

CIRCULAR DATED 25 AUGUST 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your issued and fully paid-up ordinary shares in the capital of IFS Capital Limited (the “**Company**”), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee, or the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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

Terms appearing on the cover of this Circular have the same meanings as defined in this Circular.



IFS Capital Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 198700827C)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 225,581,799 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY (“RIGHTS SHARES”) AT AN ISSUE PRICE OF S\$0.22 FOR EACH RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) EXISTING ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS AS AT A BOOKS CLOSURE DATE TO BE DETERMINED BY THE BOARD OF DIRECTORS, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED, WITH AN IRREVOCABLE UNDERTAKING PROVIDED BY PHILLIP ASSETS PTE. LTD. TO SUBSCRIBE FOR ITS RIGHTS ENTITLEMENTS AND ALL OF THE RIGHTS SHARES UNSUBSCRIBED AT THE CLOSE OF THE RIGHTS ISSUE; AND**
- (2) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY OFFER FROM PHILLIP ASSETS PTE. LTD. AND PERSONS ACTING IN CONCERT WITH IT FOR ALL OF THE SHARES OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM.**

Manager for the Rights Issue



PhillipCapital

PHILLIP SECURITIES PTE LTD

PHILLIP SECURITIES PTE LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 197501035Z)

Independent Financial Adviser in relation to the Proposed Whitewash Resolution



SAC Advisors

SAC ADVISORS PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200713620D)

IMPORTANT DATES AND TIMES

| | | |
|--|---|---|
| Last date and time for lodgement of Proxy Form | : | 6 September 2016 at 9.30 a.m. |
| Date and time of Extraordinary General Meeting | : | 9 September 2016 at 9.30 a.m. |
| Place of Extraordinary General Meeting | : | 250 North Bridge Road #06-00 Raffles City Tower Singapore 179101 |

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DEFINITIONS

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

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| “ARE” | : | Application and acceptance form for the Rights Shares and excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares under the Rights Issue |
| “ARS” | : | Application and acceptance form for Rights Shares to be issued to purchasers in respect of the provisional allotments of Rights Shares under the Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system |
| “ATM” | : | Automated teller machine |
| “Board” | : | The board of Directors as at the date of this Circular |
| “Books Closure Date” | : | The time and date to be determined by the Directors and announced by the Company in due course, at and on which the Register of Members and share transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of Entitled Shareholders under the Rights Issue |
| “CDP” | : | The Central Depository (Pte) Limited |
| “Circular” | : | This circular to Shareholders dated 25 August 2016 |
| “Closing Date” | : | The time and date to be determined by the Directors, being the last time and date for acceptance of and/or excess application and payment for the Rights Shares under the Rights Issue |
| “Code” | : | The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time |
| “Companies Act” | : | The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time |
| “Company” | : | IFS Capital Limited |
| “Concert Parties” | : | The Undertaking Shareholder, Mr. Lim Hua Min, Ms. Teo Yew Hock, Mdm. Chan Poh Yoke, Mr. Lim Wah Tong, Mr. Lim Wah Sai, Mr. Lim Wah Lin, Ms. Lim May-Tjue Lynette, Mr. Lim Hua Tiong, Mr. Ling Hua Leong, Mdm. Lim Ai Choo, Mdm. Lim Siew Eng, Mdm. Lim Siew Hong and Mr. Lee Soon Kie |
| “CPF” | : | Central Provident Fund |

DEFINITIONS

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| “CPF Funds” | : | The CPF account savings of CPF members under the CPFIS-OA |
| “CPFIS” | : | Central Provident Fund Investment Scheme |
| “CPFIS-OA” | : | CPFIS – Ordinary Account |
| “Directors” | : | The directors of the Company as at the date of this Circular |
| “EGM” | : | The Extraordinary General Meeting of the Company to be convened on 9 September 2016, notice of which is set out on pages N-1 to N-3 of this Circular |
| “Electronic Application” | : | Acceptance of the Rights Shares and (if applicable) application for excess Rights Shares made through an ATM of a participating bank in accordance with the terms and conditions of the Offer Information Statement |
| “Entitled Depositors” | : | Shareholders with Shares entered against their names in the Depository Register, maintained by CDP, as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided CDP, with addresses in Singapore for the service of notices and documents |
| “Entitled Scripholders” | : | Shareholders whose share certificates have not been deposited with CDP and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents |
| “Entitled Shareholders” | : | Entitled Depositors and Entitled Scripholders |
| “Foreign Shareholders” | : | Shareholders or Depositors with registered addresses outside Singapore as at the Books Closure Date and who had not, at least three (3) Market Days prior to the Books Closure Date, provided to the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents |
| “FY2013” | : | The financial year ended 31 December 2013 |
| “FY2014” | : | The financial year ended 31 December 2014 |

DEFINITIONS

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| “FY2015” | : | The financial year ended 31 December 2015 |
| “Group” | : | The Company and its subsidiaries |
| “IFA” | : | SAC Advisors Private Limited (formerly known as Canaccord Genuity Singapore Pte. Ltd.), the independent financial adviser appointed to advise the Recommending Directors in relation to the Proposed Whitewash Resolution |
| “IFA Letter” | : | The letter dated 25 August 2016 from the IFA to the Recommending Directors in relation to the Proposed Whitewash Resolution as set out in Appendix B of this Circular |
| “Independent Shareholders” | : | The Shareholders who are deemed to be independent for the purpose of the Proposed Whitewash Resolution, being Shareholders independent of the Concert Parties |
| “Independent Valuation Report” | : | The independent valuation report dated 13 May 2016 from the Independent Valuer as set out in Appendix C of this Circular |
| “Independent Valuer” | : | DTZ Debenham Tie Leung (SEA) Pte Ltd |
| “Insurance Act” | : | Insurance Act, Chapter 142 of Singapore, as may be amended or modified from time to time |
| “Irrevocable Undertaking” | : | The irrevocable undertaking provided by the Undertaking Shareholder to, amongst others, subscribe and pay, or procure the subscription and payment for: (a) all of its rights entitlements through its direct and deemed interest in the Shares as at the Books Closure Date; and (b) an excess share application for all the Rights Shares excluding (a) above |
| “Issue Price” | : | S\$0.22 for each Rights Share |
| “Latest Practicable Date” | : | 15 August 2016, being the latest practicable date prior to the printing of this Circular |
| “licensed insurer” | : | Has the definition under Section 1A of the Insurance Act |
| “Listing Manual” | : | The listing manual of the SGX-ST, as may be amended or modified from time to time |
| “LPS” | : | Loss per Share |
| “Manager” | : | Phillip Securities Pte Ltd |
| “Market Day” | : | A day on which the SGX-ST is open for trading in securities |

DEFINITIONS

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| “Mandatory Offer” | : | The obligation under Rule 14 of the Code to make a mandatory general offer for the remaining Shares not owned or controlled by the Concert Parties |
| “MAS” | : | Monetary Authority of Singapore |
| “Net Proceeds” | : | The estimated net proceeds from the subscription of 225,581,799 Rights Shares pursuant to the Rights Issue after deducting professional fees and related expenses incurred in connection with the Rights Issue |
| “NTA” | : | Net tangible assets |
| “Offer Information Statement” | : | The offer information statement, together with (where the context requires) the ARE and the ARS and all other accompanying documents to be issued by the Company in connection with the Rights Issue |
| “PAL” | : | The provisional allotment letter issued to an Entitled Scripholder setting out the provisional allotments of Rights Shares of such Entitled Scripholder under the Rights Issue |
| “Proposed Whitewash Resolution” | : | The resolution to be approved by way of a poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a Mandatory Offer from the Concert Parties for all of the Shares not already owned or controlled by them, pursuant to Rule 14.1 of the Code and the Whitewash Waiver in relation to the Rights Issue |
| “Proxy Form” | : | The proxy form in respect of the EGM as set out in this Circular |
| “Recommending Directors” | : | The Directors who are considered independent for the purposes of making the recommendation to the Independent Shareholders in respect of the Proposed Whitewash Resolution, being Mr. Gabriel Teo Chen Thye, Mr. Manu Bhaskaran, Mr. Law Song Keng, Mr. Kwah Thiam Hock and Mr. Tan Hai Leng Eugene |
| “Record Date” | : | In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions |
| “Register of Members” | : | Register of members of the Company |

DEFINITIONS

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|--------------------------------|---|---|
| “Rights Issue” | : | The renounceable non-underwritten rights issue of up to 225,581,799 Rights Shares at an Issue Price of S\$0.22 for each Rights Share, on the basis of three (3) Rights Shares for every two (2) existing Shares held by Entitled Shareholders as at a Books Closure Date to be determined by the Board, fractional entitlements to be disregarded |
| “Rights Shares” | : | Up to 225,581,799 new Shares to be issued and allotted by the Company pursuant to the Rights Issue |
| “Securities and Futures Act” | : | Securities and Futures Act, Chapter 289 of Singapore, as may be amended or modified from time to time |
| “Securities Account” | : | The securities account maintained by a Depositor with CDP but not including a securities sub-account maintained with a Depository Agent |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |
| “Share Registrar” | : | M & C Services Private Limited |
| “Shareholders” | : | The registered holders of Shares, except that where the registered holder is CDP, the term “ Shareholders ” shall, in relation to those Shares, mean the Depositors who have Shares entered against their names in the Depository Register |
| “Shares” | : | Ordinary shares in the capital of the Company |
| “SIC” | : | Securities Industry Council of Singapore |
| “SIC Conditions” | : | Conditions imposed by the SIC to which the Whitewash Waiver is subject, details of which are set out in Paragraph 3.4 of this Circular |
| “subsidiary” or “subsidiaries” | : | Has the meaning ascribed to it in Section 5 of the Companies Act |
| “Substantial Shareholder” | : | A person who has an interest in voting shares in the Company and the total votes attached to which is not less than five per cent. of the total votes attached to all the voting shares in the Company |
| “Undertaking Shareholder” | : | Phillip Assets Pte. Ltd. |
| “Whitewash Waiver” | : | The waiver granted by the SIC of the obligations of the Concert Parties to make a Mandatory Offer, arising from the Rights Issue, subject to the satisfaction of the SIC Conditions |

DEFINITIONS

Currencies and Units

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

“%” or “per cent.” : Percentage or per centum

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meaning ascribed to them respectively in Section 81SF of the Securities and Futures Act.

