NAV falls below the 31 March NAV by more than 5%, the Seller shall compensate for the shortfall by a cash contribution of an amount equivalent to the shortfall for the account of the Target Business;

(c) in the event that the 30 June NAV exceeds the 31 March NAV by more than 5%, the Seller shall be entitled to retain a part of the accounts receivable (beginning from the longest outstanding amount) of the Target Business as at 30 June 2022 of an aggregate amount equivalent to the said excess;

(d) for the avoidance of doubt, the aforesaid adjustment is not required if the absolute quantum of the change to the 31 March NAV falls within the aforesaid said 5% range.

The Consideration will be wholly financed by internal cash resources.

3.1.2 Assets to be purchased as subject of the Proposed Acquisition

Pursuant to the APA, the Seller shall transfer and deliver to the Purchaser, and the Purchaser shall purchase and accept from the Seller, all rights, title and interests in and to the following assets relating to the Target Business (collectively the "**Purchased Assets**") at the completion of the Proposed Acquisition ("**Completion**"):

(a) plant, machinery, equipment, and fixed assets as set out in the APA relating to the Target Business;

(b) all the sales contracts with customers of the Target Business, the outstanding orders placed by such customers and the receivables and payables of relevant sales contracts relating to the Target Business before the Completion Date (as defined below) as confirmed in writing by both the Purchaser and the Seller (the "**Assigned Contracts**") as set out in the APA;

(c) the property leased by the Seller from GL Consultants Limited for the operation of the Target Business, the lease of which ("**Property Lease**") shall be assigned to and assumed by the Purchaser on Completion Date in accordance with the terms and conditions of the APA ("**Assignment of Property Lease**"); and

(d) all assets, properties, contracts and documents that are necessary for Purchaser to conduct the Target Business upon and after the Completion.

Pursuant to the APA, other than the Purchased Assets, no other obligation or liability is transferred from the Seller to the Purchaser (including contingent liabilities arising prior to the Completion Date which remain with the Seller), and the Purchaser shall not be required to take

over any other contract, agreement, purchase order or contractual obligation of the Seller in relation to the Purchased Assets apart from the Assigned Contracts.

The property leased by the Seller for the operation of the Target Business is located at Unit 11, Waterfall Lane Trading Estate, Cradley Heath (B64 6PU), United Kingdom. The said property sits on a land area of approximately 53,000 square feet and has a built-up area of approximately 42,000 square feet. The Property Lease expires on 23 June 2028 and the annual rent payable is GBP 130,000 exclusive of service charge and value added tax and subject to a rent review on 24 June 2023.

3.1.3 Key Conditions Precedent

Completion of the APA is conditional upon, among others, certain conditions precedent, including:

(a) the Purchaser and the Seller having obtained all necessary approvals and consents (including the boards' and shareholders' approvals, consents from registered owner of the leased property for the Assignment of Property Lease and the counterparties to all of the Assigned Contracts for the assignment of the Assigned Contracts, where necessary) and completed all filings that are required by or necessary under any applicable laws, contract or any other arrangement for the Proposed Acquisition; and

(b) the Purchased Assets shall be delivered to the Purchaser free of any encumbrances and on a debt free basis.

Please refer to Section 2.3.5 of the Circular for the detailed listing of the key conditions precedent.

3.1.4 Other Salient Terms

The other salient terms of the Proposed Acquisition include but are not limited to indemnities provided by the Seller and the Purchaser to each other in relation to matters set out in Section 2.3.7 of the Circular. In particular, we note that the Seller shall indemnify the Purchaser against, among others, any and all liabilities, penalties, fines, damages, fees and expenses incurred by the Purchaser arising out of or relating to, among others, (i) any breach of, or inaccuracy in, any warranty made by the Seller in the APA, (ii) any breach or default in performance by the Seller of any agreement or obligation in the APA, and (iii) any customer claims arising out of any defects of the products transferred from the Seller to the Purchaser pursuant to the APA up to a cumulative amount of GBP 600,000 and such indemnification obligations shall survive in full force and effect for a period of six (6) months after the Completion Date.

3.1.5 Completion Date

Completion shall take place as promptly as practicable following but in no event later than the third business day after all the conditions precedent set out under the APA have been satisfied or waived.

3.2 ABOUT THE TARGET BUSINESS

3.2.1 The Target Business

The Target Business comprise the manufacture, sale and distribution of low voltage electrical industrial motors and brakes globally, including customised and integrated motors, axial air gap motors, water-cooled motors, permanent magnet motors and gas turbine electric start motors. The Target Business also includes supplying specialised motors and other products to manufacturers of vacuum pumps, railway signals and related control systems, gas turbines, mechanical handling and conveyance systems.

3.2.2 The financials of the Target Business

Based on the audited financial statements of the Seller for the financial year ended 31 December ("**FY**") 2021, (i) the net profit before tax attributable to the Target Business for FY2021 amounted to GBP 277,623 (equivalent to approximately S$510,826 based on an exchange rate of GBP 1.00 : S$1.84 being the exchange rate used in the Company's audited consolidated financial statements for FY2021); and (ii) the net asset value ("**NAV**") attributable to the Target Business as at 31 December 2021 amounted to GBP 1,214,218 (equivalent to approximately S$2,234,161).

As the Target Business is only part of the business of the Seller, there are no audited financial statements for the Target Business.

Additional financial information of the Target Business for the last three financial years is set out in Section 2.2.1(d) of the Circular.

3.2.3 Valuation of the Target Business

In connection with the Proposed Acquisition, the Group has engaged the Valuer to perform a business valuation of the market value of the Target Business.

As at the date of the APA, based on the draft preliminary valuation report in respect of the Target Business, the indicative corporate valuation of the Target Business as at 31 December 2021 is estimated to be between GBP 2.7 million to GBP 3.6 million.

The Valuer has since revised and issued its final formal valuation report, the summary of which is appended as Appendix II to the Circular. We noted that there is no difference in both the aforesaid preliminary and final valuation.

As set out in the Valuation Summary Letter, the range of market value corresponding to the implied equity values for the Target Business is between GBP 2.7 million and GBP 3.6 million, with a base value of GBP 3.1 million as at 31 December 2021.

3.3 RATIONALE FOR THE PROPOSED ACQUISITION

The rationale for the Proposed Acquisition is set out in Section 2.4 of the Circular. We extract in italics as follows:

The Board is of the view that the Proposed Acquisition would provide the following commercial benefits to the Group:

(a) The Target Business serves a customer base in Europe, the Americas and South-East Asia. The Proposed Acquisition allows the Group to acquire a business with an established track record and to expand its customer base by gaining access into the customer segments and markets of the Target Business utilising the Group's established trading entities in those regions.

