

CIRCULAR DATED 29 MAY 2020

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

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

Capitalised terms appearing on the cover of this Circular have the same meanings as defined in the section entitled "DEFINITIONS" of this Circular.

If you have sold or transferred all your Shares, you should immediately forward this Circular with the Notice of EGM and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and reviewed by the Sponsor, Novus Corporate Finance Pte. Ltd., in compliance with Rule 226(2)(b) of the Catalist Rules.

This Circular has not been examined or approved by the SGX-ST and 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.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.

This Circular has been made available on SGXNET and the Company's website and may be accessed at <http://oneapex.wixsite.com/home/investor-relations>. A printed copy of this Circular will NOT be despatched to Shareholders.

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the EGM. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching the proceedings of the EGM via "live" webcast or listening to the proceedings of the EGM via "live" audio feed, (b) submitting questions in advance of the EGM, and/or (c) voting by proxy at the EGM.

Please refer to paragraph 11 of this Circular and the Company's announcement dated 29 May 2020 entitled "Extraordinary General Meeting in relation to the Proposed Subscription of 50% of the Enlarged Issued and Paid-Up Share Capital of KC Industries Pte. Ltd." for further information, including the steps to be taken by Shareholders to participate at the EGM. Such announcement may also be accessed at <http://oneapex.wixsite.com/home/investor-relations>.



ONEAPEX

(Incorporated in the Republic of Singapore)
(Company Registration No. 201020806C)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED SUBSCRIPTION BY THE COMPANY OF 4,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF KC INDUSTRIES PTE. LTD., REPRESENTING 50% OF THE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF KC INDUSTRIES PTE. LTD., AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES



Independent Financial Adviser in relation to the Proposed Subscription as an Interested Person Transaction

(Incorporated in the Republic of Singapore)
(Company Registration No. 201109968H)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	20 June 2020 at 11 a.m.
Date and time of Extraordinary General Meeting	:	23 June 2020 at 11 a.m.
Place of Extraordinary General Meeting	:	The Extraordinary General Meeting will be held by way of electronic means

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DEFINITIONS

DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

"14KC"	:	The freehold property located at 14 Kim Chuan Terrace, Singapore 537036
"16KC"	:	The freehold property located at 16 Kim Chuan Terrace, Singapore 537038
"18KC"	:	The freehold property located at 18 Kim Chuan Terrace, Singapore 537040
"Aggregated Transactions"	:	Has the meaning ascribed to it at Section 2.6 of this Circular
"Alex"	:	Mr. Tan Pei Hong, Alex (Chen Peifeng)
"Amos"	:	Mr. Tan Theng Hong, Amos
"Amount at Risk"	:	Has the meaning ascribed to it at Section 2.5.1 of this Circular
"associate"	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(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% or more; and (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% or more
"Audit Committee"	:	The audit committee of the Company for the time being
"Board"	:	The board of directors of the Company for the time being
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 29 May 2020
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time

DEFINITIONS

“Company”	:	OneApex Limited
“Constitution”	:	The constitution of the Company, as amended from time to time
“Controlling Shareholder”	:	<p>A person who:</p> <p>(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or</p> <p>(b) in fact exercises control over the Company</p>
“Corporate Guarantee”	:	Has the meaning ascribed to it at Section 2.2.5 of this Circular
“Director”	:	A director of the Company for the time being, and “Directors” shall be construed accordingly
“EGM”	:	The extraordinary general meeting of the Company to be held by way of electronic means at 11 a.m. on 23 June 2020, notice of which is set out on pages N-1 to N-3 of this Circular
“Existing Aggregated Transactions”	:	Has the meaning ascribed to it at Section 2.6.1 of this Circular
“Financial Investments Services Business”	:	The Group's financial investment services business, which includes the fund management business, wealth management and family office advisory services, as more particularly described in the January 2019 Circular
“FY2019”	:	Financial year ended 30 September 2019
“FY2019 Results”	:	The Group's audited consolidated financial statements for the financial year ended 30 September 2019
“Group”	:	The Company and its subsidiaries, collectively
“HY2020 Results”	:	The Group's unaudited consolidated financial statements for the half year ended 31 March 2020
“Independent Financial Adviser” or “IFA”	:	RHT Capital Pte. Ltd., the independent financial adviser appointed by the Company to advise the Recommending Directors on the Proposed Subscription
“IFA Letter”	:	The letter dated 29 May 2020 issued by the IFA to the Recommending Directors in respect of the Proposed Subscription as an interested person transaction as set out in Appendix B to this Circular
“January 2019 Circular”	:	The circular to Shareholders dated 9 January 2019 in relation to, <i>inter alia</i> , the proposed adoption of a general mandate pursuant to Chapter 9 of the Catalist Rules and the Proposed Diversification
“KC Properties”	:	14KC, 16KC and 18KC, collectively

DEFINITIONS

"KF"	:	Kims Foodhub Pte. Ltd. (Company Registration No. 202005919M), a private company limited by shares incorporated in the Republic of Singapore
"KC Acquisition"	:	The purchase of the KC Properties by the Target Company
"Latest Practicable Date"	:	29 May 2020, being the latest practicable date prior to the release of this Circular
"LPS"	:	Loss per Share
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Mr. Tan"	:	Mr. Tan Koo Chuan
"Notice of EGM"	:	The notice of EGM which is on pages N-1 to N-3 of this Circular
"NTA"	:	Net tangible assets
"Property Business"	:	<p>The Company's property business which includes:</p> <ul style="list-style-type: none"> (a) investments into various properties for rental income and/or capital growth; (b) management of various properties with a focus on hotels, hostels and food and beverage outlets, for the collection of fees for the provision of property related services and facilities; and (c) property development activities including the acquisition, development and/or sale of commercial and residential properties and hotels (the "Property Development Business"), <p style="margin-left: 40px;">as more particularly described in the January 2019 Circular</p>
"Property Valuation Report"	:	The valuation report dated 2 March 2020, issued by Savills in respect of the valuation of the KC Properties, a copy of which is set out in Appendix A of this Circular
"Proposed Diversification"	:	The proposed diversification of the Group's business to include the Property Business and the Financial Investments Services Business, as more particularly described in the January 2019 Circular
"Proposed Subscription"	:	Has the meaning ascribed to it at Section 1.1 of this Circular
"Purchase Value"	:	The aggregate consideration for the purchase of the KC Properties of S\$31.3 million
"Recommending Directors"	:	Directors who are regarded as independent for the purposes of making a recommendation on the Proposed Subscription, namely, Mr. Zachary Tan Lian Chye, Mr. Chiu Joon Sun (Zhao Junsheng), Mr. Chee Teck Kwong Patrick, Mr. Low Chin Parn Eric and Mr. Wan Tai Foong

DEFINITIONS

"Savills"	:	Savills Valuation and Professional Services (S) Pte Ltd, the independent professional valuer appointed by the Company to conduct an independent valuation on the KC Properties
"Seatown Property"	:	The property located at 69H Tuas South Avenue 1 Seatown Industrial Centre, Singapore 637509, acquired by Tuas Seatown (an associated company of the Company) as announced by the Company on 7 November 2019
"SFA"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	The registered holders of Shares in the Register of Members of the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose securities accounts are credited with those Shares. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective securities accounts in the Depository Register maintained by CDP
"Shares"	:	Ordinary shares in the capital of the Company
"Sponsor"	:	Novus Corporate Finance Pte. Ltd.
"SSA"	:	The conditional subscription and shareholders' agreement dated 18 May 2020 entered into among the Company, KF and the Target Company in respect of the Proposed Subscription
"SSA Completion"	:	The completion of the Proposed Subscription pursuant to the SSA
"SSA Conditions Precedent"	:	Conditions precedent to the SSA Completion under the SSA as described in Section 2.2.3 of this Circular
"Subscription Consideration"	:	The consideration payable for the Subscription Shares as described in Section 2.2.2 of this Circular
"Subscription Shares"	:	4,000,000 new ordinary shares to be allotted and issued by the Target Company to the Company for the Subscription Consideration pursuant to the SSA
"Substantial Shareholder"	:	A person who has an interest or interests in one (1) or more voting Shares and the total votes attaching to that Share, or those Shares, is not less than five per cent. (5%) of the total votes attached to all the voting Shares
"Target Company"	:	KC Industries Pte. Ltd. (Company Registration No. 201935572R), a private company limited by shares incorporated in the Republic of Singapore
"Tuas Seatown"	:	Tuas Seatown Dormitory Pte. Ltd. (Company Registration No. 201932248K), a private company limited by shares incorporated in the Republic of Singapore

DEFINITIONS

“Waiver” : Has the meaning ascribed to it at Section 2.6.12.7.2 of this Circular

“Waiver Application” : Has the meaning ascribed to it at Section 2.7.1 of this Circular

Currencies, Units and Others

“%” or “per cent.” : Per centum or percentage

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

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

The terms **“subsidiaries”** and **“related corporations”** shall have the meanings ascribed to them in Section 5 and Section 6 respectively in the Companies Act.

The term **“treasury shares”** shall have the meaning ascribed to it in Section 76H of the Companies Act.

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

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

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

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

Any discrepancies in figures included in this Circular between the amounts and 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.

LETTER TO SHAREHOLDERS

LETTERS TO SHAREHOLDERS

ONEAPEX LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201020806C)

Directors:

Mr. Zachary Tan Lian Chye (Non-Executive Non-Independent Chairman)
Mr. Tan Pei Hong, Alex (Chen Peifeng) (Executive Director and Chief Executive Officer)
Mr. Chiu Joon Sun (Zhao Junsheng) (Executive Director)
Mr. Chee Teck Kwong Patrick (Lead Independent Director)
Mr. Wan Tai Foong (Independent Director)
Mr. Low Chin Parn Eric (Independent Director)

Registered Office:

80 Raffles Place
#25-01 UOB Plaza
Singapore 048624

29 May 2020

To: The Shareholders of OneApex Limited

Dear Sir/Madam,

THE PROPOSED SUBSCRIPTION BY THE COMPANY OF 4,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF KC INDUSTRIES PTE. LTD., REPRESENTING 50% OF THE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF KC INDUSTRIES PTE. LTD., AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES

1. INTRODUCTION

1.1 Overview

On 18 May 2020, the Company announced that it had entered into ("**Announcement**") a conditional subscription and shareholders' agreement (the "**SSA**") with KC Industries Pte. Ltd. (the "**Target Company**") and Kims Foodhub Pte. Ltd. ("**KF**") pursuant to which the Company agreed to subscribe for 4,000,000 new ordinary shares in the capital of the Target Company (the "**Subscription Shares**"), on the terms and subject to the conditions of the SSA (the "**Proposed Subscription**").

Upon completion of the Proposed Subscription (the "**SSA Completion**"), the Company will be the legal and beneficial owner of 50% of the enlarged issued and paid-up share capital of the Target Company and the Target Company will become a subsidiary of the Company. The key terms of the SSA are set out in Section 2.2 of this Circular.

1.2 EGM

The SSA Completion is conditional upon, *inter alia*, the approval of the Shareholders. Accordingly, the Board is convening the EGM to seek Shareholders' approval for the Proposed Subscription.

1.3 Circular

The purpose of this Circular is to provide Shareholders with information pertaining to the Proposed Subscription, and to seek Shareholders' approval for the Proposed Subscription at the EGM. The Notice of EGM is enclosed with this Circular.

2. THE PROPOSED SUBSCRIPTION

2.1 Information on the Target Company

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

2.1.1 Introduction

The Target Company is a private company limited by shares incorporated in Singapore on 22 October 2019. The Target Company is an investment holding company incorporated for the purpose of the KC Acquisition. As at the Latest Practicable Date, the Target Company has a total issued and paid-up capital of S\$4,000,000 comprising 4,000,000 ordinary shares which are solely held by KF. Amos is the sole director of the Target Company.

KF is a private company limited by shares incorporated in Singapore on 21 February 2020 as an investment holding company. As at the Latest Practicable Date, KF has a total issued and paid-up capital of S\$10 comprising 10 ordinary shares. The shareholders of KF are Amos and Mr. Tan holding 30% and 70% of the issued and paid-up share capital of KF respectively. Mr. Tan and Amos are directors of KF. Amos is a Controlling Shareholder of the Company while Mr. Tan is the father of both Amos and Alex, who is the Executive Director, Chief Executive Officer and Controlling Shareholder of the Company.

Accordingly, KF and the Target Company are deemed to be interested persons under Chapter 9 of the Catalist Rules and the Proposed Subscription constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

2.1.2 Information on the Key Assets of the Target Company

As at the Latest Practicable Date, the Target Company had exercised three (3) options to purchase the KC Properties. The aggregate consideration for the KC Acquisition amounts to S\$31.3 million (the “**Purchase Value**”). Salient details of the KC Properties are set out below:

	KC Properties		
	14KC	16KC	18KC
Consideration	S\$11,000,000	S\$8,500,000	S\$11,800,000
Land size (sq ft)	6,065	5,572	8,859
Leasehold term	Freehold	Freehold	Freehold
Zoning	Industrial ⁽¹⁾	Industrial ⁽¹⁾	Industrial ⁽¹⁾
District	19	19	19
Expected completion date	22 May 2020	30 June 2020	30 June 2020

Note:

(1) Reference is made to the Announcement on 18 May 2020. The Board wishes to inform Shareholders that there was an inadvertent error to paragraph B(2) of the Announcement in which the zoning details of the KC Properties were indicated to be “*Commercial / Industrial*”. In this regard, the zoning details of the KC Properties should be “***Industrial***” instead. Save as disclosed, all the information in the Announcement remains unchanged.

Upon completion of the KC Acquisition, the Target Company intends to tear down the existing developments and re-develop the KC Properties to construct strata-titled food factory industrial units (the “**Proposed Developments**”). However, subject to the SSA Completion and taking into

LETTER TO SHAREHOLDERS

consideration the evolving market conditions at a later stage, the Board may elect to undertake a review of the Proposed Developments with a view to optimise the potential of the KC Properties and make changes to the re-development plans of the KC Properties. Please refer to Section 2.8 of this Circular for further details on the future development plans.

In order to finance the KC Acquisition and the Proposed Developments, as at the Latest Practicable Date, the Target Company has taken up a bank loan of approximately S\$39.2 million from Hong Leong Finance Limited (the "**Bank Loan**"), which is secured by (i) a personal guarantee provided by Mr. Tan; and (ii) a first legal mortgage on the KC Properties. The tenure of the Bank Loan is expected to be for a period of 48 months from the first drawdown, with interest payable at a rate of 2.65% per annum.

The Bank Loan is proposed to be utilised as follows:

Description	S\$ (up to)
To partially finance the purchase of 14KC for redevelopment ⁽¹⁾	8,800,000
To partially finance the purchase of 16KC for redevelopment ⁽¹⁾	6,800,000
To partially finance the purchase of 18KC for redevelopment ⁽¹⁾	9,440,000
To partially finance the payment of development charge ⁽²⁾ for the Proposed Developments	3,280,000
To partially finance the construction costs (including professional fees and marketing costs but excluding GST) for the Proposed Developments	10,879,600
Total	39,199,600

Note:

- (1) Subject to the SSA Completion, the balance Purchase Value will be funded by the internal resources of the Target Company.
- (2) Development charge is a tax levied when planning permission is granted to carry out development projects that increase the value of the land (e.g. when a development is rezoned or has its plot ratio increased).

Based on the latest management accounts of the Target Company as at 30 April 2020, the adjusted net asset value and net tangible value of the Target Company is approximately S\$4.0 million. As it would not be meaningful to conduct a valuation on the Target Company, which was incorporated on 22 October 2019 as an investment holding company for the purpose of acquiring the KC Properties, the Company will be relying on the property valuation report dated 2 March 2020 (the "**Property Valuation Report**") prepared by Savills Valuation and Professional Services (S) Pte. Ltd. ("**Savills**") which provides that the market value of 14KC, 16KC and 18KC are S\$11,000,000, S\$8,500,000 and S\$11,800,000 respectively, with vacant possession and free from all encumbrances, on an as-is basis with re-development potential based on a scheme for the Proposed Developments. Further details on the Property Valuation Report and Savills are set out at Section 2.4 below.

The respective vendors of the KC Properties (the "**Vendors**") are all unrelated to the Group, its Controlling Shareholders, Directors and any of the executive officers of the Group.