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. References to persons shall include corporations.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, Securities and Futures Act, Insurance Act, Listing Manual or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the Companies Act, Securities and Futures Act, Insurance Act, Listing Manual or any statutory modification thereof, as the case may be.

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

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

LETTER TO SHAREHOLDERS

IFS CAPITAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198700827C)

Directors:

Lim Hua Min (*Chairman*)
Gabriel Teo Chen Thye (*Lead Independent Director*)
Manu Bhaskaran (*Independent Director*)
Law Song Keng (*Independent Director*)
Kwah Thiam Hock (*Independent Director*)
Tan Hai Leng Eugene (*Group Chief Executive Officer*)

Registered Office:

7 Temasek Boulevard
#10-01 Suntec Tower One
Singapore 038987

25 August 2016

To: The Shareholders of IFS Capital Limited

Dear Sir/Madam,

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 225,581,799 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY ("RIGHTS SHARES") AT AN ISSUE PRICE OF S\$0.22 FOR EACH RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) EXISTING ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS AS AT A BOOKS CLOSURE DATE TO BE DETERMINED BY THE BOARD OF DIRECTORS, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED, WITH AN IRREVOCABLE UNDERTAKING PROVIDED BY PHILLIP ASSETS PTE. LTD. TO SUBSCRIBE FOR ITS RIGHTS ENTITLEMENTS AND ALL OF THE RIGHTS SHARES UNSUBSCRIBED AT THE CLOSE OF THE RIGHTS ISSUE; AND**
- (2) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY OFFER FROM PHILLIP ASSETS PTE. LTD. AND PERSONS ACTING IN CONCERT WITH IT FOR ALL OF THE SHARES OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM.**

1. INTRODUCTION

- 1.1 The Directors propose to convene an EGM to seek Shareholders' approval for the Rights Issue and the Proposed Whitewash Resolution.
- 1.2 The purpose of this Circular is to explain the rationale for, and provide Shareholders with the relevant information relating to the Rights Issue and the Proposed Whitewash Resolution, and to seek Shareholders' approval for the ordinary resolutions thereof to be tabled at the EGM, notice of which is set out on pages N-1 to N-3 of this Circular.
- 1.3 The SGX-ST only approves the listing and quotation of the Rights Shares arising from the Rights Issue. The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Circular.

LETTER TO SHAREHOLDERS

- 1.4 Shareholders should note that the Ordinary Resolution 1 in respect of the Proposed Whitewash Resolution and Ordinary Resolution 2 in respect of the Rights Issue are interconditional on each other. If any one of these two ordinary resolutions is not approved, the other ordinary resolution will not proceed.
- 1.5 ECICS Limited is a licensed insurer which is wholly owned by the Company. Pursuant to Section 29(2) of the Insurance Act, no person may enter into any agreement or arrangement, whether oral or in writing and whether express or implied, to act together with any person with respect to the acquisition or holding of, or the exercise of rights in relation to, their interests in voting shares of an aggregate of 5% or more of the total votes attached to all voting shares in a licensed insurer which is incorporated in Singapore, without first obtaining the written approval of MAS. Pursuant to Section 29(9) of the Insurance Act, a person holds, or has an interest in, a share if (a) he is deemed to have an interest in that share under Section 7 of the Companies Act or (b) he otherwise has a legal or an equitable interest in that share except for such interest as is to be disregarded under Section 7 of the Companies Act. Accordingly, it is possible for a person to have an interest in the voting shares of ECICS Limited through a shareholding interest in the Company.

Further, without the prior written approval of the MAS, no person (i) pursuant to Section 29(1) of the Insurance Act, may become a Substantial Shareholder of a licensed insurer incorporated in Singapore; and (ii) pursuant to Section 28 of the Insurance Act, may alone or together with his associates have effective control over a licensed insurer incorporated in Singapore by:–

- (a) holding 20% or more of the total number of issued shares in the insurer; or
- (b) being in a position to control 20% or more of the voting power in the insurer.

Other forms of effective control over a licensed insurer incorporated in Singapore (i.e. whether acting alone or together with any other person, and whether with or without holding shares or controlling voting power in the insurer: (a) being in a position to determine the policy of the insurer; or (b) being a person whose directions, instructions or wishes the directors of the insurer are accustomed or under an obligation to act in accordance with) is also prohibited without the prior written approval of the MAS. Failure to comply with these provisions of the Insurance Act may result in criminal sanctions. **Shareholders should take caution when subscribing for the Rights Shares and excess Rights Shares (if any) to ensure that they do not breach Sections 28 and 29 of the Insurance Act. Shareholders who are in doubt as to the actions they should take should consult their professional advisers immediately.**

- 1.6 **The Directors reserve the right to allocate any excess Rights Shares in their discretion.**
- 1.7 Pursuant to Rule 1311 of the Listing Manual, SGX-ST will place an issuer on the watch-list under either of the following:–
- (a) the issuer records pre-tax losses for the three most recently completed consecutive financial years (based on audited full year consolidated accounts) and an average daily market capitalisation of less than S\$40 million over the last six months; or
 - (b) the issuer records a volume weighted average price of less than S\$0.20 over the last 6 months.

LETTER TO SHAREHOLDERS

On 31 March 2016, the Company announced that it has recorded pre-tax losses for the three most recently completed consecutive financial years (based on audited full year consolidated accounts), and the Company's latest six-month average daily market capitalisation as of 31 March 2016 was S\$47.044 million.

Shareholders should note that the Company may enter into the watch-list, and CPF Funds cannot be used under the CPFIS to purchase shares of issuers which are placed on the watch-list.

2. RIGHTS ISSUE

2.1 Overview of the Rights Issue

The Rights Issue is made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of three (3) Rights Shares for every two (2) existing Shares, as at the Books Closure Date, fractional entitlements to be disregarded.

As at the Latest Practicable Date, the Company has an issued share capital comprising 150,387,866 Shares. Accordingly, up to 225,581,799 Rights Shares will be issued pursuant to the Rights Issue.

The Issue Price of S\$0.22 represents:-

- (a) a discount of approximately 21.4% to the closing market price of S\$0.28 per Share on the SGX-ST on 6 May 2016, being the Market Day on which the announcement of the Rights Issue was released; and
- (b) a discount of approximately 9.8% to the theoretical ex-rights price of S\$0.244 (based on the closing market price of S\$0.28 per Share on the SGX-ST on 6 May 2016, being the Market Day on which the announcement of the Rights Issue was released).

The Rights Shares will be payable in full upon acceptance and/or application and, upon issue and allotment, will rank *pari passu* in all respects with the Shares then in issue, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.

Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of the Rights Shares on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for the excess Rights Shares.

Provisional allotments which are not taken up for any reason shall be aggregated and used to satisfy excess applications or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company. In the allotment of excess Rights Shares, preference will be given to Entitled Shareholders in satisfaction of their application for excess Rights Shares (if any), provided that where there are insufficient excess Rights Shares to allot to each application, the Company shall allot the excess Rights Shares to Entitled Shareholders such that preference will be given to the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the

LETTER TO SHAREHOLDERS

Rights Issue, or have representation (direct or through a nominee) on the Board will either be ineligible for excess Rights Shares, or if eligible, rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

ECICS Limited is a licensed insurer which is wholly owned by the Company. Pursuant to Section 29(2) of the Insurance Act, no person may enter into any agreement or arrangement, whether oral or in writing and whether express or implied, to act together with any person with respect to the acquisition or holding of, or the exercise of rights in relation to, their interests in voting shares of an aggregate of 5% or more of the total votes attached to all voting shares in a licensed insurer which is incorporated in Singapore, without first obtaining the written approval of MAS. Pursuant to Section 29(9) of the Insurance Act, a person holds, or has an interest in, a share if (a) he is deemed to have an interest in that share under Section 7 of the Companies Act or (b) he otherwise has a legal or an equitable interest in that share except for such interest as is to be disregarded under Section 7 of the Companies Act. Accordingly, it is possible for a person to have an interest in the voting shares of ECICS Limited through a shareholding interest in the Company.

Further, without the prior written approval of the MAS, no person (i) pursuant to Section 29(1) of the Insurance Act, may become a Substantial Shareholder of a licensed insurer incorporated in Singapore; and (ii) pursuant to Section 28 of the Insurance Act, may alone or together with his associates have effective control over a licensed insurer incorporated in Singapore by:–

- (a) holding 20% or more of the total number of issued shares in the insurer; or
- (b) being in a position to control 20% or more of the voting power in the insurer.

Other forms of effective control over a licensed insurer incorporated in Singapore (i.e. whether acting alone or together with any other person, and whether with or without holding shares or controlling voting power in the insurer: (a) being in a position to determine the policy of the insurer; or (b) being a person whose directions, instructions or wishes the directors of the insurer are accustomed or under an obligation to act in accordance with) is also prohibited without the prior written approval of the MAS. Failure to comply with these provisions of the Insurance Act may result in criminal sanctions. **Shareholders should take caution when subscribing for the Rights Shares and excess Rights Shares (if any) to ensure that they do not breach Sections 28 and 29 of the Insurance Act. Shareholders who are in doubt as to the actions they should take should consult their professional advisers immediately.**

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the MAS, and despatched to Entitled Shareholders in due course.

The Directors reserve the right to allocate any excess Rights Shares in their discretion.

2.2 Trading of Odd Lots

Entitled Shareholders should note that the Rights Issue may result in them holding odd lots of Shares (that is, lots other than board lots of 100 Shares).

LETTER TO SHAREHOLDERS

Following the Rights Issue, Entitled Shareholders who hold odd lots of Shares and who wish to trade in odd lots of Shares on the SGX-ST should note that they will be able to do so on the unit share market which allows trading of odd lots with a minimum of one (1) Share. The market for trading of such odd lots of Shares may be illiquid.

2.3 Principal Terms of the Rights Shares

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The full details and final terms and conditions of the Rights Issue will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course, subject to, amongst others, the approval of Shareholders for the Rights Issue at the EGM.