(b) The Group and the Target Business are in a similar business of supplying electric motors. The Proposed Acquisition of the Target Business will allow the Company's wholly-owned subsidiaries, which are principally engaged in the distribution of electric motors, to further extend their portfolio of products across a wider customer base in the core geographical regions in which the Group operates.

(c) The Target Business is a manufacturing business, and as such, the Proposed Acquisition would provide the Group with the opportunity to increase its range of offerings of value-added margin generating modifications to its existing and well-established distribution and user base, allowing growth of revenue and earnings in existing sales entities. The Target Business would not be able to access these customers without the leverage of the Group's sales channels.

(d) The Target Business is profitable and the Proposed Acquisition would therefore provide the Group with the opportunity to acquire a profitable entity, which would be earnings accretive with opportunities for growth. As such the Company believes that the Proposed Acquisition is in the interest of the Group and will enhance shareholders' value in the long term.

(e) Discussions regarding the Proposed Acquisition were initiated internally between the Company and Wolong Electric in response to a proposal by the Company for technical support from Wolong Electric to develop a strategy to commence assembly operations for certain products with an intent to reduce reliance of the Group on long delivery times from certain suppliers. The Proposed Acquisition is therefore also part of the Group's strategy and would allow the Group to gain production and assembly capabilities for some of the products it distributes and thereby enhance its management and execution of product shipment or delivery schedules and deadlines for its customers.

3.4 RATIONALE FOR THE PROPOSED DIVERSIFICATION

The rationale for the Proposed Diversification is set out in Section 3.3 of the Circular. We extract in italics as follows:

The Proposed Diversification would allow the Group to grow its revenue and earnings

As described in Section 2.4(c) of this Circular, the Target Business is a manufacturing business, and as such, the Proposed Acquisition would allow the Group to engage in manufacturing activities and provide opportunities to increase its range of offerings of value-added margin generating modifications to include mechanical and electrical modifications that are not possible without full manufacturing facilities. This provides additional opportunities for sales to its existing and well-established distribution and user base, allowing growth of revenue and earnings in existing sales entities.

Enhancing shareholder value

The Board also believes that the Proposed Diversification is aligned with the Company's strategy to provide Shareholders with long-term growth. Through the Proposed Diversification, the Company may reduce its reliance on its existing business and enhance its profitability, shareholder value and returns through offering business opportunities, providing new revenue streams and engaging in new business activities with higher margins.

The Proposed Diversification would provide flexibility to enter into transactions relating to the Target Business

Upon completion of the Proposed Acquisition, the Target Business will form part of the ordinary course of business of the Group. By obtaining a mandate from Shareholders for the Proposed Diversification, the Group may, in the ordinary course of business, engage in activities and/or enter into transactions relating to the Target Business without having to seek Shareholders' approval, subject to compliance with the relevant rules of the Listing Manual. The Proposed Diversification would eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when business activities and/or potential transactions relating to the Target Business arise. This will allow the Group greater flexibility to pursue business opportunities which may be time-sensitive in nature, and will reduce the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

4. ABOUT THE SELLER

The Seller is a company incorporated in May 2007 in England and Wales as a private company limited by shares. As at the Latest Practicable Date, the Seller is wholly-owned by ATB Morley Ltd., which is in turn wholly-owned by ATB, the controlling Shareholder of the Company.andthe directors of the Seller are Barry Maurice Scales and Zhang Hongli. The Seller is principally engaged in the business of developing large high voltage electric drive systems for oil and gas, mining, industrial and military applications.

As at the Latest Practicable Date, ATB is a controlling shareholder of the Company holding 66.10% of the entire issued and paid-up capital of the Company. ATB is an indirect wholly-owned subsidiary of Wolong Electric Group Co., Ltd. ("**Wolong Electric**"), which is listed on the Shanghai Stock Exchange. As at the Latest Practicable Date, Zhejiang Wolong Shunyu Investment Co. Ltd ("**Zhejiang Wolong Shunyu**") holds an approximately 32.15% shareholding stake in Wolong Electric. Zhejiang Wolong Shunyu is wholly-owned by Wolong Holding Group Co Ltd and the latter also holds an approximately 4.69% shareholding stake in Wolong Electric. Mr Chen Jiancheng and his daughter Ms Chen Yanni, hold 48.93% and 38.73% equity interest in Wolong Holding Group Co Ltd respectively. Mr Pang Xinyuan, the non-independent non-executive chairman of the Company, is the spouse of Ms Chen Yanni and son-in-law of Mr Chen Jiancheng. Mr Chen Jiancheng and Ms Chen Yanni do not own any Shares and do not hold any office or employment positions in the Company.

5. OTHER TRANSACTIONS WITH THE 'SAME INTERESTED PERSON'

Pursuant to Rule 921(4)(a) of the Listing Manual, the IFA needs to opine on whether the Proposed Acquisition and all other transactions with the 'same interested person' which are the subject of aggregation pursuant to Rule 906 of the Listing Manual are on normal commercial terms, and whether the Proposed Acquisition and such other transactions is prejudicial to the interest of the Company and its minority Shareholders.

'Same interested person' refers to members of the same group as the Seller under Rule 908 of the Listing Manual.

As set out in Section 2.8.3 of the Circular, the aggregate value of all interested person transactions entered into by the Group with the Seller and members of the same group as the Seller (excluding the Proposed Acquisition), during the course of the current financial year from 1 January 2022 up to the Latest Practicable Date, is S$104,621.

As all the aforesaid interested person transactions with the same interested person were carried out under an existing general mandate for interested person transaction approved by the shareholders of the Company pursuant to Rule 920 of the Listing Manual in the extraordinary general meeting of the Company held on 28 April 2022, these other transactions with the Seller and members of the same group as the Seller are not subject of aggregation which require opinions from the IFA. Accordingly, this IFA Letter does not include any opinion on such other interested person transactions.

6. EVALUATION OF THE PROPOSED ACQUISITION

The following are factors which we consider to be pertinent and to have a significant bearing on our evaluation of the Proposed Acquisition:

(a) the Valuation Report;

(b) the valuation statistics represented by the Consideration as compared to listed companies comparable to the Target Business;

(c) the Proposed Diversification;

(c) the Company's rationale for the Proposed Acquisition;

(d) the *pro forma* financial effects of the Proposed Acquisition; and

(e) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

6.1 THE VALUATION REPORT

The Company has commissioned the Valuer to perform a business valuation of the market value of the Target Business as at 31 December 2021 for the purposes of the Proposed Acquisition. The Valuation Summary Letter is appended as Appendix II to the Circular and will be made available for inspection at the Company's registered office for three (3) months from the date of the Circular. Shareholders are advised to read the Valuation Summary Letter carefully, in particular, the valuation methodology as well as the key assumptions and risk factors which may materially affect the indicative valuation of the Target Business.