2.2 Principal Terms of the SSA

2.2.1 Subscription Shares

Pursuant to the SSA, the Company shall subscribe for the Subscription Shares, which will represent 50% of the enlarged issued and paid-up share capital of the Target Company after the SSA Completion. Upon the SSA Completion, the Target Company will become a subsidiary of the Company.

2.2.2 Subscription Consideration

The consideration for the Subscription Shares is S\$4,000,000 (the “**Subscription Consideration**”) to be satisfied entirely in cash upon the SSA Completion.

The Subscription Consideration was arrived at on a willing-seller, willing-buyer basis after arms’ length negotiations among the Target Company, KF and the Company, and after taking into account, *inter alia*, the following:

- (a) the Property Valuation Report; and
- (b) the Corporate Guarantee (as defined below).

The Subscription Consideration shall be payable by the Company to the Target Company upon the SSA Completion.

2.2.3 SSA Conditions Precedent

The SSA Completion is subject to and conditional upon, *inter alia*, the satisfaction (or such waiver agreed by the Target Company, KF and the Company in writing) of the following conditions (the “**SSA Conditions Precedent**”):

- (a) the results of the legal and financial due diligence on the Target Company conducted by the Company and its advisors being reasonably satisfactory to the Company;
- (b) the warranties made by the Target Company under the SSA being true and accurate in all material respects as at the SSA Completion, with reference to the facts and circumstances existing on the date of the SSA Completion;
- (c) the Waiver from the SGX-ST (as detailed in Section 2.7 below) being in full force and effect and not having been withdrawn, suspended, amended or revoked, and the conditions of the Waiver being fulfilled in such manner satisfactory to the SGX-ST before the SSA Completion;
- (d) the approval of the Shareholders being obtained for the Proposed Subscription at a general meeting of the Company to be convened; and
- (e) all necessary approvals, consents and waivers from third parties, governmental or regulatory body or competent authority, including but not limited to the Sponsor and/or SGX-ST, for the Proposed Subscription being granted or obtained, being in full force and effect and not having been withdrawn, suspended, amended or revoked, and if such approvals, consents and/or waivers are granted or obtained subject to any conditions, and if such conditions affect any of the parties, such conditions being acceptable to the Target Company, KF and the Company, and if such conditions are to be fulfilled before the SSA Completion, such conditions being fulfilled before the SSA Completion.

2.2.4 SSA Completion

Subject to the fulfilment of the applicable SSA Conditions Precedent, the SSA Completion shall take place within ten (10) business days from fulfilment and/or written waiver of all the SSA Conditions Precedent or such other date as the Company, KF and the Target Company may mutually agree in writing.

2.2.5 Corporate Guarantee

Upon the SSA Completion, the Company (or a designated wholly-owned subsidiary of the Company) will, in proportion to its resultant 50% shareholding interest in the Target Company, provide a corporate guarantee of 50% of the Bank Loan, amounting to S\$19.6 million, (the "**Corporate Guarantee**"), such that the Bank Loan shall be secured by the Corporate Guarantee and the personal guarantee provided by Mr. Tan on an equal-sharing basis. For the avoidance of doubt, notwithstanding the SSA Completion, Hong Leong Finance Limited will still retain its first legal mortgage on the KC Properties as security for Bank Loan.

One of the key covenants for the Corporate Guarantee is for Alex and Amos, through their investment holding company, Goldhill Trust Pte. Ltd. ("**Goldhill**"), the Controlling Shareholder of the Company, to always maintain a deemed interest of more than 50% of the total issued and paid-up share capital of the Company for the duration of the tenure of the Bank Loan. The Corporate Guarantee will be on similar terms as compared to the personal guarantee provided by Mr. Tan. Further details will be announced by the Company upon provision of the Corporate Guarantee in compliance with the requirements under Rule 704(33) of the Catalist Rules.

In compliance with Rule 728(1) of the Catalist Rules, Alex and Amos shall, upon provision of the Corporate Guarantee, provide their undertakings to the Company to notify the Company, as soon as either of them becomes aware, of any other share pledging arrangement(s) relating to their shares held in Goldhill and/or the shares in the Company held by Goldhill, and of any event which will be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal amount of the Corporate Guarantee and/or the Bank Loan.

The Company will also comply with the announcement requirements under Rule 728(2) of the Catalist Rules upon any such notification by Alex and/or Amos.

2.2.6 Other Salient Terms of the SSA

Pursuant to the SSA, the Company shall have, *inter alia*, the following rights upon the SSA Completion:

- (a) the Company shall be entitled to appoint such number of persons ("**OAL Director**") to achieve majority control of the board of directors of the Target Company;
- (b) the chairman of the board of directors of the Target Company shall be an OAL Director and the chairman shall be entitled to a second or casting vote at any meeting of the board of directors or general meeting of the Target Company;
- (c) subject to the Companies Act and save for reserved matters as prescribed under the SSA, all directors' resolutions and shareholders' resolutions shall be adopted by a simple majority vote;
- (d) the Company shall be entitled to pre-emption, tag-along and drag-along rights in relation to its shareholding in the Target Company; and
- (e) in the event of a default by KF, the Company shall, without prejudice to any other rights and remedies it may have, be entitled to default put and call option rights under the SSA.

2.3 **Sources of Funds for the Proposed Subscription**

The Subscription Consideration will be funded by the Group's internal resources. Based on the HY2020 Results as at 31 March 2020, the Group had recorded cash and cash equivalents of approximately S\$9.7 million with no borrowings and debt securities.

2.4 **Property Valuation Report**

The Company had on 2 March 2020, commissioned Savills to conduct an independent valuation to determine the market value of the KC Properties. Based on the Property Valuation Report, the market values of 14KC, 16KC and 18KC are S\$11,000,000, S\$8,500,000 and S\$11,800,000 respectively, with vacant possession and free from all encumbrances, on an as-is basis with re-development potential based on a scheme for the Proposed Developments. The valuation of the KC Properties was based on the residual method and direct comparison method.

Please refer to Appendix A to this Circular for the Property Valuation Report issued by Savills. Shareholders are advised to read the Property Valuation Report carefully in its entirety.

None of the Vendors, the Directors, the Controlling Shareholders, or their respective associates have any interests, direct or indirect, in Savills.

2.5 **The Proposed Subscription as an Interested Person Transaction**

Rule 904(5) of the Catalist Rules provides that an interested person transaction means a transaction between an entity at risk and an interested person. Rule 904(2)(a) of the Catalist Rules provides, *inter alia*, that an entity at risk means the issuer. Rule 904(4) of the Catalist Rules provides, *inter alia*, that an interested person means a director, chief executive officer, controlling shareholder of the issuer or any of their associates. Rule 904(6)(f) of the Catalist Rules provides, *inter alia*, that a transaction includes the establishment of joint ventures or joint investments.

As mentioned in Section 2.1.1, KF is, as at the Latest Practicable Date, the sole shareholder of the Target Company. The shareholders of KF are Amos and Mr. Tan holding 30% and 70% of the issued and paid-up share capital of KF respectively. Amos is a Controlling Shareholder of the Company while Mr. Tan is the father of both Amos and Alex, who is the Executive Director, Chief Executive Officer and Controlling Shareholder of the Company.

Accordingly:

- (a) KF and the Target Company are interested persons;
- (b) the Company is an entity at risk; and
- (c) the Proposed Subscription between the Company, KF and the Target Company constitutes an interested person transaction,

under Chapter 9 of the Catalist Rules.

2.5.1 Shareholders' Approval

Rule 906(1) of the Catalist Rules provides that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than:

- (a) 5% of the group's latest audited NTA; or
- (b) 5% of the group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by the shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

Rule 918 of the Catalist Rules provides that if a transaction requires shareholder approval, it must be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

Rule 909 of the Catalist Rules provides, *inter alia*, that the value of a transaction is the amount at risk to the issuer. In the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk.

The amount at risk to the Company in respect of the Proposed Subscription is the Subscription Consideration and the Corporate Guarantee, which amounts to an aggregate of S\$23.6 million (the "**Amount at Risk**"). As the Amount at Risk exceeds 5% of the Group's latest audited NTA of approximately S\$12.9 million as at 30 September 2019, Shareholders' approval for the Proposed Subscription is required in accordance with Rule 906(1)(a) of the Catalist Rules.

Save as disclosed above and as envisaged as part of the Proposed Subscription, the Company has not entered into any other transaction with Amos, Alex or their respective associates or any transaction with interested persons since the beginning of this financial year ending 30 September 2020.

The Company proposes to seek the approval of the Shareholders for the Proposed Subscription as an "interested person transaction" under Rule 906 of the Catalist Rules at the EGM.

Pursuant to Rule 919 of the Catalist Rules, Alex and Amos will abstain, and will undertake to ensure that their associates, including Mr. Tan, will abstain, from voting on the Proposed Subscription. In addition, Alex and Amos and their respective associates will also decline to accept appointment as proxy for any Shareholder to vote in respect of the Proposed Subscription, unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast.

2.5.2 Appointment of Independent Financial Adviser

Rule 921(4)(a) of the Catalist Rules requires that the Company appoint an independent financial adviser to advise the Recommending Directors as to whether the Proposed Subscription (including amongst others, the provision of the Corporate Guarantee):

- (a) is on normal commercial terms; and
- (b) is prejudicial to the interests of the Company and its minority Shareholders.

The Company has appointed RHT Capital Pte. Ltd. ("**IFA**") as its independent financial adviser to advise the Recommending Directors as to whether the Proposed Subscription is on normal commercial terms and is prejudicial to the interests of the Company and its minority Shareholders.

The IFA Letter issued by the IFA in respect of the Proposed Subscription as an interested person transaction is reproduced in Appendix B to this Circular. Please refer to Section 4 of this Circular for further information on the opinion of the IFA.

2.6 **The Proposed Subscription as a Major Transaction**

Under Rule 1004 of the Catalist Rules, a transaction (as defined in Chapter 10 of the Catalist Rules) may be categorised as a (a) non-disclosable transaction, (b) disclosable transaction, (c) major transaction or (d) very substantial acquisition or reverse takeover, depending on the size of the relative figures computed on the bases set out under Rule 1006 of the Catalist Rules.

On 31 January 2019, the Company had sought and received approval from the Shareholders of the Company ("**January 2019 Shareholders' Approval**") for, *inter alia*, the proposed adoption of a general mandate pursuant to Chapter 9 of the Catalist Rules and the Proposed Diversification.

Pursuant to the January 2019 Shareholders' Approval, *inter alia*, the Proposed Subscription is deemed to be in the Group's ordinary course of business and therefore does not fall under the definition of a "transaction", under Chapter 10 of the Catalist Rules. Notwithstanding, Rule 1015(1)

LETTER TO SHAREHOLDERS

of the Catalist Rules states that where an acquisition of assets (whether or not the acquisition is deemed in the issuer's ordinary course of business) is one where any of the relative figures computed on the bases set out in Rule 1006 is 100% or more, or is one which will result in a change in control of the issuer, the transaction is classified as a very substantial acquisition or reverse takeover respectively.

In accordance with the SGX-ST's recommended practice in relation to diversification of business, where the Group enters into the first major transaction involving the Property Business and/or the Financial Investments Services Business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the Property Business and/or the Financial Investment Services Business respectively are aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders' approval.

2.6.1 Relative figures for the Proposed Subscription and Existing Aggregated Transactions under Rule 1006 of the Catalist Rules

The relative figures computed on the bases set out under Rule 1006 of the Catalist Rules in relation to the Proposed Subscription and the Existing Aggregated Transactions based on the HY2020 Results are as follows:–

Rule 1006 of the Catalist Rules	Bases	Relative figures (%) in respect of the Proposed Subscription	Relative figures (%) in respect of the Proposed Subscription and the Existing Aggregated Transactions
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable to an acquisition of assets	Not applicable to an acquisition of assets
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not applicable ⁽¹⁾	Not applicable ⁽²⁾
(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.	147.00% ⁽³⁾	206.79% ⁽⁴⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity	Not applicable as there is no issuance of equity securities by the Company	Not applicable as there is no issuance of equity securities by the Company

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securities previously in issue.

- | | | | |
|-----|---|--|---|
| (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 | Not applicable as the Company is not a mineral, oil or gas ("MOG") company | Not applicable as the Company is not an MOG company |
|-----|---|--|---|

Notes:

- (1) Not applicable as the Target Company was only incorporated on 22 October 2019 as an investment holding company and has no operations and net profit attributable to it as at the Latest Practicable Date. In respect of the KC Properties, the Target Company does not have any information on the net profit / loss attributable to the existing developments on the KC Properties, which is confidential and has not been provided by the Vendors. Furthermore, given the Target Company's future development plans for the KC Properties, the historical net profits attributable to the existing developments on the KC Properties would not be a meaningful comparison.
- (2) In addition to note (1) above and with reference to the Company's announcements on 17 October 2019 and 7 November 2019, not applicable as (a) Tuas Seatown was newly-incorporated and had yet to commence any operations at the time of the acquisition; and (b) Tuas Seatown did not have any information on the net profits attributable to the then existing tenancy of the Seatown Property, which was confidential and was not provided by the vendors of the Seatown Property.
- (3) Computed based on (i) the Amount at Risk of S\$23,600,000; and (ii) the Company's market capitalisation of approximately S\$16,054,620. Under Rule 1002(5) of the Catalist Rules, the market capitalisation of the Company is determined by multiplying the number of Shares in issue (being 84,498,000 Shares) by the weighted average price of S\$0.19 on 17 March 2020 (being the last Market Day on which the Shares were traded prior to the date of the SSA).
- (4) Computed based on (i) the Amount at Risk of S\$23,600,000; and (ii) the aggregate value of the consideration given for the Existing Aggregated Transactions of S\$7,200,003; and (iii) the Company's market capitalisation of approximately S\$16,054,620.

As the relative figure under Rule 1006(c) of the Catalist Rules for the Proposed Subscription is more than 100% and the Proposed Subscription will not result in a change in control of the Company, the Proposed Subscription would constitute a "very substantial acquisition" under Rule 1015 of the Catalist Rules. However, the Company has on 22 April 2020 sought and obtained a waiver from compliance with Rule 1015 of the Catalist Rules in relation to the Proposed Subscription from the SGX-ST. Additional details on the Waiver are set out in Section 2.7 below. Pursuant to the Waiver (as defined below), the Proposed Subscription is classified as a "major transaction" under Rule 1014 of the Catalist Rules.

Accordingly, the Company proposes to seek the approval of the Shareholders for the Proposed Subscription as a "major transaction" under Rule 1014 of the Catalist Rules at the EGM.

The Company had earlier (a) on 17 October 2019 announced the acquisition of 30% shareholding interest in a new associated company, Tuas Seatown for a consideration of S\$3.00; and (b) on 7 November 2019 announced the acquisition by Tuas Seatown of the Seatown Property for a consideration of S\$24.0 million, with the Company's share of the consideration being S\$7.2 million (collectively the "**Existing Aggregated Transactions**"). Accordingly, the Proposed Subscription would result in the aggregate value of the consideration given for the Existing Aggregated Transactions, being approximately S\$7.2 million, exceeding 75% of the Company's market capitalisation computed based on Rule 1006(c) of the Catalist Rules. As the Proposed Subscription is deemed to be the last of the Aggregated Transactions undertaken by the Group for the financial year ending 30 September 2020, following approval from Shareholders of the Proposed Subscription, the Company will no longer be required to seek further Shareholders' approval for

further transactions, as defined in Chapter 10 of the Catalist Rules, carried out as part of the Property Business and/or the Financial Investments Services Business.

Notwithstanding, the Company will still be required to comply with all applicable and prevailing Catalist Rules as amended or modified from time to time including, but not limited to, the application of Chapter 10 of the Catalist Rules as stated in Section 3.10 of the January 2019 Circular.

2.7 Receipt of Waiver from the SGX-ST

2.7.1 The Company had, on 21 February 2020, applied to the SGX-ST through the Sponsor for a waiver from compliance with Rule 1015 of the Catalist Rules in respect of the Proposed Subscription to be classified as a "major transaction" under Rule 1014 of the Catalist Rules (the "**Waiver Application**").