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| Number of Rights Shares | : | Up to 225,581,799 Rights Shares. |
| Basis of provisional allotment | : | Three (3) Rights Shares for every two (2) existing Shares as at the Books Closure Date. |
| Issue Price | : | S\$0.22 for each Rights Share, payable in full upon acceptance and/or application. |
| Non-Underwritten | : | The Rights Issue will not be underwritten. |
| Status of the Rights Shares | : | The Rights Shares, upon issue and allotment, will rank <i>pari passu</i> in all respects with the Shares then in issue, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares. |
| Listing of the Rights Shares | : | On 13 July 2016, the Company obtained the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for up to 225,581,799 Rights Shares, subject to certain conditions, details of which are set out in Paragraph 2.4 of this Circular. |
| Trading of the Rights Shares | : | Upon the listing of and quotation for the Rights Shares on the SGX-ST, the Rights Shares will be traded on the SGX-ST under the book-entry (scripless) settlement system. For the purpose of trading on the SGX-ST, each board lot of Shares will comprise 100 Shares. |
| Acceptance and excess/additional application | : | Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of the Rights Shares on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for the excess Rights Shares. |

LETTER TO SHAREHOLDERS

Provisional allotments which are not taken up for any reason shall be aggregated and used to satisfy excess applications or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company.

In the allotment of excess Rights Shares, provisional allotments which are not taken up for any reason shall be used to satisfy excess applications or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares. The Company will also not allot any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The procedures for acceptance, payment and excess application by Entitled Depositors and the procedures for acceptance, payment, splitting, renunciation and excess application by Entitled Scripholders will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course, subject to, amongst others, the Rights Issue being approved at the EGM.

Irrevocable Undertaking : Please refer to Paragraph 2.7 of this Circular for further details of the Irrevocable Undertaking.

Governing Law : Laws of the Republic of Singapore

2.4 Conditions for the Rights Issue

The Rights Issue is subject to, amongst others, the following:–

- (a) approval of the MAS pursuant to Sections 28 and 29 of the Insurance Act;
- (b) the Whitewash Waiver being granted by the SIC;
- (c) the receipt of the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST;
- (d) approval of the Shareholders for the Rights Issue at the EGM to be convened;

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- (e) approval of the Independent Shareholders for the Proposed Whitewash Resolution at the EGM to be convened; and
- (f) lodgement of the Offer Information Statement with the MAS.

On 5 May 2016, the Company obtained the approval of the MAS pursuant to Sections 28 and 29 of the Insurance Act.

On 20 May 2016, the SIC granted the Whitewash Waiver subject to the satisfaction of certain conditions which are set out in Paragraph 3.4 of this Circular.

On 13 July 2016, the Company obtained the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for up to 225,581,799 Rights Shares, subject to the following conditions:–

- (a) compliance with the listing requirements of the SGX-ST;
- (b) the approval of Shareholders for the Rights Issue;
- (c) a written undertaking from the Company that it will comply with Rules 704(30), 815, 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (d) a written undertaking from the Company that it will comply with Rule 877(10) of the Listing Manual with regards to the allotment of any excess Rights Shares;
- (e) a written confirmation from financial institution(s) as required under Rule 877(9) of the Listing Manual that the undertaking shareholders who have given the irrevocable undertaking have sufficient financial resources to fulfil their obligations under its undertakings; and
- (f) compliance with all relevant laws and regulations in connection with the Rights Issue.

As at the Latest Practicable Date, the Company has not obtained the approval of Shareholders for the Rights Issue, and the Company intends to seek Shareholders' approval for the Rights Issue at the EGM. The Company will satisfy Paragraphs (c), (d) and (e) above prior to the EGM.

The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company and/or its subsidiaries.

2.5 Eligibility of Shareholders to Participate in the Rights Issue

2.5.1 Entitled Shareholders

Entitled Shareholders are entitled to participate in the Rights Issue and to receive the Offer Information Statement together with the ARE or the PAL, as the case may be, and other accompanying documents at their respective Singapore addresses.

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Entitled Depositors who do not receive AREs may obtain them and copies of the Offer Information Statement from CDP for the period up to the Closing Date. Entitled Scripholders who do not receive the PALs may obtain them and copies of the Offer Information Statement from the Share Registrar for the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at liberty to accept, decline, renounce or trade on the SGX-ST during the rights trading period prescribed by the SGX-ST for their provisional allotments of the Rights Shares and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

Entitled Depositors, who wish to accept their provisional allotments of Rights Shares and/or (if applicable) apply for excess Rights Shares may do so through CDP and/or by way of an Electronic Application through an ATM of a participating bank. Full details of the Rights Issue, including an indicative timetable of the key events, will be set out in the Offer Information Statement to be despatched to the Entitled Shareholders in due course.

All dealings in and transactions of the provisional allotments of Rights Shares on the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs which are issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST. Entitled Depositors should note that all correspondence and notices will be sent to their last registered addresses with CDP.

2.5.2 Entitled Scripholders

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP prior to the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of the Rights Shares. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the 12th Market Day from the date of lodgement of the share certificates with CDP or such other date as CDP may determine.

2.5.3 Entitled Depositors

Entitled Depositors should note that all correspondence and notices will be sent to their last registered mailing addresses with CDP. Entitled Depositors are reminded that any request to effect any change in address must reach CDP not later than three Market Days before the Books Closure Date.

2.5.4 Foreign Shareholders

The Offer Information Statement relating to the Rights Issue has not been and will not be registered or lodged in any jurisdiction other than in Singapore. The distribution of the Offer Information Statement may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any

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violation of the securities legislations applicable in countries other than in Singapore, the Rights Issue is only made in Singapore and the Offer Information Statement has not been and will not be despatched to Foreign Shareholders or into any jurisdictions outside Singapore.

Foreign Shareholders will not be entitled to participate in the Rights Issue. Accordingly, no provisional allotment of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application therefor by Foreign Shareholders will be valid.

The Offer Information Statement will also not be despatched to persons purchasing the provisional allotments of the Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (“**Foreign Purchasers**”). Foreign Purchasers who wish to accept the provisional allotments of the Rights Shares credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Further, any renouncees of an Entitled Scripholder, whose address as stated in the PAL is outside Singapore, will not be entitled to accept the provisional allotment of Rights Shares renounced to him.

The Company reserves the right to reject any acceptances of Rights Shares and/or applications for excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. The Company further reserves the right to treat as invalid any ARE, ARS or PAL or decline to register such application or purported application which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the share certificate(s) or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore or (c) purports to exclude any deemed representation or warranty.

If it is practicable to do so, arrangements may, at the sole discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sales will, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them by means of a crossed cheque drawn on a bank in Singapore sent by ordinary post to their mailing address as recorded with CDP or in such other manner as they may have agreed with CDP for the payment of any cash distributions at their own risk, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute

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discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP or the Share Registrar in connection therewith.

Where such provisional allotments of Rights Shares are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Company, may in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP or the Share Registrar in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

If such provisional allotments of Rights Shares cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be issued and allotted to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP or the Share Registrar in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

Notwithstanding the above, Entitled Shareholders and any other person having possession of the Offer Information Statement are advised to keep themselves informed of and to observe all legal requirements applicable thereto at their own expense and without liability to the Company. No person in any jurisdiction outside Singapore receiving the Offer Information Statement may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without violating any regulatory or legal requirement in such jurisdiction.

The procedures for, and the terms and conditions applicable to, acceptance, renunciation and/or sale of the provisional allotment of Rights Shares and for application for excess Rights Shares pursuant to the Rights Issue will be set out in the Offer Information Statement to be despatched by the Company to the Entitled Shareholders in due course.

2.6 Rationale and Use of Proceeds

The Company intends to undertake the Rights Issue to raise funds to strengthen the financial position and capital base of the Company. The Rights Issue will also provide Shareholders with an opportunity to further participate in the equity of the Company.

For illustration purposes, if up to 225,581,799 Rights Shares are issued, the estimated Net Proceeds from the subscription of the Rights Issue will be up to approximately S\$49.1 million, after deducting professional fees and related expenses incurred in connection with the Rights Issue.

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The Company intends to use the Net Proceeds in the following proportions:–

| Use of Net Proceeds | Proportion (%) | Approximate Amount (S\$ million) |
|----------------------------------|----------------|----------------------------------|
| Debt repayment | 40 – 100 | 19.6 – 49.1 |
| Potential business opportunities | 0 – 60 | 0 – 29.5 |

As at the Latest Practicable Date, the Company has not released any announcements regarding potential business opportunities the Company intends to explore, and the Company does not have any confirmed specific business opportunities to invest in.

The Net Proceeds raised will be sufficient to meet the present funding requirements.

Pending the deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements on the utilisation of Net Proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of the Net Proceeds in the annual report of the Company. Where there is a material deviation in the use of Net Proceeds, the Company will state the reasons for such deviation.

2.7 Irrevocable Undertaking

As at the Latest Practicable Date, the Undertaking Shareholder has a direct interest in 61,489,957 Shares which represents 40.89% of the issued share capital of the Company. Mr. Lim Hua Min, a Director and Substantial Shareholder of the Company, is deemed interested in the 61,489,957 Shares held by the Undertaking Shareholder as Mr. Lim Hua Min holds 85% of the issued share capital of the Undertaking Shareholder. Mr. Lim Hua Min is also a director of the Undertaking Shareholder.

The Undertaking Shareholder has provided an Irrevocable Undertaking in favour of the Company to, amongst others, subscribe and pay, or procure the subscription and payment, for:–

- (a) all of its rights entitlements through its direct and deemed interest in the Shares as at the Books Closure Date; and
- (b) an excess application for all the Rights Shares excluding (a) above.

On the assumption that the Rights Issue is fully subscribed and no new Share is issued on or prior to completion of the Rights Issue, upon completion of the Rights Issue, the Undertaking Shareholder will have an interest in approximately 40.89% of the issued share capital of the Company.

On the assumption that there is zero subscription applications for the Rights Shares, no new Share is issued on or prior to completion of the Rights Issue and the Undertaking Shareholder subscribes for 225,581,799 Rights Shares, the Undertaking Shareholder's interest in the issued share capital of the Company will increase from 40.89% to 76.36%.