Valuation approaches adopted by the Valuer

We note that the basis of the valuation will be made by reference to the market value. The Valuer has highlighted that the indicative valuation of the Target Business has taken into consideration of the values implied by a combination of discounted cash flow ("**DCF**") and comparable companies ("**CC**") analysis with the DCF approach as the primary valuation methodology. We extract certain details from the Valuation Report in *italics* as follows:

The DCF Approach

The DCF Approach is premised on the principle that the value of a company, division, business, or collection of assets can be derived based on the present value of its projected free cash flow.

We note that the Valuer has relied on the forecast provided by the management of the Company and the Seller for the period from FY2022 to FY2026 under the DCF approach.

The CC Analysis

The CC analysis determines the value of a company's business by referencing to available market information, such as trading multiples of comparable publicly listed companies.

We note that the Valuer has valued the Target Business based on enterprise value ("**EV**")-to-earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") ("**EV/EBITDA**") multiple under the CC analysis.

Certain critical assumptions highlighted by the Valuer

We set out certain critical assumptions highlighted by the Valuer in the Valuation Summary Letter in *italics* as follows:

The DCF Approach

From FY 2022 to FY 2026, project revenue is expected to recover with the pick up in the electrical component and industrial equipment sector as the United Kingdom and Europe slowly emerge from the COVID-19 pandemic;

Projected revenue from FY 2022 to FY 2026 is expected to increase at a conservative 5% year on year as compared to the global electric motor market which is projected to grow at a CAGR of 6.9% from 2020 to 2026;

Projected gross profit margin of 45.13% from FY 2022 and onwards is in line with the actual gross profit margin of 45.13% for FY 2021; and

Projected EBITDA margin is expected to range from 10.27% to 12.22% for the projected financial years from FY 2022 to FY 2026 as compared to the actual EBITDA margin ranging from 6.11% to 9.77% for the historical financial years from FY 2017 to FY 2021 is mainly due to the Division's shift in focus towards high value product mix while utilising the existing resources.

Given that the DCF approach is based on projection from FY2022 to FY2026, we have enquired and the Company confirms that it has enquired and obtained the corresponding confirmation from the management of the Target Business that the projections for FY2022 to FY2026 have been provided to the Valuer after due and careful enquiry.

The CC Analysis

EV/EBITDA is unaffected by the capital structure as enterprise value includes the value of debt, and EBITDA is available to all investors (debt and equity) as it excludes interest payments on debt. PE ratio also has its limitations as it fails to overcome the distortions caused by different accounting policies and capital structures as some firms have a high debt in their capital structure leading to high interest costs. Such depreciation and interest costs ultimately depress the net earnings. EBITDA on the other hand discards such complexities due to varying depreciation policies and debt-equity mix.

We have relied on the historical financial performance of the Division to determine the maintainable EBITDA. In arriving at a maintainable EBITDA as at the Valuation Date, we have considered the normalised EBITDA of FY 2021, after taking into consideration of the historical and future trend in financial performance.

Given that the Target Business is only part of the business of the Seller and there are no audited financial statements for the Target Business, we have enquired and the Company confirms that it has enquired and obtained the corresponding confirmation from the management of the Target

Business that the historical numbers of the Target Business for FY2017 to FY2021 provided to the Valuer are true and accurate in all material aspect.

Conclusion of value

Based on the Valuation Report, the range of market value corresponding to the implied equity values for the Target Business is between GBP 2.7 million and GBP 3.6 million, with a base value of GBP 3.1 million as at 31 December 2021.

The Consideration of GBP 3.0 million is within the market value range of the Target Business as opined by the Valuer and represents a premium of GBP 0.3 million (or 11.11%) to the lowest market value range of the Target Business and a discount of GBP 0.6 million (or 16.67%) to the highest market value range of the Target Business as opined by the Valuer. The Consideration of GBP 3.0 million also represents a discount of 3.23% to the base value of GBP 3.1 million.

6.2 THE VALUATION STATISTICS IMPLIED BY THE CONSIDERATION AS COMPARED TO LISTED COMPANIES COMPARABLE TO THE TARGET BUSINESS

In assessing the Consideration, we have made comparison to companies principally involved in the manufacture, sale and distribution of electrical industrial motors and brakes globally, including customised and integrated motors, axial air gap motors, water-cooled motors, permanent magnet motors and gas turbine electric start motors and are listed on the stock exchanges (the "**Selected Comparable Companies**"). For better comparison, we have only companies with market capitalisation of between S$10 million and S$100 million as at the Latest Practicable Date.

We recognise that that the list of Selected Comparable Companies is not exhaustive and there is no listed company that is directly comparable to the Target Business in terms of, *inter alia*, business activities, size and scale of operations, risk profile, operating and financial position, track record and future prospects. As most of the Selected Comparable Companies are listed on foreign stock exchanges, the accounting policies and tax factors may differ. As such, any comparison merely serves as an illustrative purpose. In assessing the Consideration, we have used the following valuation parameters in our analysis:

Valuation ratio	General description
EV/EBITDA	EV refers to the sum of a company's market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. As mentioned in paragraph 7.1 of this IFA Letter, the EV/EBITDA multiple is a valuation methodology unaffected by the capital structure of a business. It also excludes interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
P/E	The price-to-earnings ("**P/E**") ratio illustrates the ratio of the market price of a company's share relative to its historical consolidated earnings per share. The P/E ratio is affected by, inter alia, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.

Valuation ratio	General description
P/NAV	The price-to-NAV ("**P/NAV**") ratio illustrates the ratio of the market price of a company's share relative to its asset backing as measured in terms of its historical consolidated NAV per share as stated in its financial statements. The NAV figure provides an estimate of the value of a company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.
P/S	The price-to-sales ("**P/S**") ratio illustrates the ratio of the company's market capitalisation to its latest 12 months revenue. The P/S ratio may be useful in measuring companies with low or negative earnings. The P/S ratio may be affected by differences in pricing or revenue recognition policy of a company.

We set out in the table below the list of Selected Comparable Companies, together with brief information on these companies and the market capitalisation of these companies as at the Latest Practicable Date:

Selected Comparable Companies	Listing Location	Description	Market Capitalisation (S$'million)
The Company	Singapore	The Company, through its subsidiaries, manufactures and distributes electric motors and components.	22.7
Askoll Eva SpA ("**Askoll**")	Italy	Askoll produces e-mobility products and electric motor and components.	31.3
Hanoi Electromechanical Manufacturing Joint Stock Company ("**HEM**")	Hanoi	HEM manufactures electric equipment such as electrical motors and generators.	27.3
Jasa Kita Berhad ("**JKB**")	Malaysia	Jasa Kita Berhad, through its subsidiaries, manufactures, assembles and trades electric motors, power tools, engineering equipment and other industrial equipment.	18.4

Selected Comparable Companies	Listing Location	Description	Market Capitalisation (S$'million)
Pioneer Motor PCL ("**PM**")	Thailand	Pioneer Motor is a manufacturer and supplier of air conditioner electric motor, general purpose industrial motors, pool and pump motors and submersible pumps.	91.3

We set out in the table below the financial ratios of the Selected Comparable Companies as at the Latest Practicable Date.