2.7.2 The SGX-ST had, on 22 April 2020, informed the Company that it had no objection to the Company's Waiver Application ("**Waiver**"), subject to the following conditions ("**Waiver Conditions**"):

- (a) the Company complying with Rule 1014 of the Catalist Rules;
- (b) the Company making an immediate announcement of the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 106 of the Catalist Rules and if the Waiver Conditions have been satisfied. If the Waiver Conditions have not been met on the date of the announcement, the Company must make an update announcement when all the Waiver Conditions have been met;
- (c) the Company obtaining Shareholders' approval for the Proposed Subscription;
- (d) the Company appointing a competent and independent valuer to value the KC Properties, and disclose the valuation report in the Shareholders' circular;
- (e) both the Company and Sponsor providing a confirmation to the SGX-ST on working capital sufficiency after taking into consideration the present bank facilities of the Group after the Proposed Subscription, that they are of the opinion that the working capital available to the Group is sufficient in the next 12 months; and making necessary disclosures in the Shareholders' circular;
- (f) submission of updated declarations from each of the Company's director, executive officer, controlling shareholder and officer occupying a managerial position and their associates pursuant to Rule 406(3)(b), and the assessment from both the Sponsor the Company's nominating committee on the suitability of directors and management;
- (g) submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company; and
- (h) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

2.7.3 The Waiver will not be valid if any of the Waiver Conditions have not been fulfilled, and the Company is required to make an immediate disclosure via SGXNET if it is/will be in contravention of any laws and regulations governing the Company and the constitution of the Company (or equivalent in the Company's country of incorporation) arising from the Waiver.

2.7.4 In respect of the Waiver Condition set out under Section 2.7.2(b) above, as no definitive documents was entered into in respect of the Proposed Subscription as at the date of granting the Waiver, the Company had informed SGX-ST that, in line with Rule 106 of the Catalist Rules, it will endeavour

to announce the Waiver as soon as practicable at such time when it is required to make an announcement on the Proposed Subscription in compliance with the relevant Catalist Rules.

Accordingly, the Company had, on 18 May 2020, announced the Waiver granted under its Waiver Application, the reasons for the waiver sought and the conditions as required under Rule 106 of the Catalist Rules. A copy of the Company's announcement dated 18 May 2020 is available on SGXNET.

2.7.5 As at the Latest Practicable Date, save for the approval of Shareholders for the Proposed Subscription, all the above conditions set out in Section 2.7.2 of this Circular have been satisfied. The Company is seeking the approval of Shareholders for the Proposed Subscription at the EGM before the SSA Completion.

2.8 **Future Development Plans**

Assuming that the KC Acquisition is completed by no later than 30 June 2020 and subject to all requisite approvals being obtained from the relevant authorities, the Target Company intends to commence preparation works immediately to tear down the existing developments on the KC Properties which is expected to complete in March 2021. During the interim period, the Board plans to undertake a review of the Proposed Developments (which may include conducting feasibility studies or market research) with a view to optimise the potential of the KC Properties by the end of 2020, such that the construction of the re-development plans may commence immediately after the existing developments are completely torn down.

Subject to the aforementioned and in addition to the Bank Loan, the Target Company intends to fund the balance of the development / construction cost associated with the Proposed Developments using either its internal resources or, if and when the need arises, further equity injections from its shareholders on an equal-sharing basis.

Subject to the completion of the Proposed Subscription, the Company will make further announcements to provide timely updates on the future development plans of the KC Properties and funding of the Proposed Developments in compliance with the Catalist Rules.

2.9 **No Service Contracts**

No person is proposed to be appointed as a Director in connection with the Proposed Subscription. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Subscription.

2.10 **Rationale for the Proposed Subscription**

The Proposed Subscription is contemplated to be made in the ordinary course of business of the Group and is in line with the Group's strategy to expand its Property Development Business. The Proposed Subscription presents an opportunity to acquire a controlling stake in the Target Company which will hold the legal rights and interest to the KC Properties, and will enable the Group to make its first foray into the Property Development Business. Given that the Group has no prior track record and/or operating history in the property market, it is only through this collaboration with an established and experienced market player like Mr. Tan that the Group is able to embark on a property project on such a large scale, which may potentially generate substantial profits and cash flow for the Group's business.

Furthermore, Mr. Tan's involvement with the Target Company will:

- (a) enable the Group to leverage on Mr. Tan's knowledge, expertise and contacts in the property market to carry out the Proposed Developments, while developing and building up the Group's own team of experienced and skilled personnel for its Property Business; and

- (b) allow the Group to also leverage on Mr. Tan's relationship and credit history with the financial institutions to obtain external financing on favourable terms in order to reduce the Group's immediate financial obligation in respect of the Purchase Value as well as in the future in relation to the funding required for the Proposed Developments. In particular, from the onset the Bank Loan was obtained by the Target Company on the basis of Mr. Tan's financial standing and track record as an indirect shareholder of the Target Company. Such external bank financing would have otherwise been difficult for the Target Company and/or the Company to secure had it chosen to proceed with the KC Acquisition, the Proposed Developments and/or another other property project on its own. Save for the Bank Loan that will be guaranteed by the Company and Mr. Tan, the Company and KF shall share all risks and rewards of the KC Acquisition and any subsequent transaction contemplated by the Target Company, in proportion to their respective shareholding interests in the Target Company.

3. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

3.1 Bases and Assumption

The *pro forma* financial effects of the Proposed Subscription, based on the FY2019 Results are set out below. The *pro forma* financial effects of the Proposed Subscription on the Group set out below are only presented for illustration purposes, and are therefore not indicative of the actual and/or future results and financial situation of the Company or the Group after the SSA Completion.

The *pro forma* financial effects of the Proposed Subscription have been prepared based on the FY2019 Results, and on the following bases and assumptions:

- (a) the financial effects on the consolidated NTA per Share is computed based on the assumption that the Proposed Subscription was completed on 30 September 2019;
- (b) the financial effects on the consolidated LPS is computed based on the assumption that the Proposed Subscription was completed on 1 October 2018; and
- (c) the expenses to be incurred in connection with the Proposed Subscription are estimated to be approximately S\$69,000.

3.2 Net Tangible Assets per Share

	Before the Proposed Subscription	After the Proposed Subscription
NTA (S\$'000)	12,853	12,853
Number of Shares ('000)	84,498	84,498
NTA per Share (Singapore cents)	15.21	15.21

3.3 Loss per Share

	Before the Proposed Subscription	After the Proposed Subscription
Loss attributable to Shareholders (S\$'000)	1,394	1,463
Number of Shares ('000)	84,498	84,498
LPS (Singapore cents)	1.65	1.73

4. OPINION OF THE IFA

In accordance with Rule 921(4)(a) of the Catalist Rules, the Company has appointed RHT Capital Pte. Ltd. as its IFA to advise the Recommending Directors as to whether the Proposed Subscription (including amongst others, the provision of the Corporate Guarantee) as an interested person transaction:

- (a) is on normal commercial terms; and
- (b) is prejudicial to the interests of the Company and its minority Shareholders.

The opinion of the IFA in respect of the Proposed Subscription as an interested person transaction is extracted and set out below. All terms and expressions used in the extract below shall have the same meanings those defined in the IFA Letter, unless otherwise stated.

"In arriving at our recommendation in respect of the Proposed Subscription, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

- (i) *the rationale and benefit of the Proposed Subscription;*
- (ii) *independent valuation of the Properties, land and the gross development value of the Proposed Development;*
- (iii) *assessment of the Subscription Consideration;*
- (iv) *assessment of the terms of the Corporate Guarantee;*
- (v) *pro forma financial effects of the Proposed Subscription; and*
- (vi) *other relevant considerations as set out in Section 6.6 of this Letter, namely: risk profile of the Company; outlook of the Group; and support from the controlling shareholders.*

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Subscription, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interest of the Company and its Minority Shareholders."

Shareholders are advised to read and consider the IFA Letter issued by the IFA in its entirety as reproduced in Appendix B to this Circular and consider carefully the recommendations of the Recommending Directors for the Proposed Subscription set out in Section 8.1 of this Circular.

5. CONFIRMATIONS

5.1 The Directors are of the reasonable opinion that, after taking into consideration the present banking facilities of the Group after the Proposed Subscription, the working capital available to the Group as at the Latest Practicable Date is sufficient for the next 12 months after completion of the Proposed Subscription.

5.2 The Sponsor is of the reasonable opinion that, after taking into consideration the present banking facilities of the Group after the Proposed Subscription, the working capital available to the Group as

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at the Latest Practicable Date is sufficient for the next 12 months after completion of the Proposed Subscription.

6. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee, having considered and reviewed, *inter alia*, the terms of, rationale for and benefits of the Proposed Subscription, the Property Valuation Report, as well as the advice and opinion of the IFA as set out in the IFA Letter, concurs with the IFA and is of the opinion that the Proposed Subscription is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares, as recorded in the Register of Directors' shareholdings and Register of Substantial Shareholders' shareholdings maintained pursuant to Section 164 and Section 88 of the Companies Act respectively, are set out below:

	Number of Shares		Total ⁽¹⁾ (%)
	Direct Interest	Deemed Interest	
Directors			
Tan Pei Hong, Alex (Chen Peifeng) ⁽²⁾	-	62,466,590	73.93
Zachary Tan Lian Chye	-	-	-
Chiu Joon Sun (Zhao Junsheng)	-	-	-
Chee Teck Kwong Patrick	-	-	-
Low Chin Parn Eric	-	-	-
Wan Tai Foong	-	-	-
Substantial shareholders (other than Directors)			
Goldhill Trust Pte. Ltd.	62,466,590	-	73.93
Tan Theng Hong, Amos ⁽³⁾	-	62,466,590	73.93
Ang De Yu	4,746,084	-	5.62

Notes:

- (1) Based on 84,498,000 Shares as at the Latest Practicable Date.
- (2) Mr. Tan Pei Hong, Alex (Chen Peifeng) is deemed interested in the Shares held by Goldhill through his 50% interest in the issued share capital of Goldhill.
- (3) Mr. Tan Theng Hong, Amos is deemed interested in the Shares held by Goldhill through his 50% interest in the issued share capital of Goldhill.

Save as disclosed above and in this Circular, none of the Directors, Controlling Shareholders or Substantial Shareholders or their respective associates has any interests, direct or indirect, in the Proposed Subscription (other than in their capacity as Directors or Shareholders, where applicable).

8. DIRECTORS' RECOMMENDATIONS

8.1 Proposed Subscription

The Recommending Directors, having considered and reviewed, *inter alia*, the terms of, rationale for and benefits of the Proposed Subscription, the Property Valuation Report, as well as the advice and opinion of the IFA as set out in the IFA Letter, are of the opinion that the Proposed Subscription is in the best interests of the Company. Accordingly, the Recommending Directors recommend that Shareholders vote in favour of the Proposed Subscription at the EGM to be convened, as set out in the Notice of EGM.

8.2 Note to Shareholders

Shareholders, in deciding whether to vote in favour of the Proposed Subscription, should read carefully the terms, rationale for and benefits of the Proposed Subscription. In giving the above recommendations, the Directors and the Recommending Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As Shareholders would have different investment objectives, the Directors and the Recommending Directors recommend that any Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank, solicitor, accountant, tax adviser or other professional advisers.

9. ABSTENTION FROM VOTING

Pursuant to Rule 919 of the Catalist Rules, Alex and Amos will abstain, and have undertaken to ensure that their associates will abstain, from voting on the Proposed Subscription.

In addition, Alex and Amos and their respective associates will also decline to accept appointment as proxy for any Shareholder to vote in respect of the Proposed Subscription, unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast.

If a Shareholder is required to abstain from voting on a Proposed Subscription by a listing rule or pursuant to any court order, any votes cast by that Shareholder on that Proposed Subscription will be disregarded by the Company.

10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held by way of electronic means on 23 June 2020 at 11 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, passing (with or without any modification) the Proposed Subscription, as set out in the Notice of EGM.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

11.1 No Attendance at the EGM

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the EGM.

11.2 Alternative Arrangements

Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching the proceedings of the EGM via "live" webcast or listening to the proceedings of the EGM via "live" audio feed, (b) submitting questions in advance of the EGM, and/or (c) voting by proxy at the EGM.

Shareholders should refer to the Company's announcement dated 29 May 2020 entitled "Extraordinary General Meeting in relation to the Proposed Subscription of 50% of the Enlarged Issued and Paid-Up Share Capital of KC Industries Pte. Ltd." which has been uploaded together with this Circular on SGXNET for further information, including the steps to be taken by Shareholders to participate at the EGM. Such announcement may also be accessed at <http://oneapex.wixsite.com/home/investor-relations>.

12. 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 enquires that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Subscription and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information 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 these sources and/or reproduced in this Circular in its proper form and context.

13. CONSENTS

13.1 CONSENT FROM SAVILLS VALUATION AND PROFESSIONAL SERVICES (S) PTE. LTD.

Savills Valuation and Professional Services (S) Pte. Ltd., as the independent valuer for the Proposed Subscription, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Property Valuation Report as set out in Appendix A to this Circular, and all references thereto in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

13.2 IFA CONSENT

RHT Capital Pte. Ltd., as the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter as set out in Appendix B to this Circular, and all references thereto in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 80 Raffles Place, #25-01 UOB Plaza, Singapore 048624 during normal business hours from the date of this Circular up to and including 18 August 2020:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for FY2019;
- (c) the HY2020 Results;
- (d) the SSA;
- (e) the Property Valuation Report;
- (f) the letter of consent from Savills;
- (g) the IFA Letter; and
- (h) the letter of consent from the IFA.

LETTER TO SHAREHOLDERS

Yours faithfully

For and on behalf of the Board of Directors of
ONEAPEX LIMITED

Tan Pei Hong, Alex (Chen Peifeng)
Executive Director and Chief Executive Officer



14, 16 & 18 Kim Chuan Terrace
Singapore 537036/38/40

Prepared for
OneApex Limited
38 Jalan Pemimpin
#06-06 M38
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2 March 2020

Savills
Valuation Report

savills.com.sg/valuations

Savills Valuation And
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Singapore 537036/38/40
Our Ref: 2020/483/PTE/DE



1 Introduction

1.1 Instructions

We have been instructed by OneApex Limited (the "Client") to provide the market value of the subject property. This valuation has been prepared for the purpose of interested party transaction only and can be relied upon by the Client. This valuation report is provided subject to the assumptions, disclaimers, limitations, qualifications detailed throughout this report and also the limiting conditions herein.

1.2 Qualifications of Valuer

We confirm that the valuer who has undertaken this valuation:

- a) is suitably qualified to carry out such valuations and has at least 25 years' appropriate experience and in particular has the necessary expertise and experience in valuing properties of this type and in the relevant area;
- b) is not aware of any conflict of interest that would interfere with the valuer's ability to give an independent and professional valuation of the Property; and
- c) is not a related corporation of or has a relationship with the Client.

1.3 Extension of Liability and Confidentiality

This report may be only relied upon by the Client for the specific purpose to which it refers. Use by, or reliance upon this report by anyone other than the Client is not authorised by Savills and Savills is not liable for any unauthorised use or reliance. Savills will only attend to queries and provide clarifications raised by the Client in relation to our valuation. This report should not be produced without our prior written consent.

14, 16 & 18 Kim Chuan Terrace
Singapore 537036/38/40
Our Ref: 2020/483/PTE/DE



1.4 Basis of Valuation

We are instructed to value the property on the following bases:

- a) As-Is basis, with redevelopment potential based on a proposed scheme to build an 8-storey ramp-up multi-user food factory development at a plot ratio of 2.5 on a composite site, with Development Charge payable by the purchaser;
- b) Land value assuming grant of planning approval for the aforesaid proposed development scheme with Development Charge fully paid; and
- c) Gross Development Value (GDV) of the proposed development assuming satisfactory completion and issuance of Temporary Occupation Permit and Certificate of Statutory Completion.

This valuation is determined on the basis that the property, the title thereto and its use is not affected by any matter other than that mentioned in this report.

In preparing this valuation, we have relied on information as provided by the Client. Should the information be changed subsequently or different upon final completion and/or survey, a revaluation may be necessary.

1.5 Critical Assumptions

We have made certain critical assumptions which have a material impact upon our valuation as follows:

- a) That our assessment addresses the market value of the property based on the Client's proposed development scheme on a composite site as provided to us, assuming grant of planning approval from the Competent Authorities and having regard to the parameters stipulated in the Master Plan (2019 Edition) and other parameters stipulated by the relevant government authorities such as Urban Redevelopment Authority ("URA").
- b) That we understand from the Client that the aforesaid proposed development scheme will attract a total estimated Development Charge of \$4,000,000, and
- c) That we reserve the right to revise our valuation should these critical assumptions be materially different.