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2.8 Non-Underwritten Rights Issue

The Company has decided to proceed with the Rights Issue on a non-underwritten basis in light of the Irrevocable Undertaking provided by the Undertaking Shareholder.

2.9 Financial Information of the Group

The audited consolidated financial statements of the Group for FY2013, FY2014 and FY2015, as well as the review thereof, are set out in Appendix A of this Circular.

2.10 Financial Effects

For illustration purposes only and based on the audited consolidated financial statements of the Group for FY2015, the financial effects of the Rights Issue on the Group are set out below.

2.10.1 Assumptions

For the purpose of Paragraph 2.10, the following assumptions apply:–

- (a) the pro forma financial effects of the Rights Issue on the share capital, NTA per Share, LPS and gearing of the Group are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Group after completion of the Rights Issue. The pro forma financial effects have been computed based on the audited consolidated financial statements of the Group for FY2015;
- (b) the number of Shares for the financial effects relating to the share capital of the Group, NTA per Share and LPS are based on 150,387,866 Shares as at 31 December 2015;
- (c) for the purposes of computing the effect of the Rights Issue on the NTA per Share, it is assumed that the Rights Issue had been completed on 31 December 2015; and
- (d) for the purposes of computing the effect of the Rights Issue on the LPS, it is assumed that the Rights Issue had been completed on 1 January 2015.

2.10.2 Share Capital

| | Issued Share Capital (Number of Shares) | Issued and Paid-Up Share Capital (S\$) |
|---------------------------------|---|--|
| As at 31 December 2015 | 150,387,866 | 88,032,000 |
| Before the Rights Issue | 150,387,866 | 88,032,000 |
| Add: Rights Shares to be issued | 225,581,799 | 49,627,995 |
| After the Rights Issue | 375,969,665 | 137,659,995 |

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2.10.3 NTA

| As at 31 December 2015 | Number of Shares | (S\$'000) |
|---|------------------|------------------------|
| Audited NTA | 150,387,866 | 101,240 |
| Adjusted unaudited NTA after the Rights Issue | 375,969,665 | 150,368 ⁽¹⁾ |
| Audited NTA per Share (cents) | | 67.3 |
| Adjusted unaudited NTA per Share after the Rights Issue (cents) | | 40.0 |

Note:–

- (1) Adjusted unaudited NTA after the Rights Issue has been computed accounting for the proceeds net of estimated expenses for the Rights Issue.

2.10.4 LPS

| FY2015 | | (S\$'000) |
|--|--|-----------|
| Audited loss for the year | | 15,151 |
| Unaudited loss for the year after the Rights Issue | | 15,151 |

| | Number of Shares | LPS (cents) |
|--|------------------|-------------|
| Before the Rights Shares are issued pursuant to the Rights Issue | 150,387,866 | 10.1 |
| After the Rights Shares are issued pursuant to the Rights Issue | 375,969,665 | 4.0 |

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2.10.5 Gearing

| | Scenario 1 ⁽¹⁾ (S\$'000) | Scenario 2 ⁽²⁾ (S\$'000) |
|--|--|--|
| Total borrowings as at 31 December 2015 | 233,935 | 233,935 |
| Equity attributable to owners of the Company as at 31 December 2015 | 102,016 | 102,016 |
| Total equity as at 31 December 2015 | 113,484 | 113,484 |
| Net Proceeds for debt repayment | 49,128 | 19,651 |
| Adjusted total borrowings as at 31 December 2015 | 184,807 | 214,284 |
| Adjusted equity attributable to owners of the Company after the Rights Issue | 151,144 | 151,144 |
| Adjusted total equity after the Rights Issue | 162,612 | 162,612 |
| Gearing (based on the equity attributable to owners of the Company) as at 31 December 2015 (times) | 2.29 | 2.29 |
| Gearing (based on the total equity) as at 31 December 2015 (times) | 2.06 | 2.06 |
| Gearing (based on the equity attributable to owners of the Company) after the Rights Issue (times) | 1.22 | 1.42 |
| Gearing (based on the total equity) after the Rights Issue (times) | 1.14 | 1.32 |

Notes:–

- (1) Based on the assumption that 100% (S\$49.1 million) of the Net Proceeds will be used for debt repayment.
- (2) Based on the assumption that 40% (S\$19.6 million) of the Net Proceeds will be used for debt repayment.

3. PROPOSED WHITEWASH RESOLUTION

3.1 Mandatory Offer Requirement under the Code

Under Rule 14.1 of the Code, except with the consent of the SIC, where:–

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights,

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such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

3.2 Details of the Concert Parties

As at the Latest Practicable Date, the Undertaking Shareholder has a direct interest in 61,489,957 Shares which represents 40.89% of the issued share capital of the Company. The shareholders of the Undertaking Shareholder are as follows:–

| Name of Shareholder | Shareholding in the Undertaking Shareholder |
|---------------------|---|
| Lim Hua Min | 85% |
| Lim Wah Tong | 5% |
| Lim Wah Lin | 5% |
| Lim Wah Sai | 5% |

Mr. Lim Hua Min, a Director and Substantial Shareholder of the Company, is deemed interested in the 61,489,957 Shares held by the Undertaking Shareholder as he holds 85% of the issued share capital of the Undertaking Shareholder. Mr. Lim Hua Min is also a director of the Undertaking Shareholder, the Chairman of Phillip Securities Pte Ltd and a director of Phillip Securities (HK) Limited.

The following is a list of parties presumed to be acting in concert with the Undertaking Shareholder and Mr. Lim Hua Min:–

| Name | Relationship |
|-----------------------|--|
| Teo Yew Hock | Executive Director of Phillip Securities Pte Ltd |
| Chan Poh Yoke | Mother of Mr. Lim Hua Min |
| Lim Wah Lin | Brother of Mr. Lim Hua Min and Executive Director of the Undertaking Shareholder |
| Lim Wah Tong | Brother of Mr. Lim Hua Min and Executive Director of the Undertaking Shareholder |
| Lim Wah Sai | Brother of Mr. Lim Hua Min and Executive Director of Phillip Securities (HK) Limited |
| Lim May-Tjuen Lynette | Daughter of Mr. Lim Hua Min |
| Lim Hua Tiong | Brother of Mr. Lim Hua Min |
| Ling Hua Leong | Brother of Mr. Lim Hua Min |
| Lim Ai Choo | Sister of Mr. Lim Hua Min |
| Lim Siew Eng | Sister of Mr. Lim Hua Min |
| Lim Siew Hong | Sister of Mr. Lim Hua Min |
| Lee Soon Kie | Former Group Chief Executive Officer and Executive Director of the Company and also previously held directorships of various companies controlled by Mr. Lim Hua Min |

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3.3 Interests of the Concert Parties and Application to SIC

As at the Latest Practicable Date, the Concert Parties who have an interest in the Shares are as follows:–

| | Number of Shares | | Total ⁽¹⁾ (%) |
|-------------------------|---------------------------|---------------------------|-----------------------------|
| | Direct Interest | Deemed Interest | |
| Undertaking Shareholder | 61,489,957 ⁽²⁾ | – | 40.89 |
| Lim Hua Min | – | 61,489,957 ⁽³⁾ | 40.89 |
| Teo Yew Hock | 413,260 | – | 0.27 |
| Chan Poh Yoke | 145,200 | – | 0.10 |
| Lim Wah Lin | 145,200 | – | 0.10 |
| Lim Wah Tong | 145,200 | – | 0.10 |
| Lim Wah Sai | 514,250 | – | 0.34 |
| Lim May-Tjuen Lynette | 14,520 | – | 0.01 |
| Lee Soon Kie | 992,900 ⁽⁴⁾ | – | 0.66 |

Notes:–

- (1) Based on 150,387,866 Shares as at the Latest Practicable Date.
- (2) Deposited with the Depository Agent, Phillip Securities Pte. Ltd.
- (3) Mr. Lim Hua Min is deemed to have an interest in the 61,489,957 Shares held by Phillip Assets Pte. Ltd.
- (4) Based on the CDP shareholding list as at the Latest Practicable Date.

As at the Latest Practicable Date, the Concert Parties have an aggregate interest in 63,860,487 Shares, representing approximately 42.46% of the voting rights of the Company.

On the assumption that all the Entitled Shareholders subscribe for their respective pro rata entitlements to the Rights Shares and no new Share is issued on or prior to completion of the Rights Issue, upon completion of the Rights Issue, the Concert Parties will have an interest in 159,651,216 Shares, representing approximately 42.46% of the voting rights of the Company.

On the assumption that there is zero subscription application for the Rights Shares, no new Share is issued on or prior to completion of the Rights Issue and the Undertaking Shareholder subscribes for its rights entitlements and an excess application for all the Rights Shares excluding its rights entitlements, amounting to 225,581,799 Rights Shares, upon completion of the Rights Issue, the Concert Parties will have an interest in 289,442,286 Shares, representing approximately 76.99% of the voting rights of the Company.

Accordingly, the fulfilment by the Undertaking Shareholder of its obligations pursuant to the Irrevocable Undertaking may result in the Concert Parties acquiring more than 1% of the voting rights of the Company within a period of six months, thereby triggering a requirement for the Concert Parties to make a Mandatory Offer, unless Independent Shareholders approve at a general meeting a resolution to waive their rights to receive a Mandatory Offer from the Concert Parties.

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On 6 May 2016, the Company submitted an application to the SIC to seek, amongst others, a Whitewash Waiver.