Selected Comparable Companies	Net Profit (S$'million)	EV/EBITDA (times)	P/E (times)	P/NAV (times)	P/S (times)
The Company	2.7	1.0	8.5	0.6	0.5
Askoll	-5.3	nm (1)	nm	1.8	1.2
HEM	0.03	16.2	738.2 (2)	0.7	1.0
JKB	0.02	23.2	Nm	0.9	2.8
PM	4.7	13.3	19.9	3.1	2.0
Maximum		23.2	738.2	3.1	2.8
Minimum		1.0	8.5	0.6	0.5
Mean		13.4	14.2 (2)	1.4	1.5
Median		14.8	14.2	0.9	1.2
The Target Business	**0.5**	**10.5**	**10.8**	**2.5**	**1.0**

Notes:

(1) 'nm' means not meaningful.

(2) The mean and median P/E ratio has been calculated after excluding the P/E of HEM as a statistical outlier.

(3) As set out in Section 2.3.5(f) of the Circular, the Target Business shall be acquired on a debt free basis. Accordingly, the EV of the Target Business is the Consideration less cash and cash equivalent

attributable to the Target Business of GBP 3.0 million as at 31 December 2021 while the EBITDA attributable to the Target Business is GBP 283,738 for FY2021 as extracted from the Valuation Report.

(4) Based on the Consideration and the net profit before tax attributable to the Target Business for FY2021 amounted to GBP 277,623 set out in Section 2.2.1(d) of the Circular.

(5) Based on the Consideration and the NAV attributable to the Target Business as at 31 December 2021 amounted to GBP 1,214,218 set out in Section 2.2.1(d) of the Circular.

(6) Based on the Consideration and the revenue attributable to the Target Business of GBP 2,904,839 for FY2021 set out in Section 2.2.1(d) of the Circular.

Based on the above table, we note that:

(a) the EV/EBITDA ratio of the Target Business as implied by the Consideration are lower than the mean and median EV/EBITDA ratios of the Selected Comparable Companies but are within the range of the EV/EBITDA ratios of the Selected Comparable Companies. Excluding the 1.0 times EV/EBITDA ratio of the Company, the mean and median EV/EBITDA ratios of the remaining Selected Comparable Companies will be 17.6 times and 16.2 times respectively. The EV/EBITDA ratio of the Target Business as implied by the Consideration is lower than the mean and median EV/EBITDA ratios of the Selected Comparable Companies excluding the Company;

(b) the P/E ratio of the Target Business as implied by the Consideration is below the mean and median P/E ratios of the Selected Comparable Companies and are within the range of the P/E ratios of the Selected Comparable Companies (excluding HEM as statistical outlier);

(c) the P/NAV ratio of the Target Business as implied by the Consideration is close to the highest Selected Comparable Company and higher than the mean and median P/NAV ratios of the Selected Comparable Companies; and

(d) the P/S ratio of the Target Business as implied by the Consideration is below the mean and median P/S ratios of the Selected Comparable Companies and are within the range of the P/S ratios of the Selected Comparable Companies.

6.3 THE PROPOSED DIVERSIFICATION

The rationale for the Proposed Diversification is set out in Section 3.3 of the Circular and we have also summarised the rationale in paragraph 3.4 of this IFA Letter.

We note that the Proposed Diversification will allow the Group to grow its revenue and earnings, enhance shareholder value and provide flexibility to enter into transactions relating to the Target Business.

6.4 THE COMPANY'S RATIONALE FOR THE PROPOSED ACQUISITION

The rationale for the Proposed Acquisition is set out in Section 2.4 of the Circular and we have also summarised the rationale in paragraph 3.3 of this IFA Letter.

Based on the valuation statistics of the Company and the Target Business set out in paragraph 6.2 of this IFA Letter, the Proposed Acquisition is neither earnings-accretive or assets-accretive to the Group. However, we note that there is a positive *pro forma* earnings effects of the

Proposed Acquisition. In addition, the Proposed Acquisition will allow the Group to expand its customer base, gain access to a wider customer segments and markets, and expand its range of offerings.

6.5 *PRO FORMA* FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The full text of the *pro forma* financial effects of the Proposed Acquisition is set out in Section 2.7 of the Circular and Shareholders are advised to read them carefully.

In summary, we note the following:

(a) had the Proposed Acquisition been completed on 31 December 2021, the NTA per Share as at 31 December 2021 will decrease by approximately 7.5% from 111.20 Singapore cents to 102.9 Singapore cents; and

(b) had the Proposed Acquisition been completed on 1 January 2021, the earnings per Share for FY2021 will increase by approximately 6.9% from 7.50 Singapore cents to Singapore 8.02 cents.

6.6 OTHER CONSIDERATIONS

In determining whether the Proposed Acquisition is on normal commercial terms and prejudicial to the interests of the Company and its minority Shareholders, we have also considered the following:

6.6.1 Historical financial performance of the Target Business

We note from the historical financial information of the Target Business disclosed in the Valuation Report that the Target Business registered slight increase in its revenue and profit before tax for the past three financial years as follows:

GBP'000	**FY2019**	**FY2020**	**FY2021**
Revenue	2,699	2,889	2,904
Profit before tax	191	250	278

We note that the Target Business did not seem to be affected by the COVID-19 pandemic in FY2020 and FY2021.

6.6.2 Elimination of existing recurring interested person transactions between the Group and6the Seller and additions of new interested person transactions between the Group and ATB group of companies (comprising ATB, Wolong Holding Group Co. Ltd and any of its associates and its group of subsidiaries) after Completion.

At the annual general meeting of the Company held on 28 April 2022, shareholders of the Company approved the renewal of a general mandate ("**IPT General Mandate**") to enable the Company, its subsidiaries and associated companies to enter into any transactions with ATB group of companies.

The Seller is one of the ATB group of companies. After Completion, the Group's ongoing trade transactions with the Target Business (which had total value of S$317,714 for FY2021) will form part of the Group's business and will be eliminated upon consolidation.

However, the Group will continue to transact with the ATB group of companies under the IPT General Mandate and the ongoing transactions between the Group and ATB group of companies will include recurring transactions necessary for the day-to-day operations of the Target Business. These recurring transactions falls under the categories of mandated transactions under the IPT General Mandate and will be subject to the review procedures as set out under the IPT General Mandate. Based on the unaudited financial information of the Target Business, the value of transactions between the Target Business and the ATB group of companies amounted to GBP 161,347 for FY2021.