14, 16 & 18 Kim Chuan Terrace
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Our Ref: 2020/483/PTE/DE



In view of the outbreak of Novel Coronavirus (COVID-19) and the prevailing uncertainty in the global economy, we recommend more frequent reviews on the market value of the property to be carried out as a precaution.

1.6 Market Value Definition

Our valuation is conducted according to the Singapore Institute of Surveyors and Valuers guidelines which supports the definition of market value as follows:

“Market Value is the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

This definition of market value is also consistent with that as advocated by the Royal Institution of Chartered Surveyors (RICS) Standards and Guidelines and International Valuation Standards Council.

1.7 Date of Inspection

14 February 2020

1.8 GST

Unless otherwise stated, all financial information and valuation calculations and assessments in this report exclude GST.

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2 Location

The subject property is located on the north-eastern end of Kim Chuan Terrace, a cul-de-sac off Kim Chuan Road, and Upper Paya Lebar Road/Bartley Road East, and approximately 9 km from the City Centre.

The immediate locality is generally industrial in character comprising JTC flatted factories/ warehouses/ workshops, data centres and purpose built light industrial buildings. Prominent developments/landmarks in the vicinity include 18 Tai Seng, Sakae Building, Breadtalk IHQ, J'Forte, RE&S Building, Luxasia Building, Natural Cool Lifestyle Hub, Charles & Keith Group Headquarters and STT Tai Seng 1, Tai Seng Centre/ Point, amongst others.

Labour supply can be easily tapped from the nearby Hougang, Serangoon, Ubi and Macpherson HDB estates.

Accessibility to other parts of Singapore is enhanced by its proximity to the Tai Seng MRT Station, Pan-Island Expressway, Kallang-Paya Lebar Expressway and Bartley Road East.

3 Site Description

3.1 Site Area

Property at Kim Chuan Terrace	Mukim 23 Lot No.	Land Area (sm)
No. 14	3458M	563.5
No. 16	3457C	517.7
No. 18	3456L	823.0
Total Land Area		1,904.2

* subject to government's re-survey

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3.2 Description

The subject site is comprised of three contiguous lots which together form a trapezoidal-shaped plot with a frontage of approximately 44 metres onto a cul-de-sac of Kim Chuan Terrace and a depth of about 36.5 metres. The land is generally flat and at the access road level. Abutting the north-eastern boundary of the subject site is internal driveway of CSI Distribution Centre.

Currently sitting on the site are a 3-storey intermediate terrace factory (No. 14 Kim Chuan Terrace), a 2-storey intermediate terrace factory (No. 16 Kim Chuan Terrace) and a 2-storey corner terrace factory (No. 18 Kim Chuan Terrace). We understand from the Client that the existing buildings will make way for comprehensive redevelopment.

3.3 Environmental Issues

In the absence of an environmental site assessment relating to the subject site, we have assumed that the site is not contaminated. Our visual inspections of the subject property and immediate surrounding properties revealed no obvious signs of site contamination.

However, it is important to point out that our visual inspection is an inconclusive indicator of the actual condition of the site. We make no representation as to the actual environmental status of the subject site and recommend that an environmental audit report to be carried out.

We reserve the right to amend this valuation should an environmental audit report show otherwise.

14, 16 & 18 Kim Chuan Terrace
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4 Title Particulars

4.1 Legal Description

Lots 3456L, 3457C & 3458M, all of Mukim 23

4.2 Tenure

Estate In Perpetuity

4.3 Registered Proprietor(s)

All of Mukim 23 Lot No.	Registered Proprietors
3458M	Lau Kok Seng (Liu Guocheng) and Muhammed Zaky Bin Ahmad as tenants in common in equal shares
3457C	Tay Kwan Hua and Seng Kim Wah as joint tenants
3456L	Hiap Yick Investments Pte Ltd

4.4 Easements/Encumbrances

Mukim 23 Lot No.	Legal Encumbrances
3458M	Subject to restrictive covenants as contained in Instrument No. I/18186F Party wall rights as contained in Instrument Nos. I/32181F, I/18185F & I/95036F
3457C	Subject to restrictive covenants as contained in Instrument No. I/95037F Party wall rights as contained in Instrument Nos. I/18185F, I/31867F & I/95036F
3456L	Subject to restrictive covenants as contained in Instrument No. I/31868F Party wall rights as contained in Instrument Nos. I/31867F & I/95036F Caveat lodged by KC Industries Pte. Ltd.

We have assumed for the purpose of this valuation that easements and encumbrances, if any, do not adversely affect the value of the subject property. As we are not experts in this area, should subsequent legal advice find to the contrary, we reserve the right to amend our valuation.

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5 Town Planning

5.1 Zoning and Development Guidelines

Particulars	Description
Planning Authority	Urban Redevelopment Authority
Planning Instrument	Master Plan Zoning (2019)
Zoning	Business 2
Gross Plot Ratio	2.5

5.2 Public Scheme(s)

The official Master Plan Zoning, Road/Drainage/MRT Interpretation Plans and other legal requisitions have not been applied for and/or made available to us.

5.3 Services

Essential public utilities and tele-communication services are connected/will be available for connection.

6 Proposed Development

6.1 General Description

We understand that the existing buildings will be demolished and a proposed 8-storey ramp-up multi-user food factory development will be erected on the composite site. The food factory units on every floor will be accessible via vehicular ramp access. For the purpose of this valuation, we have assumed that good quality of finishes and fittings will be provided.

As at the date of valuation, we understand from the Client that the proposed development scheme is currently at its preliminary planning stage and no formal planning application has been made the Competent Authorities. For the purpose of this valuation, we have assumed that formal planning approval in the form of issuance of Provisional Permission and subsequently Written Permission will be granted by the URA.

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6.2 Gross Floor Area (GFA)

We were informed that the proposed GFA is approximately 4,760.5 sm.

6.3 Saleable Floor Area (SFA)

The proposed total saleable floor area is estimated to be about 4,036.6 sm (without strata void).

We have relied on these areas provided to us, for the purposes of this valuation. Should a building survey prove these areas to be incorrect we reserve the right to review this valuation.

6.4 Estimated Development Charge Payable

As advised by the Client, the estimated development charge (DC) payable based on the proposed development scheme for Nos. 14, 16 and 18 Kim Chuan Terrace is approximately \$4,000,000. Should the eventual DC amount payable be materially different, we reserve the right to review the valuation.

7 Construction Details

7.1 Construction Period

According to the Client, the construction of the proposed development will commence around the 1st quarter of 2021 and is expected to be completed by the 3rd quarter of 2023. The construction period is estimated to be about 2.5 years.

7.2 Construction Cost

As advised by the Client, the estimated construction cost is approximately \$13,600,000 inclusive of professional fees and all associated costs.

14, 16 & 18 Kim Chuan Terrace
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8 Property Tax

Nos. 14, 16 and 18 Kim Chuan Terrace are currently assessed by IRAS at \$360,000, \$180,000 and \$146,000 respectively. Property tax is payable at 10.00% per annum of the assessed annual value.

9 Valuation Methodology

In assessing the market value of the subject property, we have considered the Direct Comparison Method and the Residual Method, each being used as a check against other.

9.1 Direct Comparison Method

In this method, a comparison is made with recent sales transaction of similar/comparable properties in the subject or comparable localities. Adjustments are made for differences in location, tenure, size, master plan zoning/plot ratio, site configuration, type of approved usage and date of sale, etc. before arriving at the value of the subject property.

We have used this method for the assessment of both land value and gross development value.

9.2 Residual Method

The Residual Method entails an estimate of the Gross Development Value of the proposed development scheme advised to us, assuming it is completed. The Gross Development Value of the proposed development is estimated from analysing the prices of similar projects in the vicinity and other comparable locations. The land value is then derived after deducting the developer's profit, estimated costs of development such as building cost, professional fees, holding/financing costs, stamp duty, legal fee, development charge (if any) and other related costs from the estimated Gross Development Value. The residual value would represent the amount a prudent buyer would pay for the site.

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10 Valuation

In view of the aforesaid and taking into consideration the prevailing market conditions, we assess the market value of the subject property, with vacant possession and free from all encumbrances, as follows:

Date Of Valuation **2 March 2020**

- (A) As-Is basis, with redevelopment potential based on a proposed scheme to build an 8-storey ramp-up multi-user food factory development at a plot ratio of 2.5 on a composite site, with Development Charge payable by the purchaser

Market Value* **\$31,300,000**
 (Singapore Dollars Thirty-One Million And Three Hundred Thousand Only)

* Please refer to Appendix for breakdown of values

- (B) Land Value assuming grant of planning approval for the aforesaid proposed development scheme with Development Charge fully paid

Market Value **\$35,400,000**
 (Singapore Dollars Thirty-Five Million And Four Hundred Thousand Only)

- (C) Gross Development Value Of The Aforesaid Proposed Development Based On Total Saleable Floor Area Of 4,036.6 sm Assuming Satisfactory Completion And Subject To Issuance of Temporary Occupation Permit And Certificate Of Statutory Completion

Market Value **\$60,000,000**
 (Singapore Dollars Sixty Million Only)

This report has been prepared for the private and confidential use of the instructing parties for the stated purpose and it should not be reproduced in whole or part or relied upon for any other purpose or by any party without written consent and authority.

Prepared by
Savills Valuation And Professional Services (S) Pte Ltd

Selina Chia
Licensed Appraiser No. AD041-2005633K
Executive Director

DE/CYC/et



LIMITING CONDITIONS

Our valuations are subject to the following limiting conditions unless otherwise stated in our valuation report.

Valuation Standards:	The valuation is carried out in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices.
Valuation Basis:	The valuation is carried out on a basis appropriate to the specific purpose of valuation, in accordance with the relevant definitions, assumptions and qualifications outlined in the valuation report. The opinion expressed in the valuation report applies strictly in accordance with the terms and for the purpose expressed therein. The assessed values need not be applicable in relation to some other assessment.
Currency of Valuation:	Values are reported in Singapore currency unless otherwise stated.
Confidentiality:	Our valuation is confidential and strictly for the use of the addressee of the valuation report only and for the specific purpose(s) stated. Savills disclaim all responsibility and will accept no accountability, obligation or liability to any third parties.
Copyright:	Neither the whole nor any part of the valuation report or any reference to it may be included in any published document, statement, circular or be published in any way, nor in any communication with any third parties, without prior written approval from Savills, including the form and context in which it may appear.
Limitation of Liability:	The liability of Savills and its employees is only limited to the party to whom the valuation report is addressed. No responsibility to any third parties for unauthorized use and reliance is accepted. Any liability arising from the valuers' negligence, breach of contract or otherwise in connection with this engagement shall be limited to the fees received by Savills under this engagement. Savills do not accept liability for any indirect or consequential losses (such as opportunity cost and loss of profits).
Validity Period:	This valuation represents our opinion of value as at the date of valuation for formal valuation with site inspection only, unless otherwise stated. The assessed value may change significantly and unexpectedly over a short period arising from general market movement, possible changes in market forces and circumstances in relation to the property. Savills disclaim all responsibility and accept no liability should the valuation report be relied upon after the expiration of 3 months from the date of valuation, or such earlier date if the addressee of the report becomes aware of any factors that may have an effect on the valuation and has not made known such information to Savills.
Titles:	A brief on-line title search on the property has been carried out for formal valuation with site inspection only, unless otherwise stated. We are not obliged to inspect and/or read the original title or lease documents, unless they are made available by the client. The valuation shall therefore assume, unless informed to the contrary, that there are no further restrictive covenants, easements or encumbrances not disclosed by this brief title search which may have an effect on the market value. We assume the title of the property is good and marketable and free from all encumbrances, restrictions and other legal impediments.
Planning Information:	Information relating to town planning is obtained from the current Singapore Master Plan which is assumed to be accurate. We do not normally carry out legal requisitions on road, MRT, LRT, drainage and other government proposals, unless specifically requested and Savills is properly reimbursed. In the event that legal requisitions are conducted by our clients which reveal that the information is materially different from the town planning information outlined in the valuation report and/or property is affected by public scheme(s), this report should then be referred back to Savills for review on possible amendment.
Other Statutory Regulations:	Our valuation assumes that the property and any improvements thereon comply with all relevant statutory regulations. We have assumed that the property has been or will be issued with a Temporary Occupation Permit, Certificate of Fitness, Certificate of Statutory Completion or Temporary Occupation License by the competent authority.
Site Condition:	We do not undertake site investigations to ascertain the suitability of the ground conditions and services for the existing or any new development, nor do we carry out any environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and where new development is proposed, no extraordinary expenses or delays will be incurred during the construction period. We have assumed that the load bearing capacity of the site is sufficient to support the building constructed or to be constructed thereon.
Condition of Property:	While due care is exercised in the course of inspection to note any building defects, no structural survey or testing of the services or facilities are carried out nor have we inspected the unexposed or inaccessible portions of the building. As such, we are unable to comment if the building is free from defect, rot, infestation, asbestos or other hazardous material. Our valuation assumes that the building would not have any defects requiring significant capital expenditure and complies with all relevant statutory requirements.
Source of Information:	Where it is stated in the valuation report that the information has been provided to the valuer by the sources listed, this information is presumed to be reliable. Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data. Where information is given without reference to another party in the report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge. Processed data inferences therefrom shall be taken as the valuer's opinion and shall not be freely quoted without acknowledgement.
Floor Areas:	We have assumed that information contained in the surveyed or architectural floor plans is accurate and has been prepared in accordance with the prevailing Professional Property Practice Guidelines. In the absence of such plans, the floor area is estimated based on available secondary information and such estimates do not provide the same degree of accuracy or certainty. In the event that there is a material variance in areas, we reserve the right to review our valuation.
Plans:	Plans included in the valuation report are for identification purposes only and should not be relied upon to define boundaries or treated as certified copies of areas or other particulars contained therein. All location plans are obtained from OneMap. While we have endeavoured to ensure the maps are updated, we do not vouch for the accuracy of the map and shall not be responsible if it is otherwise.
Tenant:	No enquiries on the financial standing of actual or prospective tenants have been made. Where property is valued with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under the lease and there are no arrears of rent or undisclosed breaches of covenant.
Reinstatement Cost:	Our opinion of the reinstatement cost for fire insurance purpose is provided only for guidance and must not be relied upon as the basis for insurance cover. We advise that we are not quantity surveyors and our estimate of the construction cost is based upon published sources. We recommend that verification of the reinstatement cost be sought from a qualified quantity surveyor, if considered appropriate.
Attendance in Court:	Savills or its employees are not obliged to give testimony or to appear in court or any other tribunal or to any government agency with regards to this valuation report or with reference to the property in question unless prior arrangement has been made and Savills are properly reimbursed.