3.4 Whitewash Waiver from the SIC

On 20 May 2016, the SIC granted the Whitewash Waiver subject to the satisfaction of the following conditions:–

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the Rights Issue, the Proposed Whitewash Resolution;
- (b) the Proposed Whitewash Resolution is separate from other resolutions;
- (c) the Concert Parties and parties not independent of the Concert Parties abstain from voting on the Proposed Whitewash Resolution;
- (d) the Concert Parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):–
 - (i) during the period between the announcement of the Rights Issue and the date Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (ii) in the six months prior to the announcement of the Rights Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights Issue;
- (e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Proposed Whitewash Resolution;
- (f) the Company sets out clearly in this Circular:–
 - (i) details of the Rights Issue, including the Irrevocable Undertaking;
 - (ii) the dilution effect of the issue of the Rights Shares to existing holders of voting rights;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Concert Parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be acquired by the Concert Parties upon acquisition of the Rights Shares;
 - (v) specific and prominent reference to the fact that the acquisition of the Rights Shares by the Undertaking Shareholder pursuant to the Irrevocable Undertaking could result in the Concert Parties holding Shares carrying over 49% of the voting rights of the Company based on the enlarged issued share

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capital of the Company, and the fact that the Concert Parties will as a result be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a Mandatory Offer; and

- (vi) specific and prominent reference to the fact that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a Mandatory Offer from the Undertaking Shareholder at the highest price paid by the Concert Parties for the Shares in the past six months preceding the commencement of the offer;
- (g) the Circular states that the Whitewash Waiver is subject to the conditions stated in Paragraph 3.4(a) to 3.4(f) above;
- (h) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and
- (i) to rely on the Proposed Whitewash Resolution, the acquisition of the Rights Shares by the Undertaking Shareholder must be completed within three months of the approval of the Proposed Whitewash Resolution.

As at the Latest Practicable Date, save for the conditions set out in Paragraphs 3.4(a), (c), (d) and (i) of this Circular, all the other conditions imposed by the SIC set out above have been satisfied.

3.5 Potential Dilution

On the assumption that all the Entitled Shareholders subscribe for their respective pro rata entitlements to the Rights Shares, upon completion of the Rights Issue, there will no dilutive effect on the shareholdings of the Independent Shareholders.

On the assumption that there is zero subscription application for the Rights Shares and the Undertaking Shareholder subscribes for 225,581,799 Rights Shares, the Concert Parties' interest in the issued share capital of the Company will increase from 42.46% to 76.99%, while the interest of the Independent Shareholders' interest in the issued share capital of the Company will decrease from 57.54% to 23.01%.

3.6 Proposed Whitewash Resolution

Independent Shareholders are requested to vote by way of a poll, on the Proposed Whitewash Resolution set out in Ordinary Resolution 1 in the notice of EGM on page N-1 of this Circular.

3.7 Implications of the Proposed Whitewash Resolution

Independent Shareholders should note that:—

- (a) **by voting in favour of Proposed Whitewash Resolution, you are waiving your rights to receive a Mandatory Offer from the Concert Parties to purchase your Shares at the highest price per Share paid or agreed to be paid by the Concert Parties in the six months preceding the commencement of the offer;**

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- (b) the acquisition of the Rights Shares by the Concert Parties may result in the Concert Parties holding Shares carrying over 49% of the voting rights of the Company, and the Concert Parties will then be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a Mandatory Offer; and
- (c) the Rights Issue is conditional upon Independent Shareholders voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 1). Accordingly, if the Proposed Whitewash Resolution (Ordinary Resolution 1) is not passed by the Independent Shareholders, the Rights Issue will not take place.

4. ADVICE OF THE IFA

4.1 IFA

SAC Advisors Private Limited (formerly known as Canaccord Genuity Singapore Pte. Ltd.) has been appointed as the IFA to advise the Recommending Directors on the Proposed Whitewash Resolution. The advice of the IFA is contained in the IFA Letter dated 25 August 2016 which is set out in Appendix B of this Circular.

4.2 Factors taken into consideration by the IFA

In arriving at its recommendation, the IFA has taken into consideration certain factors (an extract of which is set out below). Shareholders should read the following extract in conjunction with, and in the context of, the full text of the IFA Letter.

"In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have reviewed and examined all key factors we consider to be pertinent in our assessment, including the following key considerations:

- (i) *the rationale for the Rights Issue, inter alia, to raise funds to strengthen the financial position and capital base of the Company, and to provide the Company with the funds for debt repayment and potential business opportunities;*
- (ii) *the Rights Issue being offered to Entitled Shareholders on a pro-rata basis;*
- (iii) *the Group had positive working capital of S\$22.4 million and S\$24.5 million as at 31 December 2015 and 30 June 2016 respectively;*
- (iv) *an assessment of the Issue Price of the Rights Shares as follows:*
 - (a) *the Issue Price represents a discount of 17.0% to the lowest closing price of S\$0.265 and a discount of 48.2% to the highest closing price of S\$0.425 over the 12-month period prior to the Announcement Date;*
 - (b) *the Issue Price represents a discount of 34.5%, 25.0%, 19.5%, and 19.4% to the VWAP of the Shares for the 12-, 6-, 3- and 1-month periods prior to the Announcement Date respectively;*
 - (c) *the Issue Price represents a discount of 21.4% to the VWAP of the Shares of S\$0.280 on the last traded day prior to the Announcement Date; and*

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- (d) *the Issue Price is equivalent to the VWAP of the Shares of S\$0.220 on the last Market Day on which the Shares were traded up to the Latest Practicable Date;*
- (v) *the Issue Price represents a discount of 67.3% and 67.1% to the NAV per Share and NTA per Share as at 30 June 2016 respectively;*
- (vi) *the Issue Price represents a discount of 72.5% and 72.3% to the Revalued NAV per Share and Revalued NTA per Share as at 30 June 2016 respectively;*
- (vii) *the 9.8% discount of the Issue Price to the TERP of the Shares of S\$0.244 as at the last traded day prior to the Announcement Date is:*
 - (a) *within the range of corresponding discounts to TERP for the Comparable Rights Issues of between 2.6% to 57.1%; and*
 - (b) *lower than the corresponding mean and median discounts for the Comparable Rights Issues of 28.8% and 29.6% respectively;*
- (viii) *the financial effects of the Rights Issue;*
- (ix) *the dilution impact of the Rights Issue on the Independent Shareholders; and*
- (x) *other relevant considerations as follows:*
 - (a) *the Rights Issue and the Proposed Whitewash Resolution being inter-conditional;*
 - (b) *the alternative fund-raising options considered by the Directors;*
 - (c) *the theoretical enlarged market capitalisation of the Company representing a 156.6% increase from its trailing six (6) months market capitalisation of S\$35.7 million as at the Latest Practicable Date; and*
 - (d) *the loan facility from Phillip Credit Pte Ltd (wholly-owned by Mr. Lim and his associates) and Irrevocable Undertaking from the Undertaking Shareholder underscoring the support and commitment of Mr. Lim and the Undertaking Shareholder to the Group.”*

4.3 Advice of the IFA

Having regard to the considerations set out in the IFA Letter, and based on the circumstances of the Company and the information as at the Latest Practicable Date, the IFA has provided its recommendations to the Recommending Directors, an extract of which is set out below. Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter.

“Having considered the above, from a financial point of view, we are of the opinion that the Proposed Whitewash Resolution, when considered in the context of the Rights Issue which terms are fair and reasonable, is not prejudicial to the interests of the Independent Shareholders. Accordingly, we advise the Recommending Directors to recommend the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.”

LETTER TO SHAREHOLDERS

Shareholders are advised to read and consider the IFA Letter in its entirety as reproduced in Appendix B of this Circular and consider carefully the recommendations of the Recommending Directors for the Proposed Whitewash Resolution set out in Paragraph 6.1 of this Circular.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 5.1 As at the Latest Practicable Date, the interests of the Directors in the Shares, as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders' Shareholdings of the Company maintained pursuant to Sections 164 and 88 of the Companies Act, are as follows:–

| | Number of Shares | | Total ⁽¹⁾ (%) |
|--|---------------------------|---------------------------|-----------------------------|
| | Direct Interest | Deemed Interest | |
| Directors | | | |
| Lim Hua Min | — | 61,489,957 ⁽²⁾ | 40.89 |
| Gabriel Teo Chen Thye | — | — | — |
| Manu Bhaskaran | — | — | — |
| Law Song Keng | — | — | — |
| Kwah Thiam Hock | 508,200 | — | 0.34 |
| Tan Hai Leng Eugene | — | — | — |
| Substantial Shareholders (other than Directors) | | | |
| Phillip Assets Pte. Ltd. | 61,489,957 ⁽³⁾ | — | 40.89 |
| SMRT Road Holdings Ltd | 10,309,312 | — | 6.86 |
| Temasek Holdings (Private) Limited | — | 10,348,312 ⁽⁴⁾ | 6.88 |

Notes:–

- (1) Based on 150,387,866 Shares as at the Latest Practicable Date.
- (2) Mr. Lim Hua Min is deemed to have an interest in the 61,489,957 Shares held by Phillip Assets Pte. Ltd.
- (3) Deposited with the Depository Agent, Phillip Securities Pte. Ltd.
- (4) Temasek Holdings (Private) Limited is deemed to have an interest in SMRT Road Holdings Ltd's direct interest of 10,309,312 Shares and ST Asset Management Ltd's deemed interest of 39,000 Shares.

- 5.2 Save as disclosed in this Circular, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Rights Issue and the Proposed Whitewash Resolution, other than through their respective shareholdings in the Company.

LETTER TO SHAREHOLDERS

6. DIRECTORS' RECOMMENDATIONS

6.1 Proposed Whitewash Resolution

Mr. Lim Hua Min has abstained from deliberating and making any recommendations on the Proposed Whitewash Resolution as he is a shareholder and Director of the Undertaking Shareholder.

The Recommending Directors, having considered the rationale and terms of the Proposed Whitewash Resolution and the advice of the IFA, are of the opinion that the Proposed Whitewash Resolution is not prejudicial to the interests of Independent Shareholders and is in the interests of the Company. Accordingly, they recommend that Independent Shareholders vote in favour of Ordinary Resolution 1 in respect of the Proposed Whitewash Resolution set out in the EGM notice.

6.2 Rights Issue

The Directors, having considered the rationale and terms of the Rights Issue, are of the opinion that the Rights Issue is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 2 in respect of the Rights Issue set out in the EGM notice.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held on 9 September 2016 for the purpose of considering and, if thought fit, passing with or without modifications the ordinary resolutions set out therein.