6.6.3 Non-compete undertaking from ATB

As set out in Section 3.9.2 of the Circular, ATB has provided an undertaking in favour of the Company that unless with the prior written consent of the Company, ATB shall not, and shall procure that its associates do not, participate in the Target Business other than through the Company (the "**Non-compete Undertaking**"). The Non-compete Undertaking is effective from the Completion Date and shall be in force for as long as (i) ATB and/or any of its associate is a Controlling Shareholder of the Company; and (ii) the Shares continue to be listed on the SGX-ST.

6.6.4 Abstention from recommendation and voting

Mr Pang Xinyuan has abstained from deliberating and making any recommendation in respect of the Proposed Acquisition.

ATB is the controlling Shareholder of the Company, and Mr Pang Xinyuan (the non-independent non-executive chairman) is deemed interested in the Shares held by ATB by virtue of Section 133(4) of the Securities and Futures Act 2001. Accordingly, ATB, Mr Pang Xinyuan and their respective associates will abstain from voting on the Proposed Acquisition. ATB, Mr Pang Xinyuan and their respective associates will also decline to accept appointments as proxy from any Shareholders to vote on the Proposed Acquisition. The Company will disregard any votes cast by ATB, Mr Pang Xinyuan and their respective associates on the Proposed Acquisition.

Mr Pang Xinyuan has also abstained from deliberating and making any recommendation in respect of the Proposed Acquisition.

6.6.5 Indemnity from the Seller

We note that the Seller shall indemnify the Purchaser against, among others, any and all liabilities, penalties, fines, damages, fees and expenses incurred by the Purchaser arising out of or relating to, among others, (i) any breach of, or inaccuracy in, any warranty made by the Seller in the APA, (ii) any breach or default in performance by the Seller of any agreement or obligation in the APA, and (iii) any customer claims arising out of any defects of the products transferred from the Seller to the Purchaser pursuant to the APA up to a cumulative amount of GBP 600,000 and such indemnification obligations shall survive in full force and effect for a period of six (6) months after the Completion Date.

6.6.6 Inter-conditionality of shareholders' resolutions

Shareholders should note that Ordinary Resolution 1 and Ordinary Resolution 2 are inter-conditional upon each other. This means that if either Ordinary Resolution 1 or Ordinary Resolution 2 is not passed, the Company will not proceed with either Ordinary Resolution 1 or Ordinary Resolution 2 (as the case may be). In order for the Company to proceed with both Ordinary Resolution 1 and Ordinary Resolution 2, both Ordinary Resolution 1 and Ordinary Resolution 2 need to be approved by Shareholders at the EGM.

7. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration when assessing the Proposed Acquisition:

(a) the Consideration is within the market value range of the Target Business as opined by the Valuer;

(b) the Consideration of GBP 3.0 million represents a discount of 3.23% to the base value of GBP 3.1 million as opined by the Valuer;

(c) while the P/NAV ratio of the Target Business as implied by the Consideration is higher than the mean and median P/NAV ratios of the Selected Comparable Companies, these EV/EBITDA ratio, P/E ratio and P/S are all within the range of the corresponding ratios of the Selected Comparable Companies and lower than the mean and median corresponding ratios of the Selected Comparable Companies (excluding HEM's P/E ratio as statistical outlier);

(d) the EV/EBITDA ratio of the Target Business as implied by the Consideration is lower than the mean and median EV/EBITDA ratios of the Selected Comparable Companies excluding the Company;

(e) the positive *pro forma* earnings effects of the Proposed Acquisition; and

(f) other considerations set out in paragraph 6.6 of this IFA Letter.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Acquisition, is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

This IFA Letter is prepared pursuant to Rule 921(4)(a) of the Listing Manual as well as addressed to the Non-Interested Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Acquisition, and the recommendation made by them to the

Shareholders shall remain the responsibility of the Non-Interested Directors. Neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Proposed Acquisition, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

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

Yours faithfully
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

蔡CHAY
CORPORATE ADVISORY
531 Upper Cross Street #02-05
Hong Lim Complex Singapore 050531

Valuation Summary Letter

15 June 2022

The Board of Directors
Brook Crompton Holdings Ltd.
19 Keppel Road #08-01
Jit Poh Building
Singapore 089058

Business Valuation of ATB Group UK Limited, Special Products Division

Dear Sirs,

1. Introduction

Chay Corporate Advisory Pte Ltd ("CCA") has been appointed by Brook Crompton Holdings Ltd. ("Brook Crompton") to perform a business valuation of the market value of ATB Group UK Limited, Special Products Division ("ATB" or the "Division") as at 31 December 2021 ("Valuation Date") for the purposes of Brook Crompton's proposed acquisition of ATB as announced by Brook Crompton on 5 May 2022 ("Proposed Acquisition").

The letter is a summary containing information from our valuation report dated 15 June 2022 (the "Valuation Report"). Accordingly, this letter and its contents should be read in conjunction with the full text in the full Valuation Report.

2. Terms of reference

i) The objective of the Valuation Report is to provide an independent view of the market value of ATB as at 31 December 2021 in accordance with the International Valuation Standards as prescribed by the International Valuation Standards Council.

ii) We have not undertaken any due diligence or audit of the financial information provided to us. The accuracy of such information is the sole responsibility of the management of the Division ("Management").

iii) Our estimation of the indicative valuation of the Division is based on its existing operations and likely future expansion plans only, and does not take into account of any fundamentally different business that Management may pursue in the foreseeable future.

iv) We are not expressing an opinion on the commercial merits and structure on the transaction of the Division and accordingly, this valuation report does not purport to contain all the information that may be necessary to fully evaluate the commercial or investment merits of the transaction of the Division. The assessment of the commercial and investment merits of this transaction is solely the responsibility of both the Brook Crompton and the Management. In addition, our work should not be constructed as an investment advice to the current or prospective shareholders/ investors of the Division.

v) We have not conducted a comprehensive review of the business, operation or financial conditions of the Division nor any work in relation to the feasibility or tax efficiency of the Division's business operation, and accordingly our Valuation Report will not make any representation or warranty, expressed or implied in this regard.

vi) Our scope in this engagement does not require us to express, and we do not express a view on the future prospects of the Division, or any views on the future trading process of the shares or the financial condition of the Division.

vii) Our terms of reference do not require us to provide advice on legal, regulatory, accounting or taxation matters made available to us if the Division has obtained specialist advise, and where we will consider, and where appropriate, relied upon such advice.

viii) The information used by us in preparing the Valuation Report has been obtained from a variety of sources as indicated within the Valuation Report. While our work has involved an analysis of the financial information and accounting records, it has not included an audit in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representation with respect to the accuracy or completeness of any information provided to us by and on the behalf of the Division.

ix) Budgets / forecasts / projections relate to future events and are based on assumptions which may not remain valid for the whole of the relevant period. Consequently, they cannot be relied upon to the same extent as information derived from audited accounts for completed accounting periods. For these reasons, we express no opinion as to how closely the actual results achieved will correspond to those budgeted / forecasted / projected. Instead, our work is in nature of a review of the information provided to us, and discussions with members of the Management.