APPENDIX

The market value of \$31,300,000 on As-Is basis with redevelopment potential can be apportioned as follows:

Address	Land Area	Market Value
14 Kim Chuan Terrace	563.5 sm	\$11,000,000
16 Kim Chuan Terrace	517.7 sm	\$8,500,000
18 Kim Chuan Terrace	823.0 sm	\$11,800,000

14, 16 & 18 KIM CHUAN TERRACE
SINGAPORE 537036/38/40



14 Kim Chuan Terrace



Factory Area



General Office



Workers' Dormitory

**14, 16 & 18 KIM CHUAN TERRACE
SINGAPORE 537036/38/40**



16 Kim Chuan Terrace



Factory Area



Workers' Dormitory

14, 16 & 18 KIM CHUAN TERRACE
SINGAPORE 537036/38/40



18 Kim Chuan Terrace



Factory Area



General Office



Covered Shed

14, 16 & 18 KIM CHUAN TERRACE
SINGAPORE 537036/38/40

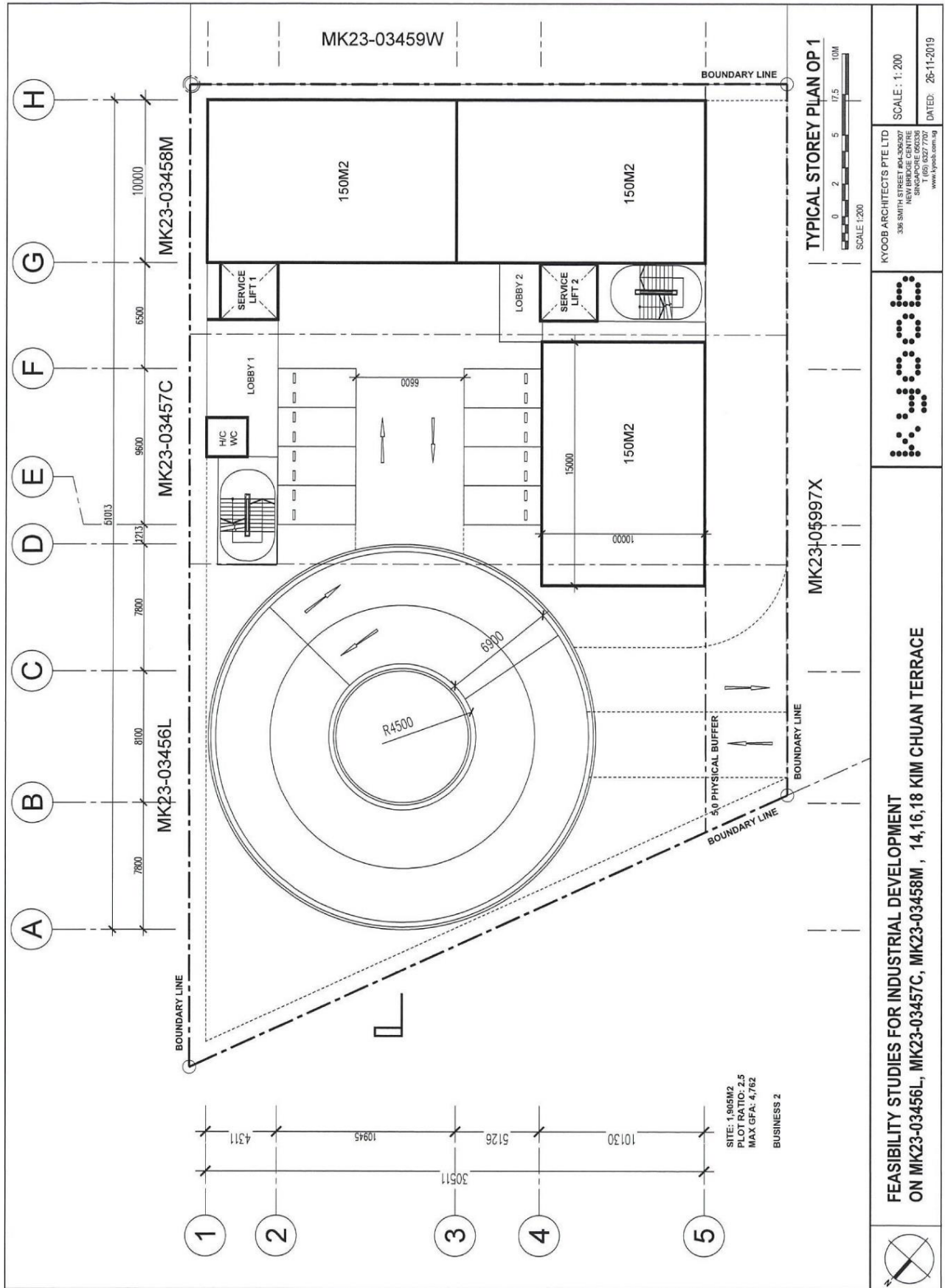


Source : OneMap

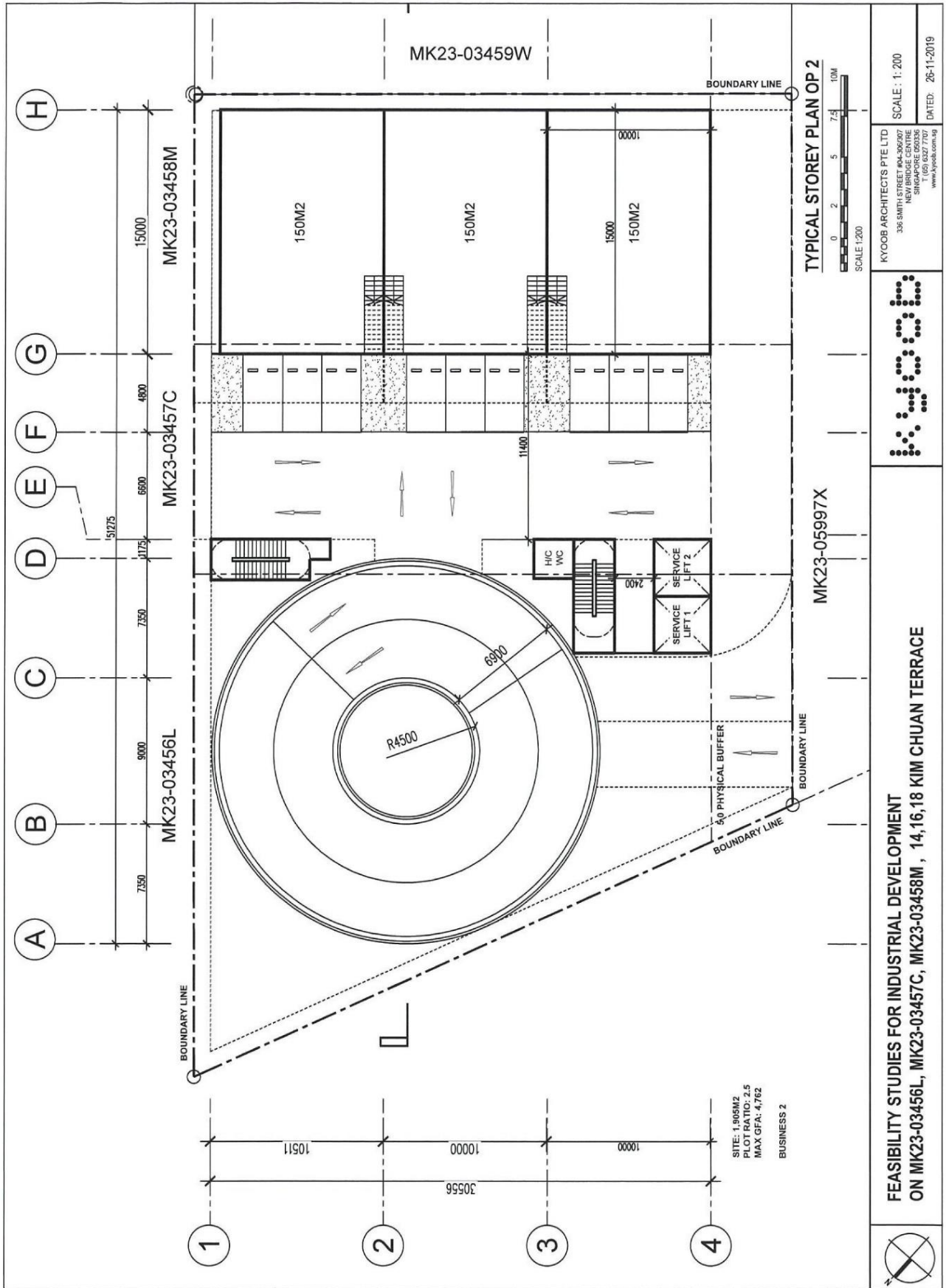
SITE PLAN
(NOT TO SCALE)
For Identification Purposes Only

Savills Valuation And Professional Services (S) Pte Ltd

APPENDIX A – PROPERTY VALUATION REPORT



APPENDIX A – PROPERTY VALUATION REPORT



RHT CAPITAL PTE. LTD.
(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)
9 Raffles Place, #29-01
Republic Plaza Tower 1
Singapore 048619

29 May 2020

To: The Independent Directors of OneApex Limited
(deemed to be independent in respect of the Proposed Subscription)

Mr Zachary Tan Lian Chye	(Non-Executive Non-Independent Chairman)
Mr Chiu Joon Sun (Zhao Junsheng)	(Executive Director)
Mr Chee Teck Kwong Patrick	(Lead Independent Director)
Mr Wan Tai Foong	(Independent Director)
Mr Low Chin Pam Eric	(Independent Director)

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE IN RELATION TO THE PROPOSED SUBSCRIPTION (AS DEFINED HEREIN) AS AN INTERESTED PERSON TRANSACTION

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 29 May 2020 issued by OneApex Limited to its shareholders shall have the same meaning herein.

1. INTRODUCTION

On 18 May 2020, the board of directors (“**Directors**”) of OneApex Limited (“**Company**”) announced that it had entered into a conditional subscription and shareholders’ agreement (“**SSA**”) with KC Industries Pte. Ltd. (“**KCI** or **Target Company**”) and Kims Foodhub Pte. Ltd. (“**KF**”) (“**Announcement**”) pursuant to which the Company agreed to subscribe for 4,000,000 new ordinary shares in the capital of the Target Company (“**Subscription Shares**”) for a cash consideration of S\$4.0 million (“**Subscription Consideration**”), on the terms and subject to the conditions of the SSA (“**Proposed Subscription**”). Upon completion of the Proposed Subscription, the Company will hold 50.0% of the enlarged issued and paid-up capital of the Target Company and accordingly, the Target Company will become a subsidiary of the Company.

As part of the Proposed Subscription, the Company (or a designated wholly-owned subsidiary of the Company) will, in proportion to its resultant 50.0% shareholding in KCI, take over 50.0% of a personal guarantee originally provided by Mr Tan Koo Chuan (“**Mr Tan**”) in respect of a bank loan of up to approximately S\$39.2 million taken up by KCI (“**Bank Loan**”) to, *inter alia*, partially finance the purchase of three (3) properties located in Singapore. The Company’s share of the said guarantee will be up to approximately S\$19.6 million (“**Corporate Guarantee**”).

KCI is a private company limited by shares incorporated in Singapore on 22 October 2019. KCI is an investment holding company incorporated for the purpose of acquiring the three (3) properties and is wholly-owned by KF, whose shareholders are Mr Tan Theng Hong, Amos (“**Mr Amos Tan**”) (30.0%), who is a controlling shareholder of the Company and Mr Tan (70.0%). Mr Tan is the father of Mr Amos Tan and Mr Tan Pei Hong, Alex (“**Mr Alex Tan**”), who is the Executive Director, Chief Executive Officer and controlling shareholder of the Company.

As at the Latest Practicable Date, being 29 May 2020, Goldhill Trust Pte Ltd (“**Goldhill Trust**”) has a direct interest in 62,466,590 shares in the capital of the Company (“**Shares**”), representing a shareholding interest of approximately 73.9% of the total issued Shares. Mr Alex Tan is deemed interested in the 62,466,590 Shares held by Goldhill Trust, by virtue of his 50.0% shareholding interest in Goldhill Trust. Similarly, Mr Amos Tan is also deemed interested in the 62,466,590 Shares held by Goldhill Trust, by virtue of his 50.0% shareholding interest in Goldhill Trust.

Following from the above, pursuant to Chapter 9 of Section B of the Listing Manual of the SGX-ST (“**Catalist Rules**”), KF and KCI are deemed to be interested persons with respect to the Proposed Subscription (“**Interested Persons**”, each an “**Interested Person**”) and the Proposed Subscription is deemed as an interested person transaction (“**Interested Person Transaction**”).

In accordance with Chapter 9 of the Catalist Rules, the Company’s shareholders’ (“**Shareholders**”) approval must be obtained for any interested person transaction of a value which is equal to or greater than 5.0% of the Group’s latest audited net tangible assets (“**NTA**”) or when aggregated with other Interested Person Transactions during the same financial period, the value is equal to or more than 5.0% of the Group’s latest audited NTA. In obtaining such approval, pursuant to Rule 919 of the Catalist Rules, the interested persons and their associates are required to abstain from voting on the resolutions approving the interested person transactions.

The amount at risk to the Company in respect of the Proposed Subscription is the Subscription Consideration and the Corporate Guarantee, which amounts to an aggregate of S\$23.6 million. The amount at risk represents more than 5.0% of the Group’s audited NTA for the latest audited financial year. Pursuant to the Catalist Rules, the Proposed Subscription is subject to the approval of the Company’s shareholders who are independent of the Proposed Subscription (“**Minority Shareholders**”) at an extraordinary general meeting (“**EGM**”) to be convened.

Pursuant to Rule 919 of the Catalist Rules, Mr Alex Tan and Mr Amos Tan will abstain, and will procure their respective associates to abstain, from voting on the resolutions to approve the Proposed Subscription at the EGM in respect of their entire shareholdings in the Company.

Pursuant to Rule 921(4)(a) of the Catalist Rules, the Company is required to appoint an independent financial adviser (“**IFA**”) to advise the Directors who are deemed to be independent with respect to the Proposed Subscription, as to whether the Proposed Subscription, as an Interested Person Transaction, is on normal commercial terms and is prejudicial to the interests of the Company and its Minority Shareholders.

Accordingly, RHT Capital Pte. Ltd. (“**RHTC**”) has been appointed by the Company as the IFA to the Directors who are deemed to be independent with respect to the Proposed Subscription (“**Independent Directors**”) to render an opinion on whether the Proposed Subscription, as an Interested Person Transaction, is on normal commercial terms and is prejudicial to the interests of the Company and its Minority Shareholders.

Mr Alex Tan is deemed interested in the Proposed Subscription and will abstain from making any recommendations on the Proposed Subscription as a Director. The remaining Directors, namely, Mr Zachary Tan Lian Chye, Mr Chiu Joon Sun (Zhao Junsheng), Mr Chee Teck Kwong Patrick, Mr Wan Tai Foong and Mr Low Chin Parn Eric, who are deemed to be the Independent Directors with respect to the Proposed Subscription, will be making a recommendation on the resolution in relation to the Proposed Subscription.

This letter (“**Letter**”) is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and recommendation on the Proposed Subscription as an Interested Person Transaction. This Letter forms part of the circular to Shareholders (“**Circular**”) which provides, *inter alia*, the details of the Proposed Subscription and the recommendation of the Independent Directors thereon.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors in respect of the Proposed Subscription as an Interested Person Transaction. The purpose of this Letter is to provide an independent opinion, for the purpose of Chapter 9 of the Catalist Rules, on whether the Proposed Subscription, as an Interested Person Transaction, is on normal commercial terms and is prejudicial to the interests of the Company and its Minority Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Subscription, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Subscription. We do not, by this Letter, warrant the merits of the Proposed Subscription other than to form an opinion on the Proposed Subscription as an Interested Person Transaction for the purposes of Chapter 9 of the Catalist Rules.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Subscription or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company, the Group and/or the Target Company. We have also relied on information provided and representations made by the Directors, Management and the Company’s advisers, including but not limited to its solicitors and/or auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and exercised our judgement on the reasonable use of such information as we deemed necessary and have found no reason to doubt the accuracy and reliability of the information.

We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular which relate to the Proposed Subscription, the Company, the Group and the Target Company are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the terms of the Proposed Subscription and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company, the Group and/or the Target Company. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company, the Group and/or the Target Company in connection with our opinion in this Letter.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company, the Group and/or the Target Company (including without limitation, property, plant and equipment). We have, however, been furnished with a valuation report setting out, *inter alia*, the market value of each of the three (3) properties to be held by the Target Company (“**Properties**”) (“**Valuation Report**”) prepared by Savills Valuation And Professional Services (S) Pte Ltd (“**Savills**”), being the independent valuer appointed by the Company for the purpose of the Proposed Subscription (“**Independent Valuer**”), on which we have placed sole reliance on for such valuation. The Independent Valuer had carried out an independent valuation of the market value of each of the Properties, the land and the gross development value of the Proposed Development (as defined herein) as at the valuation date set out in Section 6.2.2 of this Letter. The Valuation Report is set out in Appendix A to the Circular.

We are not experts in the evaluation or appraisal of the assets concerned and we have made reference to the Valuation Report for such assets appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuation contained in the Valuation Report or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements.

We will be relying on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company, the Group and/or the Target Company. We have not relied on any financial projections or forecasts in respect of the Company, the Group and/or the Target Company for the purpose of our evaluation of the Proposed Subscription.

Our opinion as set out in this Letter is based upon the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Independent Shareholders should further take note of any announcements relevant to their consideration of the Proposed Subscription which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter set out in the Circular). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter set out in the Circular).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders’ resolutions in relation to the Proposed Subscription as an Interested Person Transaction at any time and in any manner without the prior written consent of RHTC in each specific case.

This Letter sets out, *inter alia*, our opinion on whether the Proposed Subscription, as an Interested Person Transaction, is on normal commercial terms and is prejudicial to the interests of the Company and its Minority Shareholders, and should be considered in the context of the entirety of this Letter and the Circular.