8. ABSTENTION FROM VOTING

Pursuant to the SIC Conditions, the Concert Parties and parties not independent of the Concert Parties will abstain from voting, in respect of 63,860,487 Shares representing approximately 42.46% of the voting rights of the Company, on the Proposed Whitewash Resolution. The Concert Parties will also decline to accept appointment as proxies for any Shareholder to vote in respect of Ordinary Resolution 1 relating to the Proposed Whitewash Resolution, unless the Shareholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the resolution.

9. CONSENT

9.1 IFA

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of and references to its name and the IFA Letter which is attached to this Circular as Appendix B in the form and context in which they appear in this Circular.

LETTER TO SHAREHOLDERS

9.2 Independent Valuer

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of and references to its name and the Independent Valuation Report which is attached to this Circular as Appendix C in the form and context in which they appear in this Circular.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

10.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wish to appoint a proxy/proxies to attend and vote on their behalf will find enclosed with this Circular, a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not less than 72 hours before the time appointed for the holding of the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy/proxies if he finds that he is able to do so. In such an event, the Proxy Form will be deemed to be revoked.

10.2 Depositors

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the EGM.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights Issue and the Proposed Whitewash Resolution, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

12. MANAGER'S RESPONSIBILITY STATEMENT

To the best of the Manager's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights Issue and the Proposed Whitewash Resolution, the Company and its subsidiaries, and the financial adviser is not aware of any facts the omission of which would make any statement in the Circular misleading.

LETTER TO SHAREHOLDERS

13. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the EGM:–

- (a) the Constitution of the Company;
- (b) the annual report of the Company for the financial year ended 31 December 2015;
- (c) the IFA Letter dated 25 August 2016;
- (d) the Independent Valuation Report dated 13 May 2016;
- (e) the letter of consent from the Independent Valuer dated 16 June 2016; and
- (f) the letter of consent from the IFA dated 25 August 2016.

Yours faithfully
for and on behalf of the Board of Directors of
IFS CAPITAL LIMITED

Lim Hua Min
Chairman

APPENDIX A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013, FY2014 AND FY2015

1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The audited consolidated statement of profit or loss of the Group for FY2013, FY2014 and FY2015 are set out below:–

| | Audited FY2015 S\$'000 | Audited FY2014 S\$'000 | Audited FY2013 S\$'000 |
|---|------------------------------|------------------------------|------------------------------|
| Interest income | 25,222 | 24,607 | 27,613 |
| Interest expense | (6,980) | (6,068) | (6,848) |
| Net interest income | 18,242 | 18,539 | 20,765 |
| Gross written premiums | 8,020 | 8,032 | 12,604 |
| Change in gross provision for unexpired risks | 1,851 | 2,386 | (4,034) |
| Gross earned premium revenue | 9,871 | 10,418 | 8,570 |
| Written premiums ceded to reinsurers | (3,291) | (4,522) | (7,485) |
| Reinsurers' share of change in provision of unexpired risks | (2,121) | (2,016) | 1,834 |
| Reinsurance premium expense | (5,412) | (6,538) | (5,651) |
| Net earned premium revenue | 4,459 | 3,880 | 2,919 |
| Fee and commission income | 6,985 | 8,694 | 10,404 |
| Investment income | 1,518 | 2,998 | 3,295 |
| Other income | 311 | 495 | 727 |
| Non-interest income | 8,814 | 12,187 | 14,426 |
| Income before operating expenses | 31,515 | 34,606 | 38,110 |
| Business development expenses | (789) | (796) | (795) |
| Commission expenses | (1,012) | (640) | (829) |
| Staff costs | (12,535) | (13,109) | (11,902) |
| General and administrative expenses | (7,093) | (6,690) | (6,667) |
| Operating expenses | (21,429) | (21,235) | (20,193) |
| Change in provision for insurance claims | (6,579) | (12,030) | (2,318) |
| Reinsurers' share of change in provision for insurance claims | 3,742 | 8,337 | 1,843 |
| Gross claims paid | (1,882) | (4,735) | (1,369) |
| Reinsurers' share of claims paid | 1,114 | 3,252 | 911 |
| Net claims incurred | (3,605) | (5,176) | (933) |
| Operating profit before allowances | 6,481 | 8,195 | 16,984 |
| Allowances for loan losses and impairment of other assets | (19,108) | (15,802) | (21,175) |
| Loss before tax | (12,627) | (7,607) | (4,191) |
| Tax (expense)/credit | (1,251) | 1,280 | 803 |
| Loss for the year | (13,878) | (6,327) | (3,388) |
| (Loss)/profit attributable to: | | | |
| Owners of the Company | (15,151) | (7,694) | (4,840) |
| Non-controlling interests | 1,273 | 1,367 | 1,452 |
| Loss for the year | (13,878) | (6,327) | (3,388) |
| Loss per share | | | |
| Basic loss per share (cents) | (10.1) | (5.1) | (3.2) |
| Diluted loss per share (cents) | (10.1) | (5.1) | (3.2) |

APPENDIX A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013, FY2014 AND FY2015

A review of the operations, business and financial performance of the Group for the relevant periods is set out below:–

FY2015 versus FY2014

The Group's operating income for FY2015 of \$31.5 million was 9% lower compared to \$34.6 million for FY2014, mainly affected by lower non-interest income but helped by higher net earned premium revenue. After taking into account a lower net claims incurred, the Group's operating profit before allowances of \$6.5 million for FY2015 was 21% lower compared to \$8.2 million for FY2014.

With higher allowances for loan losses and the tax expense, the Group reported a higher net loss of \$13.9 million in FY2015 compared to \$6.3 million in FY2014. Net loss attributable to shareholders after non-controlling interests ("NCI") was \$15.2 million.

The Group's gross loan assets including factoring receivables outstanding were \$333.0 million as at 31 December 2015. This was a decrease of 4% against the base of \$345.5 million as at 31 December 2014 due to higher loan repayments, partly offset by higher factoring receivables. For the regional operations, our Thailand subsidiary reported a net profit after NCI of \$3.5 million in FY2015, down 7% from \$3.7 million in FY2014 mainly on higher allowances for loan losses. Our Indonesia subsidiary posted a higher net loss of \$10.1 million in FY2015 compared to \$1.5 million in FY2014, mainly impacted by higher allowances for loan losses. Our Malaysia subsidiary reported a lower net loss of \$177,000 in FY2015 compared to \$4.8 million in FY2014 mainly on lower allowances for loan losses.

Overall, regional operations recorded a higher net loss after non-controlling interest of \$7.5 million in FY2015 compared to \$3.2 million in FY2014.

FY2014 versus FY2013

The Group posted a higher net loss of \$6.3 million in FY2014 from \$3.4 million in FY2013, largely impacted by higher net claims incurred and higher operating expenses but helped by higher net earned premium revenue and lower allowances for loan losses and impairment of investments. Net loss attributable to shareholders in FY2014 was \$7.7 million.

Despite the higher net earned premium revenue, total revenue dropped 9% mainly from lower net interest income and lower non-interest income.

Total operating expenses in FY2014 rose 5% to \$21.2 million, mainly from higher staff costs. The Group's loan assets including factoring receivables outstanding were \$345.5 million as at 31 December 2014. This was a 3% increase against the bases of \$335.6 million as at 31 December 2013 due mainly to higher new loans drawdown.

For the regional operations, our Thailand subsidiary reported a net profit of \$3.7 million in FY2014, down 6% from \$4.0 million in FY2013 mainly on lower revenue but helped by lower allowances for loan losses. Our Indonesia subsidiary posted a net loss of \$1.5 million in FY2014, reversing from a net profit of \$277,000 in FY2013 mainly due to additional allowances for loan losses. Our Malaysia subsidiary reported a higher net loss of \$4.8 million in FY2014 compared to \$4.3 million in FY2013, mainly on higher impairments.

Overall, regional subsidiaries recorded higher net loss after non-controlling interests of \$3.2 million in FY2014 compared to \$862,000 in FY2013.

APPENDIX A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013, FY2014 AND FY2015

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The audited consolidated statement of financial position of the Group as at 31 December 2013, 31 December 2014 and 31 December 2015 are set out below:–

| | Audited 31 December 2015 S\$'000 | Audited 31 December 2014 S\$'000 | Audited 31 December 2013 S\$'000 |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | 17,612 | 17,231 | 17,639 |
| Intangible assets | 776 | 642 | 348 |
| Investment property | 1,258 | – | – |
| Subsidiaries | – | – | – |
| Loans to subsidiaries | – | – | – |
| Other investments | 51,898 | 48,704 | 31,288 |
| Loans, advances, hire purchase and leasing receivables | 38,191 | 48,785 | 50,971 |
| Deferred tax assets | 5,860 | 6,832 | 4,558 |
| Current assets | | | |
| Reinsurers' share of insurance contract provisions | 20,731 | 19,110 | 12,789 |
| Insurance receivables | 2,106 | 1,052 | 1,192 |
| Trade and other receivables | 200,364 | 212,745 | 206,505 |
| Other investments | 20,698 | 24,794 | 11,688 |
| Derivative financial assets | 333 | 190 | 580 |
| Cash and cash equivalents | 33,651 | 24,013 | 62,142 |
| Assets held for sale | – | 167 | – |
| Total assets | 393,478 | 404,265 | 399,700 |
| Equity | | | |
| Share capital | 88,032 | 88,032 | 88,032 |
| Other reserves | (4,818) | (3,599) | (7,523) |
| Accumulated profits | 18,802 | 36,148 | 47,047 |
| Equity attributable to owners of the Company | 102,016 | 120,581 | 127,556 |
| Non-controlling interests | 11,468 | 11,221 | 10,078 |
| Total equity | 113,484 | 131,802 | 137,634 |
| Non-current liabilities | | | |
| Interest-bearing borrowings | 23,200 | 46,683 | 33,591 |
| Employee benefits | 1,142 | 931 | 763 |
| Deferred tax liabilities | 187 | – | 29 |

APPENDIX A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013, FY2014 AND FY2015

| | Audited 31 December 2015 S\$'000 | Audited 31 December 2014 S\$'000 | Audited 31 December 2013 S\$'000 |
|-------------------------------------|---|---|---|
| Current liabilities | | | |
| Trade and other payables | 7,110 | 8,275 | 11,091 |
| Insurance payables | 1,825 | 2,418 | 3,145 |
| Interest-bearing borrowings | 210,735 | 182,419 | 190,639 |
| Insurance contract provisions for | | | |
| – gross unexpired risks | 11,661 | 13,512 | 15,898 |
| – gross insurance claims | 23,484 | 16,905 | 4,875 |
| Derivative financial liability | 21 | – | – |
| Current tax payable | 629 | 1,320 | 2,035 |
| Total liabilities | 279,994 | 272,463 | 262,066 |
| Total equity and liabilities | 393,478 | 404,265 | 399,700 |

A review of the financial positions of the Group for the relevant financial periods is set out below:–

31 December 2015 versus 31 December 2014

The increase in investment property of the Group was due to the reclassification from non-current assets – property, plant and equipment, as part of the new office unit purchased by our Thailand subsidiary for leasing purpose.