3. Use of Valuation Report and Valuation Summary Letter

Our work will be carried out solely for the use of Brook Crompton. This valuation report resulting from our work may not be used for any other purpose or by any other person, referred to in any document or made available to any party (other than your professional advisors acting in that capacity) without our prior written consent (including without limitation, the shareholders of Brook Crompton), except for the purpose of any matter relating to the Proposed Acquisition (including making references to and reproduction in the shareholders' circular and being made available for inspection). Any recommendation made by the Directors of Brook Crompton ("Directors") to the shareholders of Brook Crompton shall remain the responsibility of such Directors.

4. Reliance on available information and representation from the Management

In the course of our work, we have held discussions with the Management. We have also examined and relied on information provided by the Division, and reviewed other relevant publicly available information. We have not independently verified all such information provided or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance, but have made such reasonable enquiries and used our judgment as we deemed necessary on the reasonable use of such information and have no reason to doubt the accuracy or reliability of the information.

However, we have a duty to exercise reasonable professional skill and care in performing our work in accordance with the terms of this engagement and have made reasonable enquires and exercised our judgment on the reasonable use of such information. Our work will, where appropriate, be conducted in accordance with applicable professional guidance.

The Management have confirmed to us, upon making all reasonable enquiries and to their best knowledge and belief, that the information provided to us constitute full and true disclosure, in all material respects and facts relating to the Division as required for the purposes of our valuation.

In no circumstances shall we be liable, other than in the event of our bad faith, willful default for any loss or damage, of whatsoever nature arising from information material to our work being withheld or concealed from us or misrepresented to us by the Management and the Directors, employees or staffs of the Division or any other person of whom we have made inquiries of during the course of our work.

5. Valuation methodology

The basis of the valuation will be made by reference to the market value. Market value is defined as the amount at which the shares would change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. Market value, as defined above, is a concept of value which may or may not equal the "purchase / sale price" that could be obtained if the shares were sold to a special purchaser in an actual transaction in the open market.

Special purchasers may be willing to pay higher prices to gain control or obtain the capacity to reduce or eliminate competition, ensure a source of material supply or sales, achieve cost savings arising on business combinations following the completion of the Proposed Acquisition, or any other synergies which may be enjoyed by the purchaser. Our valuation will not be premised on the existence of a special purchase.

The indicative valuation of the Division has taken into consideration of the values implied by a combination of discounted cash flow ("DCF") and comparable companies ("CC") analysis.

The discounted cash flow analysis is premised on the principle that the value of a company, division, business, or collection of assets can be derived based on the present value of its projected free cash flow, while the CC analysis determines the value of a company's business by referencing to available market information, such as trading multiples of comparable publicly listed companies.

In valuing the Division, we have adopted the DCF approach as the primary valuation methodology for the following reasons:

i) The DCF approach reflects the future plans and growth of the Division. This approach is less influenced by volatile external factors because it is an inward-looking process which relies more heavily on the fundamental expectations of the business and explicit estimates of the value drivers;

ii) The asset-based approach does not take into account of the future changes in sales or income; and

iii) The scarcity of information available on precedent transactions performed in the recent past of firms with similar characteristics as the Division.

Under this approach and methodology, we have discounted the projected free cash flows of Division with discount rates having considered, amongst all relevant risk factors, such as business size, business environment, cost of debt, riskiness of cash flows. The free cash flow of the Division has been projected for the period starting from financial year ending 31 December ("FY") 2022 to FY 2026. We have considered the enterprise value ("EV") to earnings before interest, tax, depreciation and amortisation ("EBITDA") ("EV/EBITDA") multiple of comparable companies as a reference cross-check to ensure reasonableness of the derived valuation results from the DCF analysis.

Our valuation is based on various assumptions with respect to the Division, including their respective present and future financial conditions, business strategies and the environment in which they operate. These assumptions are based on the information that we have been provided and discussions with the Division and Management reflecting current expectations on current and future events.

Among other assumptions that are stated in the Valuation Report, the key assumptions are as follows:

i) The Division's forecast from FY 2022 to FY 2026 as prepared by the Management and the trend of the industry as disclosed in the circular have been considered.

ii) The Division will continue as a going concern without any changes to its key personnel and Management subsequent to the Proposed Acquisition and accordingly, the future operations of the Division will not be adversely affected by the Proposed Acquisition;

iii) All contracts entered into by the Division will continue to be in effect for the foreseeable future;

iv) The information provided to us by the Management reflects the financial positions of the Division for the respective financial years/period;

v) The Division has the legal titles to all assets as mentioned in the financial information provided to us by the Management. All assets, which are physically in existence, are in good working condition.

vi) There are no risks that any of these assets will be subject to compulsory acquisition by any third party or government body;

vii) There will be no major changes in the corporate taxation basis or rates applicable to the Division which is expected to be based on United Kingdom's corporate tax rate of 19% for FY 2022 and 23% from FY 2023 onwards;

viii) Related party transactions, if any, are carried out on an arm's length basis and will continue to be so for the foreseeable future even if there are any changes in the shareholding structure;

ix) There are no subsequent events after the date of the report which will have material effect on the unaudited management accounts of the Division for FY 2021;

x) The revenue forecast is derived from the expected revenue to be earned from the sale of electrical component and industrial equipment in the United Kingdom and Europe;

xi) From FY 2022 to FY 2026, project revenue is expected to recover with the pick up in the electrical component and industrial equipment sector as the United Kingdom and Europe slowly emerge from the COVID-19 pandemic;

xii) Projected revenue from FY 2022 to FY 2026 is expected to increase at a conservative 5% year on year as compared to the global electric motor market which is projected to grow at a CAGR of 6.9% from 2020 to 2026;

xiii) Projected gross profit margin of 45.13% from FY 2022 and onwards is in line with the actual gross profit margin of 45.13% for FY 2021;

xiv) Personnel costs and other operating expenses, the latter of which consists mainly of rental of equipment and premises is expected to increase by 3.5% year on year, in line with the expected long-term inflation rate of the United Kingdom for FY 2021;

xv) Projected EBITDA margin is expected to range from 10.27% to 12.22% for the projected financial years from FY 2022 to FY 2026 as compared to the actual EBITDA margin ranging from 6.11% to 9.77% for the historical financial years from FY 2017 to FY 2021 is mainly due to the Division's shift in focus towards high value product mix while utilising the existing resources; and

xvi) Depreciation and the corresponding capital expenditure for the projected financial years from FY 2022 to FY 2026 was estimated at GBP 6,115 based on the Division's capital expenditure requirement subsequent to the Proposed Acquisition.