3. INFORMATION ON THE COMPANY AND THE GROUP

3.1 Overview

The Company, through its subsidiaries, is primarily focused on developing two (2) core businesses, namely (i) Property Business; and (ii) Financial Investments Services Business. In addition, the Company, through its subsidiary, Chew's Food International Limited, is engaged in trading generic and designer eggs and other food products in Hong Kong.

The Company, formerly known as Chew's Group Limited, was listed on the Catalist Board of the SGX-ST on 28 February 2011.

As at the date of the Announcement, the Company had an issued and paid-up share capital comprising 84,498,000 Shares. Based on the last transacted Share price of S\$0.190 and the outstanding Shares as at the date of the Announcement, the market capitalisation of the Company was approximately S\$16.1 million.

3.2 Key financial information of the Group

The summary of the audited financial performance of the Group for the last three financial years ended 30 September 2016 ("FY2017"), 2018 ("FY2018") and 2019 ("FY2019"), as well as the unaudited financial statements of the Group for the 6-month financial period ended 31 March 2020 ("HY2020") and its comparative figures for the 6-month financial period ended 31 March 2019 ("HY2019") is set out below.

The following summary of financial information should be read in conjunction with the full text of the Group's published financial statements in respect of the relevant financial years/periods including the notes thereto.

Financial performance of the Group

Consolidated Income Statement (S\$'000)	Audited			Unaudited	
	FY2017	FY2018	FY2019	HY2019	HY2020
<i>Continuing operations</i>					
Revenue	2,634	3,292	4,653	2,161	3,442
<i>Profit / (Loss) for the year/period attributable to owners of the Company:</i>					
Profit / (Loss) from continuing operations, net of tax	104	(591)	(1,394)	(744)	(476)
Profit / (Loss) from discontinued operations, net of tax	3,318	(1,426)	-	-	-
	3,421 ⁽¹⁾	(2,017)	(1,394)	(744)	(476)

Sources: Annual reports of the Company for FY2018 and FY2019 and results announcement for HY2020

Note:

(1) Does not add due to rounding.

Review of financial performance

FY2018 vs FY2017

Revenue generated by the Group increased by approximately S\$0.7 million or 25.0%, from S\$2.6 million in FY2017 to S\$3.3 million in FY2018, mainly due to increase in sales of eggs of S\$0.4 million and increase in trading revenue of S\$0.2 million.

Profit after tax from continuing operations decreased by approximately S\$0.7 million, from a profit of S\$0.1 million in FY2017 to a loss of S\$0.6 million in FY2018, mainly due to (i) increase in purchase of materials of approximately S\$1.1 million; (ii) increase in employee benefits expense of approximately S\$0.1 million; and (iii) increase in depreciation expense, rental expense and other operating expenses of approximately S\$0.3 million.

Loss after tax from discontinued operations decreased by approximately S\$4.7 million, from a profit of S\$3.3 million in FY2017 to a loss of S\$1.4 million in FY2018, mainly due to loss on disposal of S\$2.8 million recognised in FY2018 arising from the disposal of its then four (4) wholly-owned subsidiaries. In addition, operating results for FY2018 covered the period from 1 October 2017 to the date of completion of the disposal, being 20 April 2018, whereas operating results for FY2017 included the full year results of the subsidiaries which were disposed.

FY2019 vs FY2018

Revenue generated by the Group increased by S\$1.4 million or 41.3%, from S\$3.3 million in FY2018 to S\$4.7 million in FY2019, mainly due to increase in sales of eggs in Hong Kong of S\$1.4 million and increase in revenue from financial services of S\$0.4 million, partially offset by a decrease in revenue from other operations of S\$0.4 million.

Loss after tax from continuing operations increased by approximately S\$0.8 million or 135.9%, from S\$0.6 million in FY2018 to S\$1.4 million in FY2019, mainly due to (i) increase in purchase of materials of approximately S\$1.3 million; (ii) increase in employee benefits expense of approximately S\$0.4 million; and (iii) increase in depreciation expense, rental expense and other operating expenses of approximately S\$0.5 million.

Loss after tax from discontinued operations amounted to approximately S\$1.4 million in FY2018 as the Group had completed the disposal of its then four (4) wholly-owned subsidiaries and ceased its farming activities on 20 April 2018.

HY2020 vs HY2019

Revenue generated by the Group increased by S\$1.3 million or 59.3%, from S\$2.2 million in HY2019 to S\$3.4 million in HY2020, mainly due to increase in sales of eggs in Hong Kong of S\$0.7 million and increase in revenue from financial services of S\$0.4 million.

The Group recorded (i) increase in purchase of materials of approximately S\$0.6 million; (ii) increase in employee benefits expense of approximately S\$0.6 million; (iii) increase in depreciation expense and rental expense; and (iv) decrease in other operating expenses of approximately S\$0.2 million.

As a result of the above, loss after tax from continuing operations decreased by approximately S\$0.2 million or 36.0%, from S\$0.7 million in HY2019 to S\$0.5 million in HY2020.

Financial position of the Group

Consolidated Balance Sheet	Unaudited
(\$'000)	As at 31 March 2020
Current assets	11,701
Current liabilities	1,102
Working capital	10,599
Non-current assets	2,150
Non-current liabilities	-

Consolidated Balance Sheet	Unaudited
(S\$'000)	As at 31 March 2020
Equity attributable to owners of the Company	12,419

Source: Results announcement for HY2020

Review of financial position

The assets of the Group as at 31 March 2020 comprised mainly: (i) cash and cash equivalents of S\$9.7 million; and (ii) interest in associated company of S\$1.9 million, representing 69.9% and 13.8% of the Group's total assets respectively.

The liabilities of the Group as at 31 March 2020 comprised mainly: (i) other payables of S\$0.7 million; and (ii) trade payables of S\$0.4 million, representing 60.6% and 36.8% of the Group's total liabilities respectively.

Other payables comprised accruals, provision for reinstatement costs and others.

The Group maintained a positive working capital of S\$10.6 million as at 31 March 2020.

3.3 Key developments

In the past three (3) years, the Company had undergone several major corporate and restructuring exercises including a number of acquisitions, joint ventures and divestments. Notwithstanding two (2) years of consecutive losses in FY2018 and FY2019, the Group's revenue had grown consistently. The Group's financial performance in FY2019 reflected the significant corporate and restructuring exercises that the Group had undertaken. In FY2019, 91.8% of the Group's revenue were derived from the designer and generic eggs segment while the remaining 8.2% were derived from the financial services segment.

The Company was formerly known as Chew's Group Limited and was engaged in the business of producing and selling generic and designer eggs, liquid eggs, trading of spent grains and food processing in Singapore and Hong Kong. However, since 20 April 2018, following the disposal of four (4) wholly-owned subsidiaries, the Group ceased the aforesaid business, save for one remaining subsidiary, Chew's Food International Limited, which is in the business of trading generic and designer eggs and other food products in Hong Kong.

Prior to 8 October 2018, the Company was a subsidiary corporation of Fenghe Investment Holding Pte. Ltd. ("**Fenghe Investment**"), a Singapore incorporated company, which was also the Company's ultimate holding company. Fenghe Investment entered into a sale and purchase agreement with Goldhill Trust on 22 August 2018 to dispose its entire shareholdings in the Company to Goldhill Trust. The disposal was completed on 8 October 2018.

On 31 January 2019, the Company obtained Shareholders' approval for, *inter alia*, the proposed change of name of the Company to "OneApex Limited" and the proposed diversification of the Group's business to include the (i) Property Business and the (ii) Financial Investments Services Business.

On 28 March 2019, the Company entered into a sale and purchase agreement with Mr Chiu Joon Sun in relation to the proposed acquisition of 51.0% of the issued and paid-up share capital of OneWealth Development Pte. Ltd. ("**OneWealth Development**") for cash consideration of S\$338,000, subject to OneWealth Development achieving certain performance targets. The acquisition was completed on the same day and OneWealth Development later changed its name to OneApex Capital Pte. Ltd. ("**OAC**").

On 31 August 2019, OneApex Management Pte. Ltd. ("**OneApex Management**"), a wholly-owned subsidiary of the Company, entered into a hotel management agreement with Reagle Investment Holdings Pte. Ltd., pursuant to which OneApex Management will operate a proposed hotel development in the second half of 2020. On the same day, OneApex Management entered into a project lease agreement with A28 Holdings Pte. Ltd., pursuant to which OneApex Management will manage and operate a proposed hostel establishment as well as an existing food and beverage outlet in the second half of 2020. Reagle Investment Holdings Pte. Ltd. and A28 Holdings Pte. Ltd. are investment holding companies incorporated in Singapore and are deemed to be associates of Mr Alex Tan and Mr Amos Tan, both of whom are controlling shareholders of the Company.

On 16 October 2019, OneFortune Holdings Pte. Ltd. ("**OneFortune**"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr Tan Poon Kuan, pursuant to which OneFortune acquired a 30.0% stake in Tuas Seatown Dormitory Pte. Ltd. ("**Tuas Seatown**") for a cash consideration of S\$3.00. Tuas Seatown was then a newly incorporated company in Singapore proposed to be in the business of managing, operating and developing hostels and dormitories in Singapore.

On 17 October 2019, Tuas Seatown was granted an option to purchase a property located at 69H Tuas South Avenue 1 Seatown Industrial Centre for a cash consideration of S\$24.0 million.

On 7 November 2019, Tuas Seatown exercised the abovementioned option to purchase and the acquisition of the said property was completed on 30 January 2020.

On 12 March 2020, OAC received approval from the Monetary Authority of Singapore ("**MAS**") for its capital markets services license to conduct fund management activities as a licensed fund management company ("**LFMC**"). Prior to this, OAC was registered with MAS as a registered fund management company ("**RFMC**"). As a LFMC, OAC would be able to carry out fund management activities without restriction on the number of qualified investors (as defined in the Securities and Futures (Licensing and Conduct of Business) Regulations (Chapter 289, Regulation 10)) and without limit on the total value of the assets managed. Formerly as an RFMC, OAC was limited to no more than 30 qualified investors (of which not more than 15 may be collective investment schemes, closed-ended funds, or limited partnerships) and the total value of the assets managed shall not exceed S\$250 million. OAC will not be carrying out fund management activities with retail investors.

On 22 April 2020, the Company entered into a conditional sale and purchase agreement with Mr Chew Eng Hoe ("**Mr Chew**"), pursuant to which the Company will dispose its entire issued and paid up share capital of Chew's Food International Limited ("**Proposed Disposal**") to Mr Chew. The completion of the Proposed Disposal, which is subject to Shareholders' approval at an extraordinary general meeting to be convened on 5 June 2020, will result in the 90.0%-owned subsidiary ceasing to be part of the Group. Thereafter, the Group will no longer be involved in the trading of generic and designer eggs and other food products in Hong Kong.

On 18 May 2020, the Company announced the Proposed Subscription.

3.4 Waiver by the SGX-ST

As the relative figure under Rule 1006(c) of the Catalist Rules for the Proposed Subscription is more than 100.0%, the Proposed Subscription would constitute a “very substantial acquisition” under Rule 1015 of the Catalist Rules. However, the Company had, on 21 February 2020, applied to the SGX-ST for a waiver from compliance with Rule 1015 of the Catalist Rules in respect of the Proposed Subscription (“**Waiver Application**”). The Waiver Application was made so that the Proposed Subscription will instead be classified as a “major transaction” under Rule 1014 of the Catalist Rules.

The SGX-ST had, on 22 April 2020, informed the Company that it had no objection to the Company’s Waiver Application, subject to the following conditions:

- (a) the Company complying with Rule 1014 of the Catalist Rules;
- (b) the Company announcing the waiver granted, the reasons for seeking the waiver, the conditions as required under Rule 106 of the Catalist Rules and if the waiver conditions have been satisfied. If the waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when all the waiver conditions have been met;
- (c) the Company obtaining Shareholders’ approval for the Proposed Subscription;
- (d) the Company appointing a competent and independent valuer to value the Properties, and disclose the valuation report in the shareholders’ circular;
- (e) both the Company and Sponsor providing a confirmation to SGX-ST on working capital sufficiency after taking into consideration the present bank facilities of the Group after the Proposed Subscription, that they are of the opinion that the working capital available to the Group is sufficient in the next 12 months; and making necessary disclosures in the shareholders’ circular;
- (f) submission of updated declarations from each Company’s director, executive officer, controlling shareholder and officer occupying a managerial position and their associates pursuant to Rule 406(3)(b), and the assessment from both the Sponsor and the Company’s Nominating Committee on the suitability of directors and management;
- (g) submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors’ decision which has yet to be announced by the Company; and
- (h) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

As at the Latest Practicable Date, save for condition (c), being the approval of Shareholders for the Proposed Subscription, the Company confirms that all the above conditions have been satisfied.

4. INFORMATION ON THE TARGET COMPANY

4.1 Information on the Target Company

Details on the Target Company is set out in paragraph 2.1 of the Circular, extracted and set out below for your reference.

“2.1.1 Introduction

The Target Company is a private company limited by shares incorporated in Singapore on 22 October 2019. The Target Company is an investment holding company incorporated for the purpose of the KC Acquisition. As at the Latest Practicable Date, the Target Company has a total issued and paid-up capital of S\$4,000,000 comprising 4,000,000 ordinary shares which are solely held by KF. Amos is the sole director of the Target Company.

KF is a private company limited by shares incorporated in Singapore on 21 February 2020 as an investment holding company. As at the Latest Practicable Date, KF has a total issued and paid-up capital of S\$10 comprising 10 ordinary shares. The shareholders of KF are Amos and Mr. Tan holding 30% and 70% of the issued and paid-up share capital of KF respectively. Mr. Tan and Amos are directors of KF. Amos is a Controlling Shareholder of the Company while Mr. Tan is the father of both Amos and Alex, who is the Executive Director, Chief Executive Officer and Controlling Shareholder of the Company.”

As at the Latest Practicable Date, the Target Company had exercised three (3) options to purchase for the Properties, comprising 14 KC (as defined below), 16 KC (as defined below) and 18 KC (as defined below).

The aggregate purchase consideration for the acquisition of the Properties amounts to S\$31.3 million.

A summary of the Properties is set out below.

Location	Zoning	Tenure	Land size (sq ft)	Expected completion date
14 Kim Chuan Terrace Singapore 537036 ("14 KC")	Industrial	Freehold	6,065	22 May 2020
16 Kim Chuan Terrace Singapore 537038 ("16 KC")	Industrial	Freehold	5,572	30 June 2020
18 Kim Chuan Terrace Singapore 537040 ("18 KC")	Industrial	Freehold	8,859	30 June 2020

The respective vendors of the Properties are unrelated to the Controlling Shareholders, Directors and the executive officers of the Group.

4.2 Financial performance and position of the Target Company

Financial performance of the Target Company

The Target Company was incorporated on 22 October 2019 and as at the Latest Practicable Date, the Target Company has not commenced operations. As such, it is not meaningful to review the financial performance of the Target Company.

Financial position of the Target Company

The financial position of the Target Company as at 30 April 2020 is as follows:

(\$)	Unaudited As at 30 April 2020
<u>Current assets</u>	
Cash and cash equivalents	2,275
Other receivables	3,031,800
Total current assets	3,034,075
Total assets	3,034,075
<u>Current liabilities</u>	
Other payables	2,034,200
Total current liabilities	2,034,200
Total liabilities	2,034,200
<u>Equity</u>	
Share capital	1,000,000
Accumulated losses	(125)
Total equity	999,875
Total liabilities and equity	3,034,075
Net asset value ("NAV") as at 30 April 2020 (\$)	999,875

Source: Management accounts of the Target Company for period ended 30 April 2020 and RHTC calculations

Review of financial position

As at 30 April 2020

The assets of the Target Company as at 30 April 2020 comprised mainly other receivables of S\$3.0 million, representing 99.9% of the Target Company's total assets. Other receivables mainly relate to various payments made to exercise the options to purchase in connection with the acquisition of the Properties.

The liabilities of the Target Company as at 30 April 2020 comprised entirely other payables of approximately S\$2.0 million. Other payables relate to stamp duty payable and amount owing to KF for payments made on behalf of the Target Company for exercising the options to purchase.

As at 30 April 2020, the net asset value of the Target Company amounted to S\$999,875.

We wish to highlight to the Independent Directors that the above analysis is only for illustrative purposes and is not meant to be an indication of, or to comment on the Target Company's future profitability, growth prospects, financial positions and working capital sufficiency.