The increase in other investments under non-current assets of the Group was mainly due to the participation in 2 property-related funds and the Company's subscription of rights issue in an unquoted equity security.

The decrease in loans, advances, hire purchase and leasing receivables under non-current assets of the Group and the Company was mainly due to reclassification of receivables maturing within the next twelve months to current assets – trade and other receivables.

The decrease of deferred tax assets at Group level was mainly due to reversal of deferred tax assets previously recognised under Indonesian operations as there was insufficient future taxable profit against which the deferred tax assets could be utilised.

The decrease in trade and other receivables under current assets of the Group was mainly due to higher repayment of existing loan portfolio, lower new loans drawdown and lower factoring receivables recorded by Indonesian and Malaysian operations.

The decrease in other investments under current assets of the Group was mainly due to ECICS' lower portfolio of held-for-trading equity securities and maturity of held-to-maturity debt securities.

The derivative financial assets at Group level related mainly to the swap deal for intra-group loan to Malaysia subsidiary denominated in Singapore dollar.

APPENDIX A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013, FY2014 AND FY2015

The decrease in interest-bearing borrowings under non-current liabilities of the Group was mainly due to the reclassification of interest-bearing borrowings maturing within the next twelve months to current liabilities.

The Group's overall interest-bearing borrowings increased from \$229.1 million as at 31 December 2014 to \$233.9 million as at 31 December 2015 mainly due to additional bank borrowings to fund its financing business.

31 December 2014 versus 31 December 2013

The increase in other investments under non-current assets was mainly due to the Group's valuation gain on the property-related investments and ECICS' purchase of debts securities.

The decrease in loans, advances, hire purchase and leasing receivables under non-current assets of the Group was mainly due to reclassification of receivables maturing within the next twelve months to current assets – trade and other receivables.

The increase in trade and other receivables under current assets of the Group was mainly due to reclassification of receivables, partly offset by lower factoring receivables.

The increase in other investments under current assets of the Group was mainly due to ECICS' purchase of debt securities.

The decrease in derivative financial assets was mainly due to the fair value loss on quoted warrants.

The cash and cash equivalents comprise fixed deposits of \$14.3 million and cash at banks and in hand of \$9.7 million. The decrease in the cash balances resulted mainly from ECICS' purchase of new investments.

The improvement in the Group's other reserves was mainly due to the valuation gain on the property-related investments as well as the translation gain from the strengthening of currencies of the regional subsidiaries for translation against the Singapore Dollar.

The increase in interest-bearing borrowings under non-current liabilities of the Group was mainly due to new borrowings, partly offset by the reclassification of interest-bearing borrowings maturing within the next twelve months to current liabilities. The decrease in interest-bearing borrowings under current liabilities of the Group was mainly due to the utilisation of surplus funds for repayment of bank borrowings. The Group's overall interest-bearing borrowings increased from \$224.2 million as at 31 December 2013 to \$229.1 million as at 31 December 2014 mainly due to additional borrowings to fund new loans drawdown.

The increase in insurance contract provisions for gross insurance claims was due to the full provision made for claims reserve for a client. Consequently, the reinsurers' share of insurance contract provisions under current assets also increased.

APPENDIX A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013, FY2014 AND FY2015

3. CONSOLIDATED STATEMENT OF CASH FLOWS

The audited consolidated statement of cash flows of the Group for FY2013, FY2014 and FY2015 are set out below:–

| | Audited FY2015 S\$'000 | Audited FY2014 S\$'000 | Audited FY2013 S\$'000 |
|---|------------------------------|------------------------------|------------------------------|
| Cash flows from operating activities | | | |
| Loss for the year | (13,878) | (6,327) | (3,388) |
| Adjustments for: | | | |
| Amortisation of | | | |
| – intangible assets | 400 | 315 | 447 |
| – held-to-maturity securities | 74 | 33 | (19) |
| Net foreign exchange (gain)/loss | (239) | 34 | (518) |
| Derivative financial instrument | (302) | – | – |
| Depreciation of property, plant and equipment | 1,047 | 987 | 993 |
| Depreciation of investment property | 47 | – | – |
| Fixed assets written off | 1 | 20 | – |
| Loss/(gain) on disposal of equity securities | 172 | (484) | (1,797) |
| Gain on partial redemption of convertible loans | (747) | (1,067) | (525) |
| Gain on disposal of property, plant and equipment | (12) | – | (16) |
| Net change in fair value of financial assets through profit or loss | 1,415 | 250 | 68 |
| Allowance for impairment of investments | – | 986 | 1,485 |
| Impairment on property, plant and equipment | 328 | – | – |
| Provision for/(reversal of), net of reinsurers' share | | | |
| – unexpired risks | 270 | (370) | 2,200 |
| – insurance claims | 2,837 | 3,693 | 475 |
| Interest income | (25,222) | (24,607) | (27,613) |
| Interest income from investments and fixed deposits | (1,206) | (1,152) | (936) |
| Dividend income from investments | (1,133) | (517) | (86) |
| Interest expense | 6,980 | 6,068 | 6,848 |
| Tax expense/(credit) | 1,251 | (1,280) | (803) |
| Operating cash flows before changes in working capital | (27,917) | (23,418) | (23,185) |
| Changes in working capital: | | | |
| Factoring receivables | 296 | 9,226 | (3,646) |
| Factoring amounts due to clients | 521 | (1,100) | 85 |
| Loans, advances, hire purchase and leasing receivables | 17,133 | (8,255) | 39,345 |
| Assets held for sale | – | (167) | – |
| Insurance and other receivables | (254) | 1,107 | 1,636 |
| Trade, other and insurance payables | (1,517) | (2,450) | 98 |
| Cash used in operations | (11,738) | (25,057) | 14,333 |
| Interest received | 26,483 | 25,580 | 28,666 |
| Interest paid | (6,774) | (6,025) | (6,728) |
| Taxes paid, net | (1,297) | (2,584) | (2,872) |
| Net cash from/(used in) operating activities | 6,674 | (8,086) | 33,399 |

APPENDIX A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013, FY2014 AND FY2015

| | Audited FY2015 S\$'000 | Audited FY2014 S\$'000 | Audited FY2013 S\$'000 |
|---|------------------------------|------------------------------|------------------------------|
| Cash flows from investing activities | | | |
| Proceeds from sale of property, plant and equipment | 17 | 7 | 34 |
| Purchase of property, plant and equipment | (2,784) | (561) | (144) |
| Purchase of intangible assets | (536) | (609) | (116) |
| Purchase of investments | (26,394) | (42,951) | (23,035) |
| Proceeds from disposal of investments | 26,393 | 15,806 | 24,808 |
| Dividends received from investments | 1,112 | 517 | 86 |
| Net cash used in investing activities | (2,192) | (27,791) | 1,633 |
| Cash flows from financing activities | | | |
| Dividends paid to owners of the Company | (2,256) | (3,008) | (3,008) |
| Dividends paid to non-controlling interests | (753) | (660) | (635) |
| Proceeds from interest-bearing borrowings | 8,373 | 893 | (21,679) |
| Net cash from/(used in) financing activities | 5,364 | (2,775) | (25,322) |
| Net increase/(decrease) in cash and cash equivalents | 9,846 | (38,652) | 9,710 |
| Cash and cash equivalents at beginning of year | 24,013 | 62,142 | 53,356 |
| Effect of exchange rate fluctuations on cash held | (208) | 523 | (924) |
| Cash and cash equivalents at end of year | 33,651 | 24,013 | 62,142 |

A review of the cash flow of the Group for the relevant periods is set out below:–

FY2015 versus FY2014

Net cash from/(used in) operating activities

The net cash from operating activities in FY2015 was mainly due to higher repayment of loans, advances and hire purchase and leasing receivables as compared to the same periods in FY2014.

Net cash from/(used in) investing activities

The lower net cash from investing activities used in FY2015 was mainly due to lower purchase of investments and higher proceeds from redemption/disposal of investments as compared to FY2014.

Net cash (used in)/from financing activities

The net cash from financing activities in FY2015 was mainly due to higher proceeds from interest-bearing borrowings to fund lending business, partly offset by lower dividend payments as compared to FY2014.

APPENDIX A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013, FY2014 AND FY2015

Net increase/(decrease) in cash and cash equivalents

The net cash increase in FY2015 resulted mainly from higher repayment of loans, advances, hire purchase and leasing receivables, lower purchase of investments and higher proceeds from redemption/disposal of investments, partly offset by higher proceeds from interest-bearing borrowings as compared to FY2014.

FY2014 versus FY2013

Net cash (used in)/from operating activities

For FY2014, the net cash used in operating activities resulted from drawdown of loans, advances and hire purchase and leasing receivables, partly offset by repayment of factoring receivables.

Net cash (used in)/from investing activities

The higher net cash used in investing activities in FY2014 resulted mainly from higher purchase of investments and lower proceeds from redemption/disposal of equity and debt securities as compared to FY2013. The net cash from investing activities in FY2013 was mainly due to higher proceeds from redemption of held-to-maturity debts securities compared to purchase of investments.

Net cash used in financing activities

The net cash used in financing activities in FY2013 was mainly due to utilisation of surplus funds from operations for repayments of interest-bearing borrowings. As for FY2014, it was mainly due to dividend payment to shareholders by the Company and its subsidiary.