Notwithstanding that no independent assessment of the assumptions was conducted, as part of the terms of reference, CCA has made such reasonable enquiries and used judgment as would have been deemed necessary on the reasonable use of such information and/or representations provided by the Management and have no reason to doubt its accuracy or reliability.

6. Conclusion

In summary and as detailed in the Valuation Report, the range of market value corresponding to the implied enterprise values for the Division is between GBP 2.7 million and GBP 3.6 million, with a base value of GBP 3.1 million as at the Valuation Date.

Our views are based on the current economic, market, industry, regulatory, monetary and other conditions and on the information made available to us as of the date of this letter and the Valuation Report. Such conditions may change significantly over a relatively short period and we assume no responsibility and are not required to update, revise or reaffirm our conclusion set out in this letter to reflect events or developments subsequent to the date of this letter and the Valuation Report.

Yours faithfully,



Chay Corporate Advisory Pte. Ltd.

BROOK CROMPTON HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 194700172G)

All capitalised terms in this Notice shall, unless otherwise defined in this Notice, bear the respective meanings ascribed thereto in the Circular to shareholders dated 15 June 2022 issued by the Company.

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** ("**EGM**" or "**Meeting**") of Brook Crompton Holdings Ltd. ("**Company**") will be held by way of electronic means (via live webcast and web audio only) on Thursday, 30 June 2022 at 2.30 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications the ordinary resolutions set out below.

Notice has been made available on SGXNET at the URL https://www.sgx.com/securities/company-announcements, the Company's website at the URL https://www.brookcromptonholdings.com and the URL https://conveneagm.com/sg/brookcromptonegm. A printed copy of this Notice will NOT be despatched to members.

SHAREHOLDERS SHOULD NOTE THAT ORDINARY RESOLUTION 1 AND ORDINARY RESOLUTION 2 ARE INTER-CONDITIONAL UPON EACH OTHER. ACCORDINGLY, IN THE EVENT THAT ONE OF THESE RESOLUTIONS IS NOT APPROVED, THE OTHER RESOLUTION WILL NOT BE DULY PASSED.

ORDINARY RESOLUTION 1:

THE PROPOSED ACQUISITION OF THE TARGET BUSINESS AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL AND AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE LISTING MANUAL

That –

(a) pursuant to Rules 906(1)(a) and 1014(2) of the Listing Manual, approval be and is hereby given, for the Company to enter into the Proposed Acquisition pursuant to the terms and conditions of the APA, the principal terms of which are set out in the Circular; and

(b) the Directors and/or any of them be and are hereby authorised and empowered to approve, complete and do all such acts and things (including approving, modifying, ratifying, signing, sealing, executing and delivering all such agreements, contracts, documents, notices, deeds or instruments as may be required) as they and/or he may consider expedient, desirable or necessary or in the interests of the Company to give effect to the matters considered in this Ordinary Resolution.

ORDINARY RESOLUTION 2:

THE PROPOSED DIVERSIFICATION

(a) the diversification by the Company and its subsidiaries of its core business to include the Target Business that involve activities as set out in Section 3 of the Circular and any other activities relating to the Proposed Diversification into the Target Business be and is hereby approved; and

(b) the Directors and/or any of them be and are hereby authorised and empowered to approve, complete and do all such acts and things (including approving, modifying, ratifying, signing, sealing, executing and delivering all such agreements, contracts, documents, notices, deeds or instruments as may be required) as they and/or he may consider expedient, desirable or necessary or in the interests of the Company to give effect to the matters considered in this Ordinary Resolution.

BY ORDER OF THE BOARD
BROOK CROMPTON HOLDINGS LTD.

KNUT UNGER
LEAD INDEPENDENT DIRECTOR

15 June 2022

Notes:

Important Notice to Shareholders regarding the Conduct of the Company's EGM

1. Alternative arrangements relating to, among others, attendance, submission of questions (via real-time electronic communication or in advance) and/or voting (via real-time electronic voting or by proxy) at the EGM of the Company to be held on Thursday, 30 June 2022 at 2.30 p.m. (the "**Meeting**" or "**EGM**") are set out in this Notice of EGM uploaded on SGXNet and the Company's website. The Notice of EGM may be accessed at the URLs https://www.sgx.com/securities/company-announcements, https://www.brookcromptonholdings.com and https://conveneagm.com/sg/brookcromptonegm.

   In particular, as part of the Company's efforts to minimise the risk of community spread of COVID-19, the Meeting will be held by way of electronic means pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time). Members **will not** be able to attend the Meeting in person.

   Alternative arrangements have been put in place to allow members to participate at the EGM by:

   (a) observing the proceedings of the EGM via a "live" webcast ("**LIVE WEBCAST**") or listening to these proceedings through a "live" audio feed ("**AUDIO ONLY MEANS**");
   (b) submitting questions relating to the resolution to be tabled at the EGM in advance of the EGM;
   (c) submitting text-based questions during the LIVE WEBCAST of the EGM;
   (d) appointing proxy(ies) to attend and vote on their behalf at the EGM; and
   (e) participating in the live voting during the LIVE WEBCAST and AUDIO ONLY MEANS of the EGM.

2. Registration for the EGM

   In order to do so, a member of the Company who wishes to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS must register by **2.30 p.m. on 27 June 2022** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) ("**Registration Deadline**"), at the URL https://conveneagm.com/sg/brookcromptonegm (the "**BCHL EGM Website**"), for the Company to authenticate his/her/its status as member.

   Please note that members of the Company may access the URL https://conveneagm.com/sg/brookcromptonegm for registration from 15 June 2022 onwards.

   Following successful authentication of his/her/its status as members of the Company, authenticated members of the Company will receive email instructions ("**Confirmation Email**") on how to access the LIVE WEBCAST and AUDIO ONLY MEANS to observe the proceedings of the Meeting, by **2.30 p.m. on 29 June 2022**. Members who have registered by the Registration Deadline but do not receive the Confirmation Email by **5.00 p.m. on 29 June 2022** may contact the Company for assistance email **mgt@brookcromptonholdings.com**.

3. Submission of Questions

   Members who registered and have been authenticated as members of the Company will be able to ask questions relating to the resolution to be tabled for approval at the Meeting during the Meeting by submitting text or video question via the "Q&A" window/ tab and then clicking "Ask a Question" to input queries in the questions text box. The Company will endeavour to respond to such queries during the Meeting as far as reasonably practicable.

   Members are also encouraged to submit questions relating to the resolution to be tabled for approval at the Meeting in advance of the Meeting. To do so, all questions must be submitted by 5.00 p.m. on 22 June 2022 through either one of the following means:

   (a) via the BCHL EGM Website;
   (b) in physical copy by depositing the same at the registered office of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058; or

(c) via email to mgt@brookcromptonholdings.com.

After the cut-off date for the submission of questions, any subsequent substantial and relevant clarifications sought or follow-up questions will be addressed at the Meeting.