Subsequent event

On 11 May 2020, the Target Company increased its paid-up capital by S\$3.0 million from S\$1.0 million to S\$4.0 million. The capital increase was funded by way of cash injection by KF.

4.3 Future development plans

As at the Latest Practicable Date, the Target Company had exercised the following options to purchase for the Properties:

Property	Date	Description	Amount (S\$)
14 KC	13 December 2019	Option (2.0%)	220,000
	22 January 2020	Option (3.0%)	330,000
			550,000
16 KC	5 November 2019	Option (2.0%)	170,000
	22 January 2020	Option (4.0%)	340,000
	18 April 2020	Extension Option (1.0%)	85,000
			595,000
18 KC	5 November 2019	Option (1.0%)	118,000
	21 November 2019	Option (4.0%)	472,000
	18 April 2020	Extension Option (3.0%)	354,000
			944,000
Total			2,089,000

Upon completion of the acquisition of the Properties, which is targeted to complete by no later than 30 June 2020, and subject to obtaining all requisite approvals from the relevant authorities, the Target Company intends to tear down the existing developments by March 2021 to re-develop the Properties to construct strata-titled food factory industrial units ("**Proposed Development**").

During the interim period, the Board plans to undertake a review of the Proposed Development, which may include conducting feasibility studies or market research. The purpose of the review is to optimise the potential of the Properties as well as to consider and finalise the re-development plans of the Properties by the end of 2020, such that the construction of the re-development plans can commence immediately after the existing developments are torn down.

4.4 Information on Mr Tan

As mentioned in Sections 1 and 4.1 of this Letter, Mr Tan is the father of both Mr Amos Tan and Mr Alex Tan, who is the Executive Director, Chief Executive Officer and Controlling Shareholder of the Company. Mr Tan is also a shareholder and director of KF.

Mr Tan possesses in-depth experience in property development projects and has vast network in the real estate industry in Singapore, with over 30 years of experience in providing real estate development services, specialising in both commercial and residential property developments in Singapore.

A summary of selected property development projects which Mr Tan were involved in and which was also submitted as part of the Waiver Application, is set out below:

Development Name	Type of Development	Temporary Occupation Permit
Apex@Henderson	B1 Light Industrial Building	2017
Robin Suites	Freehold Apartment	2017
M38	B1 Light Industrial Building	2016
Robinson Suites	Condominium and Commercial Mixed	2016
Bizhub28	B1 Light Industrial Building	2015
Studio8	Freehold Apartment	2015
Harbour Suites	Condominium	2015
Alexis	Condominium and Commercial Mixed	2014
Villas La Vue	Cluster Landed	2014
De Centurion	Condominium	2013
Teresa 8	Cluster Landed	2009
Regal Court	Condominium	1997
Kellock Lodge	Condominium	1997
Yi Kai Court	Apartment and Commercial Mixed	1995
Flora East	Apartment	1994

5. THE PROPOSED SUBSCRIPTION

The details of the Proposed Subscription are set out in paragraph 2 of the Circular. A summary of the key terms of the Proposed Subscription is set out below for your reference.

5.1 Salient terms of the Proposed Subscription

5.1.1 Subscription Consideration

The Subscription Consideration for the Proposed Subscription is determined to be S\$4,000,000.

The Subscription Consideration was arrived at on a willing-seller, willing-buyer basis after arms' length negotiations among the Target Company, KF and the Company, after taking into consideration, *inter alia*, (i) the Valuation Report; and (ii) the Corporate Guarantee.

5.1.2 Settlement of the Subscription Consideration

The Subscription Consideration of S\$4,000,000 is to be fully satisfied in cash and will be funded by the Group's internal resources. Based on the Group's unaudited financial statements for HY2020, the Group had cash and cash equivalents of approximately S\$9.7 million as at 31 March 2020 with no borrowings and debt securities.

5.1.3 Conditions Precedent

The completion of the Proposed Subscription is subject to the following conditions precedent, which has been set out in paragraph 2.2.3 of the Circular and is extracted and reproduced in italics below:

“2.2.3 SSA Conditions Precedent

The SSA Completion is subject to and conditional upon, inter alia, the satisfaction (or such waiver agreed by the Target Company, KF and the Company in writing) of the following conditions (the “SSA Conditions Precedent”):

- (a) the results of the legal and financial due diligence on the Target Company conducted by the Company and its advisors being reasonably satisfactory to the Company;*
- (b) the warranties made by the Target Company under the SSA being true and accurate in all material respects as at the SSA Completion, with reference to the facts and circumstances existing on the date of the SSA Completion;*
- (c) the Waiver from the SGX-ST (as detailed in Section 2.7 below) being in full force and effect and not having been withdrawn, suspended, amended or revoked, and the conditions of the Waiver being fulfilled in such manner satisfactory to SGX-ST before SSA Completion;*
- (d) the approval of the Shareholders being obtained for the Proposed Subscription at a general meeting of the Company to be convened; and*

- (e) *all necessary approvals, consents and waivers from third parties, governmental or regulatory body or competent authority, including but not limited to the Sponsor and/or SGX-ST, for the Proposed Subscription being granted or obtained, being in full force and effect and not having been withdrawn, suspended, amended or revoked, and if such approvals, consents and/or waivers are granted or obtained subject to any conditions, and if such conditions affect any of the parties, such conditions being acceptable to the Target Company, KF and the Company, and if such conditions are to be fulfilled before the SSA Completion, such conditions being fulfilled before the SSA Completion."*

5.1.4 Bank Loan and Corporate Guarantee

As mentioned in Section 1 of this Letter, KCI has taken up the Bank Loan of up to approximately S\$39.2 million to, *inter alia*, partially finance the acquisitions of the Properties.

The Bank Loan provided by Hong Leong Finance Limited (“HLF”) has an interest rate of 2.65% per annum and a tenure of 48 months from date of first drawdown or six (6) months from the date of issuance of temporary occupation permit (TOP) for the Proposed Development, whichever is earlier.

One of the key conditions for the Bank Loan is for Mr Tan or Mr Alex Tan and Mr Amos Tan to maintain at least 50.0% controlling interest, either directly or indirectly in the Company for the duration of the tenure of the Bank Loan.

The Bank Loan is proposed to be utilised as follows:

Description	S\$ (up to)
To partially finance the purchase of 14 KC for redevelopment	8,800,000
To partially finance the purchase of 16 KC for redevelopment	6,800,000
To partially finance the purchase of 18 KC for redevelopment	9,440,000
To partially finance the payment of development charge ⁽¹⁾ for the Proposed Development.	3,280,000
To partially finance the construction costs (including professional fees and marketing costs but excluding GST) for the Proposed Development.	10,879,600
	39,199,600

Note:

- (1) Development charge is a tax levied when planning permission is granted to carry out development projects that increase the value of the land (e.g. when a development is rezoned or has its plot ratio increased).

In connection with the Proposed Subscription, the Company, or a designated wholly-owned subsidiary of the Company, upon completion of the Proposed Subscription, will in proportion to its resultant 50.0% shareholding interest in the Target Company, provide the Corporate Guarantee, being up to 50.0% of the Bank Loan, such that the Bank Loan shall be secured by the Corporate Guarantee and the personal guarantee by Mr. Tan on an equal-sharing basis.

Notwithstanding the completion of the Proposed Subscription, HLF will still retain its first legal mortgage on the Properties as security for the Bank Loan. For the avoidance of doubt, the Corporate Guarantee will only be provided by the Company upon the completion of the Proposed Subscription.

5.2 Other key terms of the SSA

Pursuant to the SSA, the Company shall have, *inter alia*, the following rights upon completion of the Proposed Subscription:

- (a) the Company shall be entitled to appoint such number of persons (“OAL Director”) to achieve majority of the board of directors of the Target Company;
- (b) the chairman of the board of directors of the Target Company shall be an OAL Director and the chairman shall be entitled to a second or casting vote at any meeting of the board or general meeting of the Target Company;
- (c) subject to the Companies Act and save for reserved matters as prescribed under the SSA, all directors’ resolutions and shareholders’ resolutions shall be adopted by a simple majority vote;
- (d) the Company shall be entitled to pre-emption, tag-along and drag-along rights in relation to its shareholding in the Target Company; and
- (e) in the event of a default by KF, the Company shall, without prejudice to any other rights and remedies it may have, be entitled to default put and call option rights under the SSA.

6. EVALUATION OF THE PROPOSED SUBSCRIPTION

In our evaluation of the Proposed Subscription, we have given due consideration to, *inter alia*, the following key factors:

- (a) Rationale and benefit of the Proposed Subscription;
- (b) Independent valuation of the Properties, land and the gross development value of the Proposed Development;
- (c) Assessment of the Subscription Consideration;
- (d) Assessment of the terms of the Corporate Guarantee;
- (e) Pro forma financial effects of the Proposed Subscription; and
- (f) Other relevant considerations.

6.1 Rationale and benefit of the Proposed Subscription

The rationale for the Proposed Subscription which has been set out in paragraph 2.10 of the Circular is extracted and reproduced in italics below:

“2.10 Rationale for the Proposed Subscription

The Proposed Subscription is contemplated to be made in the ordinary course of business of the Group and is in line with the Group's strategy to expand its Property Development Business. The Proposed Subscription presents an opportunity to acquire a controlling stake in the Target Company which will hold the legal rights and interest to the KC Properties, and will enable the Group to make its first foray into the Property Development Business. Given that the Group has no prior track record and/or operating history in the property market, it is only through this collaboration with an established and experienced market player like Mr. Tan that the Group is able to embark on a property project on such a large scale, which may potentially generate substantial profits and cash flow for the Group's business.

Furthermore, Mr. Tan's involvement with the Target Company will:

- (a) enable the Group to leverage on Mr. Tan's knowledge, expertise and contacts in the property market to carry out the Proposed Developments, while developing and building up the Group's own team of experienced and skilled personnel for its Property Business; and*
- (b) allow the Group to also leverage on Mr. Tan's relationship and credit history with the financial institutions to obtain external financing on favourable terms in order to reduce the Group's immediate financial obligation in respect of the Purchase Value as well as in the future in relation to the funding required for the Proposed Developments. In particular, from the onset the Bank Loan was obtained by the Target Company on the basis of Mr. Tan's financial standing and track record as an indirect shareholder of the Target Company. Such external bank financing would have otherwise been difficult for the Target Company and/or the Company to secure had it chosen to proceed with the KC Acquisition, the Proposed Developments and/or another other property project on its own. Save for the Bank Loan that will be guaranteed by the Company and Mr. Tan, the Company and KF shall share all risks and rewards of the KC Acquisition and any subsequent transaction contemplated by the Target Company, in proportion to their respective shareholding interests in the Target Company.”*

6.2 Independent valuation of the Properties, land and gross development value of the Proposed Development

In connection with the Proposed Subscription and for the purposes of financing the acquisition of the Properties and construction of the Proposed Development, the Company had commissioned the Independent Valuer to undertake an independent valuation of the market value of the Properties, the land and the gross development value of the Proposed Development.

As at the valuation date, being 2 March 2020, the independent valuation of the market value of the Properties was determined to be an aggregate of S\$31.3 million. The market value of the land was determined to be S\$35.4 million and the gross development value of the Proposed Development was estimated to be S\$60.0 million.

Further details are set out in Section 6.2.2 of this Letter and the Valuation Report set out in Appendix A to the Circular.

6.2.1 Valuation basis

The Independent Valuer had valued the Properties at market value, which is defined in the Valuation Report as *“the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

The Independent Valuer had conducted the independent valuation in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices.

6.2.2 Valuation approach

The Independent Valuer had adopted the direct comparison method and the residual method, each being used as a check against the other.

The direct comparison method was used for the assessment of both land value and gross development value. It takes into consideration recent sales transactions of similar or comparable properties in the subject or comparable localities, and due adjustments have been made for differences between the Properties and the comparables in terms of location, tenure, size, master plan zoning/plot ratio, site configuration, type of approved usage, date of sale and other relevant factors affecting its value.

The residual method entails the estimation of the gross development value of the proposed development scheme as advised to the Independent Valuer, assuming it is completed. The gross development value of the Proposed Development is estimated from analysing the prices of similar projects in the vicinity and other comparable locations. The land value is then derived after deducting the developer’s profit, estimated costs of development such as building cost, professional fees, holding/financing costs, stamp duty, legal fee, development charge (if any) and other related costs from the estimated gross development value. The residual value would represent the amount a prudent buyer would pay for the site.

APPENDIX B – IFA LETTER

Based on the above, the Independent Valuer had assessed the market value of the Properties, the land and the gross development value of the Proposed Development to be as follows:

Subject	Valuation date	Market value ⁽¹⁾ (S\$'000)
14 KC	2 March 2020	11,000
16 KC	2 March 2020	8,500
18 KC	2 March 2020	11,800
Total		31,300

Subject	Valuation date	Market value ⁽²⁾ (S\$'000)
Land	2 March 2020	35,400

Subject	Valuation date	Gross development value ⁽³⁾ (S\$'000)
Proposed Development	2 March 2020	60,000

Notes:

- (1) As-is basis, with redevelopment potential based on a proposed scheme to build an 8-storey ramp-up multi-user food factory development at a plot ratio of 2.5 on a composite site, with development charge payable by the purchaser.
- (2) Assuming planning approval granted for the Proposed Development scheme with development charge fully paid.
- (3) Based on total saleable floor area of 4,036.6 sm and assuming satisfactory completion and subject to issuance of temporary occupation permit and certificate of statutory completion.

As mentioned in Section 4.1 of this Letter, the aggregate purchase consideration for the acquisition of the Properties is S\$31.3 million, which is equivalent to the market value of the Properties as set out above.

We understand from the Company that they have received confirmation from the Independent Valuer that the market value of the Properties and the land as well as the gross development value of the Proposed Development, as at the Latest Practicable Date, remains unchanged and are consistent with the respective values set out above.

The Directors and Management have confirmed to us that they have made due and careful enquires with respect to the assumptions underlying the valuation prepared by the Independent Valuer to value the market value of the Properties and the land as well as the gross development value of the Proposed Development.

We recommend the Independent Directors to advise the Independent Shareholders to read the Valuation Report carefully, in particular the terms of reference, key assumptions and critical factors.

6.3 Assessment of the Subscription Consideration

The Subscription Consideration for the Proposed Subscription is determined to be S\$4,000,000. Accordingly, the Subscription Consideration values the 100.0% equity value of the Target Company at S\$8,000,000.

As mentioned in Section 5.1.1 of this Letter, the Subscription Consideration was arrived at on a willing-seller, willing-buyer basis after arms' length negotiations among the Target Company, KF and the Company, after taking into consideration, *inter alia*, (i) the Valuation Report; and (ii) the Corporate Guarantee.

Adjusted NAV of the Target Company

Based on the latest available management accounts of the Target Company as at 30 April 2020, the NAV of the Target Company amounted to S\$999,875.

On 11 May 2020, KF increased its paid-up capital in the Target Company by S\$3,000,000. The table below sets out the adjusted NAV of the Target Company as at 30 April 2020, as if the increase in paid-up capital was completed on 30 April 2020.

	(S\$)
NAV of the Target Company as at 30 April 2020	999,875
Add:	
Increase in paid-up capital	3,000,000
Adjusted NAV of the Target Company as at 30 April 2020	3,999,875

The Target Company was only incorporated on 22 October 2019. Based on the management accounts of the Target Company from date of incorporation to 30 April 2020, we note that save for expenses incurred in the ordinary course of acquiring the Properties, there are no other transactions encapsulated in the Target Company's financials.

In addition to the above, we have sought the following confirmations from the Directors and Management, and they have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that, save as disclosed in this Letter:

- (i) there are no material differences between realisable values of the Target Company's assets and the respective carrying amount as at 30 April 2020 which would have a material impact on the NAV of the Target Company, save for the increase in paid up capital of S\$3.0 million on 11 May 2020;
- (ii) there are no other contingent liabilities, bad or doubtful debts or material events which would likely have a material impact on the NAV of the Target Company as at the Latest Practicable Date;
- (iii) there are no litigation, claims or proceedings pending or threatened against the Target Company; and
- (iv) save as disclosed in the Circular and in this Letter, there are no material acquisitions or disposals of assets by the Target Company between 30 April 2020 and the Latest Practicable Date, and the Target Company does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Target Company's material assets or material change in the nature of the Target Company's business.