The Board will endeavour to address all substantial and relevant questions submitted in advance of the Meeting by publishing the responses to such questions on SGXNet and the Company's website at https://www.brookcromptonholdings.com, by 24 June 2022 (after trading hours) (being not less than forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms).

Minutes of the Meeting will be published on SGXNet and the Company's website at https://www.brookcromptonholdings.com, and the minutes would include the responses to the substantial and relevant questions addressed at the Meeting.

4. Voting

Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it may cast his/her/its votes remotely in real time via electronic means.

As an alternative to the aforesaid real-time electronic voting, members may appoint a proxy or proxies to vote on his/her/its behalf at the Meeting.

A member entitled to attend and vote at the EGM (who is not a relevant intermediary as defined in Section 181 of the Companies Act 1967) is entitled to appoint one or two proxies to attend and vote in his/her/its stead. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

A member who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than one proxy, it should annex to the Proxy Form the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of Shares and percentage) in relation to which each proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this note to the Notice of EGM. The appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form.

Members may also vote at the EGM by appointing the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Meeting. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

In addition, a member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors):

a) may vote live via electronic means at the EGM if they are appointed as proxies by their respective CPF Agent Banks/ SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have questions regarding their appointment as proxies; or

b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks/SRS Operators no later than 2.30 p.m. on 21 June 2022 (being seven (7) working days before the Meeting).

The proxy form for the Meeting is made available with this Notice of EGM on SGXNet at the URL https://www.sgx.com/securities/company-announcements on the same day and can be accessed at the Company's website at the URL https://www.brookcromptonholdings.com and https://conveneagm.com/sg/brookcromptonegm.

5. A proxy need not be a member of the Company. The Chairman of the Meeting, as proxy, need not be a member of the Company.

6. The Proxy form must be submitted through any one of the following means:

a) via the BCHL EGM Website in the electronic format accessible on the BCHL EGM Website; or
b) by depositing a physical copy at the registered office of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058; or
c) by sending a scanned PDF copy by email to mgt@brookcromptonholdings.com,

in either case, by 2.30 p.m. on 28 June 2022 (being not less than forty-eight (48) hours before the time appointed for holding the Meeting) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

7. In the case of submission of the Proxy Form other than via the BCHL EGM Website, the Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (such as in the case where the appointor submits more than one instrument appointing a proxy or proxies).

9. In the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by CDP to the Company.

*A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
(b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

By (a) submitting an instrument appointing a proxy or proxies to vote at the Meeting and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the Meeting via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any questions prior to the Meeting or raising any questions during the Meeting in accordance with this Notice of EGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents) of proxy forms appointing a proxy or proxies for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or AUDIO ONLY MEANS to observe the proceedings of the Meeting and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members received before or during the Meeting and if necessary, following up with the relevant members in relation to such questions;

(iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes to be prepared for the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

BROOK CROMPTON HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 194700172G)

PROXY FORM –
EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Alternative arrangements relating to, amongst others, attendance, submission of questions in advance and voting by proxy at the EGM (as defined herein) are set out in the Notice of EGM dated 15 June 2022 uploaded on SGXNet and the Company's website. The Notice of EGM and Proxy Form can also be accessed at the following URL: https://www.brookcromptonholdings.com, SGXNet and https://conveneagm.com/sg/brookcromptonegm. A printed copy of this Proxy Form will **not** be despatched to members of the Company.
2. A member will not be able to attend the EGM in person. Please see Notes 2 to 11 below for further details
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them

PERSONAL DATA PRIVACY

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 15 June 2022.

I/We, _____ (Name) _____ (NRIC/Passport No./Company Registration No.)
of _____ (Address)
being a *member/members of **BROOK CROMPTON HOLDINGS LTD.** (the "**Company**"), hereby appoints

Name	**NRIC or Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address	**Email Address****		

and/or

Name	**NRIC or Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address	**Email Address****		

and/or the *Chairman of the extraordinary general meeting of the Company (the "**EGM**"), as *my/our proxy to vote for *me/us on *my/our behalf at the EGM to be held by way of electronic means on Thursday, 30 June 2022 at 2.30 p.m. (Singapore time) and at any adjournment thereof. *I/We direct my/our proxy/proxies to vote for or against, or abstain from voting on the Resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion. Where the Chairman of the EGM is appointed as proxy and in the absence of specific directions as to voting is given, the appointment of the Chairman of the EGM as your proxy will be treated as invalid.

The Resolution put to the vote at the EGM shall be decided by way of poll.

If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolution, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for the Resolution, you are directing your proxy, who is the Chairman of the EGM, not to vote on the Resolution.

No.	**Ordinary Resolutions**	**By way of poll**		
		For	**Against**	**Abstain**
1	To approve the Proposed Acquisition of the Target Business			
2	To approve the Proposed Diversification			

Dated this _____ day of_____, 2022

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

_____

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

**** Delete as appropriate***

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM CAREFULLY BEFORE COMPLETING THIS PROXY FORM

PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it may appoint a proxy/proxies to vote on his/her/its behalf at the EGM. A member may appoint the Chairman of the EGM as to vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

3. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the EGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid.

4. A member entitled to attend and vote at the EGM, who is not a relevant intermediary (as defined in Section 181 of the Companies Act 1967), is entitled to appoint one or two proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5. A member who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than one proxy, it should annex to the instrument appointing a proxy or proxies (the "**Proxy Form**") the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of Shares and percentage) in relation to which each proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this Note. The appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form.

6. A proxy need not be a member of the Company. The Chairman of the EGM, as a proxy, need not be a member of the Company.

7. This Proxy Form must be submitted through any one of the following means:

   (a) via the following URL: https://conveneagm.com/sg/brookcromptonegm (the "**BCHL EGM Website**") in the electronic format accessible on the BCHL EGM Website; or
   (b) by depositing a physical copy at the registered office of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058; or
   (c) by sending a scanned PDF copy by email to mgt@brookcromptonholdings.com,

   in each case, no later than 2.30 p.m. on 28 June 2022, and failing which, this Proxy Form will not be treated as valid.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

8. In the case of submission of this Proxy Form other than via the BCHL EGM Website, this Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the EGM, in accordance with Section 179 of the Companies Act 1967 of Singapore and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

PROXY FORM

10. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) : (a) may vote live via electronic means at the EGM, or pre-cast their votes via the URL in the Confirmation Email if they are appointed as proxies by their respective CPF Agent Banks and/or SRS Operators, and should contact their respective CPF Agent Banks and/or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators to submit their voting instructions by 2.30 p.m. on 21 June 2022, being seven (7) working days before the EGM.

11. Completion and return of the Proxy Form shall not preclude a member from attending, speaking and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the live EGM, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the live EGM.

*A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this Proxy Form. In addition, in the case of a member of the Company whose shares are entered in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms as set out in the Notice of EGM dated 15 June 2022.