We note that KF had only recently increased its paid-up capital in the Target Company by S\$3.0 million, bringing the total issued and paid-up capital of the Target Company prior to the entry into the Proposed Subscription to S\$4.0 million, comprising 4 million ordinary shares. The Proposed Subscription would therefore allow the Company to subscribe for new shares in the Target Company at the same valuation subscribed by KF.

We further note that the market value of the Properties and the land as well as the gross development value of the Proposed Development as at the Latest Practicable Date remains unchanged and are consistent with the respective values set out in Section 6.2.2 of this Letter.

The Proposed Subscription would also allow the Company to obtain majority of the board of directors of the Target Company, in addition to having joint control of the Target Company. Since each of the Company and KF will own 50.0% shareholding interests in the Target Company upon completion of the Proposed Subscription, any profit or loss arising from current or future projects including the Proposed Development, will be shared equally.

After having considered all the above, we are of the view that the Subscription Consideration is on normal commercial terms and is not prejudicial to the interest of the Company and its Minority Shareholders.

We wish to highlight that to the Independent Directors that in arriving at our conclusion above, we have not considered the feasibility and profitability of the Proposed Development. The above analysis is only for illustrative purposes and is not meant to be an indication of, or comment on the Target Company’s future profitability, growth prospects, financial positions and working capital sufficiency.

6.4 Assessment of the terms of the Corporate Guarantee

As mentioned in Section 5.1.4 of this Letter, upon completion of the Proposed Subscription, the Company, or a designated wholly-owned subsidiary of the Company, will in proportion to its resultant 50.0% shareholding interest in the Target Company, provide the Corporate Guarantee, being up to 50.0% of the Bank Loan, such that the Bank Loan shall be secured by the Corporate Guarantee and the personal guarantee by Mr. Tan on an equal-sharing basis.

One of the key conditions for the Bank Loan is for Mr Tan or Mr Alex Tan and Mr Amos Tan to maintain at least 50.0% controlling interest, either directly or indirectly in the Company, throughout the tenure of the Bank Loan.

We note from paragraph 2.2.5 of the Circular and the letter of offer by HLF dated 11 March 2020 that the terms of the Corporate Guarantee to be entered into by the Company will be similar to the terms of the personal guarantee provided by Mr Tan.

6.5 Pro forma financial effects of the Proposed Subscription

The pro forma financial effects of the Proposed Subscription which has been set out in paragraph 3 of the Circular are extracted and reproduced in italics below:

“3. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

3.1 Bases and Assumption

The pro forma financial effects of the Proposed Subscription, based on the FY2019 Results are set out below. The pro forma financial effects of the Proposed Subscription on the Group set out below are only presented for illustration purposes, and are therefore not indicative of the actual and/or future results and financial situation of the Company or the Group after the SSA Completion.

The pro forma financial effects of the Proposed Subscription have been prepared based on the FY2019 Results, and on the following bases and assumptions:

- (a) *the financial effects on the consolidated NTA per Share is computed based on the assumption that the Proposed Subscription was completed on 30 September 2019;*
- (b) *the financial effects on the consolidated LPS is computed based on the assumption that the Proposed Subscription was completed on 1 October 2018; and*
- (c) *the expenses to be incurred in connection with the Proposed Subscription are estimated to be approximately S\$69,000.*

3.2 Net Tangible Assets per Share

	Before the Proposed Subscription	After the Proposed Subscription
NTA (S\$'000)	12,853	12,853
Number of Shares ('000)	84,498	84,498
NTA per Share (Singapore cents)	15.21	15.21

3.3 Loss per Share

	Before the Proposed Subscription	After the Proposed Subscription
Loss attributable to Shareholders (S\$'000)	1,394	1,463
Number of Shares ('000)	84,498	84,498
LPS (Singapore cents)	1.65	1.73"

6.6 Other relevant considerations

6.6.1 Risk profile of the Company

The completion of the Proposed Subscription, which involves the subscription of 50.0% stake in the Target Company, would grant joint control of the Properties to the Company. Following the acquisition of the Properties, the Target Company intends to redevelop the Properties into the Proposed Development for an eventual sale.

The abovementioned plans reflect the intention of the Company to develop its core businesses. Accordingly, the Proposed Subscription will not be an expansion out of the Group's existing core business and will not result in a material change in the risk profile of the Group arising from the Proposed Subscription.

6.6.2 Outlook of the Group

We wish to highlight the following commentary on the Group's business environment made by the Company in its announcement of the financial results for the half year period ended 31 March 2020:

"The COVID-19 outbreak since early 2020 has brought about additional uncertainties in the general operating environment and across many sectors of the economies around the world.

Based on the Ministry of Trade and Industry (MTI) advance estimates, on a quarter-on-quarter seasonally-adjusted annualised basis, the Singapore economy shrank by 10.6%. Taking into account the COVID-19 impact in the first quarter, the GDP growth forecast for 2020 is further downgraded to -4.0% from -1.0%.

With the uncertainty over the depth and duration of the COVID-19 pandemic, the Group will adopt a prudent approach in managing its cashflows and investment activities.

In respect of the property market in Singapore, the impact of COVID-19 pandemic is still uncertain for the foreseeable future. Notwithstanding compliance with the Circuit Breaker measures, this is currently not expected to have any material impact on the Group's current operations. The Group, however, believes that opportunities may present itself in respect of potential acquisitions of properties at reasonable value after taking into consideration the current property market conditions. The Company will thus continue to focus on property management and property development business divisions.

In respect of the financial investment business division, the Company's subsidiary, OneApex Capital Pte Ltd ("OAC"), has recently received approval from the Monetary Authority of Singapore ("MAS") for its capital markets services license to conduct fund management activities as a licensed fund management company ("LFMC"). Prior to this, OAC was registered with MAS as a registered fund management company ("RFMC"). As a LFMC, OAC will now be able to carry out fund management activities without restriction on the number of qualified investors (as defined in the Securities and Futures (Licensing and Conduct of Business) Regulations (Chapter 289, Regulation 10)) and without limit on the total value of the assets managed. Formerly as an RFMC, OAC was limited to no more than 30 qualified investors (of which not more than 15 may be collective investment schemes, closed-ended funds, or limited partnerships) and the total value of the assets managed shall not exceed S\$250 million.

In view of this, the Group is keen on seeking out opportunities for acquisitions and/or joint ventures with strategic business partners in the fund management space, with a view of growing its fund management business.

As for the Group's existing egg trading business in Hong Kong, in line with the Group's long-term strategy of focusing on its property and financial investments/fund management business, the Group has entered into an agreement to dispose of the egg trading business as announced on 22 April 2020. We expect to complete the disposal in due course and exit the egg trading business."

The rationale for the Proposed Subscription, as set out in paragraph 2.10 of the Circular, is well-suited to address the abovementioned concerns of the Group.

6.6.3 Support from the controlling shareholders

Mr Alex Tan and Mr Amos Tan are controlling shareholders of the Company through their shareholding interests in Goldhill Trust.

Goldhill Trust acquired control of the Company on 8 October 2018. Since then, we noted that both Mr Alex Tan and Mr Amos Tan have been actively involved in the corporate actions undertaken by the Company thus far, as set out in Section 3.3 of this Letter.

Accordingly, we believe that the Proposed Subscription is an extension of efforts to develop the new business segments of the Group and further underscores Mr Alex Tan's and Mr Amos Tan's commitment to and confidence in the prospects of the Group.

7. OUR OPINION

In arriving at our recommendation in respect of the Proposed Subscription, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (i) the rationale and benefit of the Proposed Subscription;
- (ii) independent valuation of the Properties, land and the gross development value of the Proposed Development;
- (iii) assessment of the Subscription Consideration;
- (iv) assessment of the terms of the Corporate Guarantee;
- (v) pro forma financial effects of the Proposed Subscription; and
- (vi) other relevant considerations as set out in Section 6.6 of this Letter, namely: risk profile of the Company; outlook of the Group; and support from the controlling shareholders.

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Subscription, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interest of the Company and its Minority Shareholders.

We wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Subscription, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the SSA, and we do not warrant the merits of the Proposed Subscription. Furthermore, we were not involved in the legal and financial due diligence that were conducted by the Company and its advisers on the Target.

We have prepared this Letter for the use of the Independent Directors in connection with and for the purposes of their consideration of the Proposed Subscription. The recommendation made by them to the Minority Shareholders in relation to the Proposed Subscription shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM at any time and in any manner without prior written consent of RHTC in each specific case.

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

Yours sincerely
For and on behalf of
RHT CAPITAL PTE. LTD.

Khong Choun Mun
Chief Executive Officer

Mah How Soon
Managing Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

ONEAPEX LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201020806C)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of OneApex Limited (the “**Company**”) will be held by way of electronic means on 23 June 2020 at 11 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

*All capitalised terms in this Notice of EGM which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 29 May 2020 (the “**Circular**”).*

This notice has been made available on SGXNET and the Company’s website and may be accessed at <http://oneapex.wixsite.com/home/investor-relations>. A printed copy of this notice will NOT be despatched to members.

ORDINARY RESOLUTION 1:

THE PROPOSED SUBSCRIPTION BY THE COMPANY OF 4,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF KC INDUSTRIES PTE. LTD., REPRESENTING 50% OF THE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF KC INDUSTRIES PTE. LTD., AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES

That:

- (a) approval be and is hereby given for the proposed subscription by the Company of 4,000,000 new ordinary shares in the capital of KC Industries Pte. Ltd., representing 50% of the enlarged issued and paid-up share capital of KC Industries Pte. Ltd. (the “**Proposed Subscription**”), on the terms and subject to the conditions set out in the SSA, and any other transactions and/or ancillary documents contemplated under the SSA, as an interested person transaction under Chapter 9 of the Catalist Rules and a major transaction under Chapter 10 of the Catalist Rules; and
- (b) any of the Directors of the Company be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with the Proposed Subscription and to give effect to this resolution (including but not limited to the execution of ancillary agreements, procurement of third party consents and amendment to the SSA) as he shall think fit and in the interests of the Company.

BY ORDER OF THE BOARD
ONEAPEX LIMITED

Tan Pei Hong, Alex (Chen Peifeng)
Executive Director and Chief Executive Officer

29 May 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTES:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM are set out in the Company's announcement dated 29 May 2020 entitled "Extraordinary General Meeting in relation to the Proposed Subscription of 50% of the Enlarged Issued and Paid-Up Share Capital of KC Industries Pte. Ltd." which has been uploaded together with this Notice of EGM on SGXNET. The announcement may also be accessed at <http://oneapex.wixsite.com/home/investor-relations>.

In particular, the EGM will be held by way of electronic means and a member will be able to watch the proceedings of the EGM via "live" webcast on his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register no later than 11 a.m. on 20 June 2020, at https://live.motionmediaworks.com/oneapex_subscription. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the EGM by 22 June 2020. Shareholders who do not receive an email by 12 p.m. (noon) on 22 June 2020, but who have registered by the 20 June 2020 deadline, should contact the Company at the following email address: contactus@oneapex.com.sg.

A member who pre-registers to watch the "live" webcast or listen to the "live" audio feed may also submit to the Chairman of the EGM questions related to the resolution to be tabled for approval at the EGM. To do so, all questions must be submitted no later than 11 a.m. on 20 June 2020:

- (a) in hard copy by sending personally or by post and lodging the same at the Company's principal place of business at 38 Jalan Pemimpin, #06-06, Singapore 577178, attention to OneApex EGM; or
- (b) by email to the Company at contactus@oneapex.com.sg.

When sending your questions via email or by post, please also provide us with the following details:

- (c) your full name;
- (d) your address;
- (e) number of Shares held; and
- (f) the manner in which you hold the Shares in the Company (e.g. via CDP, CPF or SRS).

The Company will address substantial and relevant questions relating to the resolution to be tabled for approval at the EGM as received from Shareholders at the EGM or before the EGM via SGXNET and/or the Company's website at <http://oneapex.wixsite.com/home/investor-relations>.

Please note that Shareholders will not be able to ask questions at the EGM "live" during the webcast and the audio feed, and therefore it is important for Shareholders to pre-register their participation in order to be able to submit their questions in advance of the EGM.

2. A member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member (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. For CPF/SRS investors who have used their CPF/SRS monies to buy Shares in the Company, the Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies and to submit their voting instructions no later than 5 p.m. on 11 June 2020 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the EGM to vote on their behalf by 11 a.m. on 20 June 2020.
3. The Chairman of the EGM, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the EGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must:
 - (a) if sent personally or by post, be lodged at the Company's principal place of business at 38 Jalan Pemimpin, #06-06, Singapore 577178, attention to OneApex EGM; or
 - (b) if submitted by email, be received by the Company at contactus@oneapex.com.sg,in either case, by no later than 11 a.m. on 20 June 2020, and in default the instrument of proxy shall not be treated as valid.
5. The instrument appointing the Chairman of the EGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an officer or duly authorised attorney.
6. The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy 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 the Chairman of the EGM as proxy (such as in the case where the appointor submits more than one instrument appointing the Chairman of the EGM as proxy).
7. In the case of a member whose Shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument appointing the Chairman of the EGM as proxy lodged if such member, being the appointor, is not shown

NOTICE OF EXTRAORDINARY GENERAL MEETING

to have Shares entered against his/her/its name in the Depository Register as at 11 a.m. on 20 June 2020, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, 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 purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the EGM as proxy appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

PROXY FORM



ONEAPEX LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201020806)

PROXY FORM

EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

This Proxy Form has been made available on SGXNET and the Company's website and may be accessed at <http://oneapex.wixsite.com/home/investor-relations>. A printed copy of this Proxy Form will NOT be despatched to members.

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Extraordinary General Meeting ("EGM") are set out in the Company's announcement dated 29 May 2020 entitled "Extraordinary General Meeting in relation to the Proposed Subscription of 50% of the Enlarged Issued and Paid-up Share Capital of KC Industries Pte. Ltd." which has been uploaded together with the Notice of EGM dated 29 May 2020 on SGXNET on the same day. The announcements may also be accessed at <http://oneapex.wixsite.com/home/investor-relations>.
2. A member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member (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.
3. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in OneApex Limited, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies and to submit their voting instructions no later than 5 p.m. on 11 June 2020 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the EGM to vote on their behalf by 11 a.m. on 20 June 2020.
4. By submitting an instrument appointing the Chairman of the EGM as proxy, a member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 29 May 2020.

I/We _____ (Name), _____ (NRIC/Passport/Co. Reg No.)

of _____ (Address)

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

The Chairman of the EGM

as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the EGM to be held at by way of electronic means on 23 June 2020 at 11 a.m., and at any adjournment thereof.

*I/We direct the Chairman of the EGM to vote for or against the resolution proposed at the EGM as indicated hereunder.

No.	Ordinary Resolution	Number of votes FOR	Number of votes AGAINST
1.	To approve the Proposed Subscription as an interested person transaction and a major transaction		

* Delete where inapplicable

** If you wish to exercise all your votes "For" or "Against" the resolution, please tick (✓) in the relevant box provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specific direction as to voting, or abstention from voting, the appointment of the Chairman of the EGM as your proxy will be treated as invalid.

Dated this _____ day of _____ 2020.

Total Number of shares held in:	No. of shares
(a) Depository Register	
(b) Register of members	

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

PROXY FORM

IMPORTANT: PLEASE READ NOTES OVERLEAF

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, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument appointing a proxy shall be deemed to relate to all the Shares held by you.
2. A member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member (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.
3. The Chairman of the EGM, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the EGM as proxy must:
 - (a) if sent personally or by post, be lodged at the Company's principal place of business at 38 Jalan Pemimpin, #06-06, Singapore 577178, attention to OneApex EGM; or
 - (b) if submitted by email, be received by the Company at contactus@oneapex.com.sg,

in either case, by no later than 11 a.m. on 20 June 2020, and in default the instrument of proxy shall not be treated as valid.

5. Where an instrument appointing the Chairman of the EGM as proxy is sent personally or by post, it must be under the hand of the appointor or his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

Where an instrument appointing the Chairman of the EGM is submitted by email, it must be authorised in the following manner:

- (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
- (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

Where an instrument appointing the Chairman of the EGM as proxy is signed, or as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing the Chairman of the EGM as proxy, failing which the instrument may be treated as invalid.

6. The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy 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 the Chairman of the EGM as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the EGM as proxy).
7. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy lodged if such members are not shown to have shares entered against their names in the Depository Register as at 11 a.m. on 20 June 2020 as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing the Chairman of the EGM as proxy, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 29 May 2020.