Net (decrease)/increase in cash and cash equivalents

Overall, the higher net decrease in cash and cash equivalents for FY2014 resulted mainly from net cash used in operations, higher purchase of investments and lower proceeds from redemption/disposal of equity and debt securities.

APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

25 August 2016

The Recommending Directors

IFS Capital Limited

7 Temasek Boulevard

#10-01 Suntec Tower One

Singapore 038987

THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) TO RECEIVE A MANDATORY OFFER FROM THE CONCERT PARTY GROUP (AS DEFINED HEREIN) FOR ALL THE SHARES (AS DEFINED HEREIN) OF IFS CAPITAL LIMITED NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP AS A RESULT OF THE RIGHTS ISSUE

*Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meanings as defined in the circular to the shareholders of the Company (“**Shareholders**”) dated 25 August 2016 (“**Circular**”).*

1. INTRODUCTION

On 6 May 2016 (“**Announcement Date**”), the Board of Directors (“**Board**” or “**Directors**”) of IFS Capital Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) announced that the Company proposes to undertake a renounceable non-underwritten rights issue (“**Rights Issue**”) of up to 225,581,799 new ordinary shares in the share capital of the Company (“**Rights Shares**”) at an issue price of S\$0.22 for each Rights Share (“**Issue Price**”), on the basis of three (3) Rights Shares for every two (2) existing ordinary shares in the share capital of the Company (“**Shares**”) held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded (“**Announcement**”).

The Rights Issue is subject to, amongst others, the Whitewash Waiver (as defined below) being granted by the Securities Industry Council (“**SIC**”), the approval of the Shareholders for the Rights Issue at the EGM to be convened, and the approval of the Independent Shareholders (as defined below) for the Proposed Whitewash Resolution (as defined below) at the EGM to be convened. Further details on the Rights Issue and the Proposed Whitewash Resolution, together with the notice of the EGM are set out in the Circular.

Mr. Lim Hua Min (“**Mr. Lim**”) is the Chairman and Non-Executive Director, and substantial Shareholder of the Company. As at the Latest Practicable Date, Mr. Lim is deemed interested in the 61,489,957 Shares, representing approximately 40.89% of the total number of issued Shares, held by Phillip Assets Pte. Ltd. (“**Undertaking Shareholder**”), as he holds 85% of the issued share capital of the Undertaking Shareholder. Mr. Lim is also a director of the Undertaking Shareholder. Each of Mr. Lim’s three brothers, Mr. Lim Wah Lin, Mr. Lim Wah Tong and Mr. Lim Wah Sai holds 5% of the issued share capital of the Undertaking Shareholder. Mr. Lim Wah Lin and Mr. Lim Wah Tong are also executive directors of the Undertaking Shareholder.

Ms. Teo Yew Hock, Mdm. Chan Poh Yoke, Mr. Lim Wah Lin, Mr. Lim Wah Tong, Mr. Lim Wah Sai, Ms. Lim May-Tjue Lynette, Mr. Lim Hua Tiong, Mr. Ling Hua Leong, Mdm. Lim Ai Choo, Mdm. Lim Siew Eng, Mdm. Lim Siew Hong and Mr. Lee Soon Kie are presumed to be acting in concert with Mr. Lim and the Undertaking Shareholder (together the “**Concert Party Group**”, each a “**Concert Party**”). Please refer to Paragraph 3.2 of the Circular for the details

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on the relationships among the parties in the Concert Party Group. As at the Latest Practicable Date, the Concert Parties who have an interest in the Shares of the Company are as follows:

| | Number of Shares | | Total ⁽¹⁾ (%) |
|-------------------------|---------------------------|---------------------------|-----------------------------|
| | Direct Interest | Deemed Interest | |
| Undertaking Shareholder | 61,489,957 ⁽²⁾ | – | 40.89 |
| Lim Hua Min | – | 61,489,957 ⁽³⁾ | 40.89 |
| Teo Yew Hock | 413,260 | – | 0.27 |
| Chan Poh Yoke | 145,200 | – | 0.10 |
| Lim Wah Lin | 145,200 | – | 0.10 |
| Lim Wah Tong | 145,200 | – | 0.10 |
| Lim Wah Sai | 514,250 | – | 0.34 |
| Lim May-Tjuen Lynette | 14,520 | – | 0.01 |
| Lee Soon Kie | 992,900 ⁽⁴⁾ | – | 0.66 |
| Total | 63,860,487 | | |

Notes:

- (1) Based on 150,387,866 Shares as at the Latest Practicable Date.
- (2) Deposited with the Depository Agent, Philip Securities Pte. Ltd.
- (3) Mr. Lim Hua Min is deemed to have an interest in the 61,489,957 Shares held by Phillip Assets Pte. Ltd.
- (4) Based on the CDP shareholding list as at the Latest Practicable Date.

As of the Latest Practicable Date, the Concert Party Group has an aggregate direct and deemed interest in 63,860,487 Shares, representing approximately 42.46% of the voting rights of the Company.

The Undertaking Shareholder has provided an irrevocable undertaking in favour of the Company (“**Irrevocable Undertaking**”) to, amongst others, subscribe and pay, or procure the subscription and payment, for:

- (i) all of its Rights Shares entitlements through its direct and deemed interest in the Shares as at the Book Closure Date; and
- (ii) an excess application for all the Rights Shares excluding (i) above.

Under Rule 14.1 of the Singapore Code on Take-overs and Mergers (“**Code**”), except with the consent of the SIC, where:

- (i) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (ii) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months, additional shares carrying more than 1% of the voting rights,

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such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares (“**Mandatory Offer**”). In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In the event that (a) the Undertaking Shareholder subscribes or procures subscription for the Rights Shares under the Rights Issue, in accordance with the Irrevocable Undertaking, and (b) there is no other subscription application for the Rights Shares, the shareholding interests of the Concert Party Group will increase from 63,860,487 Shares, representing 42.46% of the total voting rights of the Company as at the Latest Practicable Date to 289,442,286 Shares, representing 76.99% of the total voting rights of the Company, based on the enlarged issued share capital of the Company of 375,969,665 Shares immediately following the issue and allotment of 225,581,799 Rights Shares pursuant to the Rights Issue.

Accordingly, the fulfillment by the Undertaking Shareholder of its obligations pursuant to the Irrevocable Undertaking may result in the Concert Party Group acquiring more than 1.0% of the voting rights of the Company within a period of six (6) months, thereby triggering a requirement for the Concert Party Group to make a Mandatory Offer, unless Shareholders other than the Concert Party Group (“**Independent Shareholders**”) approve at a general meeting a resolution to waive their rights to receive a Mandatory Offer from the Concert Party Group (“**Proposed Whitewash Resolution**”).

On 6 May 2016, the Company announced that Canaccord Genuity Singapore Pte. Ltd., now known as SAC Advisors Private Limited (“**SAC Advisors**”), has been appointed as the independent financial adviser (“**IFA**”) to advise the Directors who are considered independent for the purpose of making the recommendation to the Independent Shareholders in respect of the Proposed Whitewash Resolution, being Mr. Gabriel Teo Chen Thye, Mr. Manu Bhaskaran, Mr. Law Song Keng, Mr. Kwah Thiam Hock and Mr. Tan Hai Leng Eugene (“**Recommending Directors**”), on whether the Proposed Whitewash Resolution is prejudicial to the interests of the Independent Shareholders.

On 20 May 2016, the Company had obtained the waiver granted by the SIC of the obligations of the Undertaking Shareholder to make a Mandatory Offer (“**Whitewash Waiver**”), subject to, *inter alia*, a majority of the Independent Shareholders approve at a general meeting, before the Rights Issue, the Proposed Whitewash Resolution by way of a poll, and the appointment of an IFA to advise the Independent Shareholders on the Proposed Whitewash Resolution.

This letter (“**IFA Letter**”) is addressed to the Recommending Directors and sets out, *inter alia*, our evaluation and recommendation on the Proposed Whitewash Resolution. This IFA Letter forms part of the Circular to Shareholders which provides, *inter alia*, details of the Rights Issue, the Proposed Whitewash Resolution and the recommendation of the Recommending Directors.

2. TERMS OF REFERENCE

SAC Advisors has been appointed as the IFA to advise the Recommending Directors in respect of the Proposed Whitewash Resolution. We are not and were not involved or responsible, in any aspect, of the negotiations in relation to the Rights Issue nor were we involved in the deliberations leading up to the decision by the Directors to undertake the Rights Issue or to obtain the approval of the Shareholders for the Rights Issue and/or the

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Proposed Whitewash Resolution. Accordingly, we do not, by this IFA Letter, make any representation or warrant the merits of the Rights Issue, other than to express an opinion on whether the Proposed Whitewash Resolution is prejudicial to the interests of the Independent Shareholders when considered in the context of the Rights Issue.

We have not conducted a comprehensive review of the business, operations or financial condition of the Group. We have also not evaluated the legal, strategic, financial or commercial merits and/or risks of the Rights Issue and/or the Proposed Whitewash Resolution or the future growth prospects or earnings potential of the Group after the completion of the Rights Issue. Accordingly, we do not express any view as to the prices at which the Shares may trade upon the completion of the Rights Issue or on the future financial performance of the Group after the completion of the Rights Issue.

We have not compared the relative merits of the Rights Issue and/or Proposed Whitewash Resolution 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 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 IFA Letter.

In the course of our evaluation, we have held discussions with the Directors and the Management. We have also examined publicly available information collated by us, as well as relied on the information and representations, whether written or verbal, provided to us by the Directors and the Management. We have not independently verified such information or representations, and accordingly cannot and do not warrant or accept responsibility for the accuracy, completeness or adequacy of these information or representations. We have, however, made reasonable enquiries and exercised our judgment (as deemed necessary) in assessing the information and representations provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, (a) all material information available to them in connection with the Rights Issue and the Proposed Whitewash Resolution has been disclosed in the Circular; (b) such information is true and accurate in all material respects; and (c) there is no other information or fact, the omission of which would cause any information disclosed in the Circular to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nonetheless have made such enquiries and exercised such judgment as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information or facts. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or facts.

Save as disclosed, all information relating to the Group that we have relied upon in arriving at our opinion and advice has been obtained from the Circular, publicly available information, the Directors and/or the Management. We have not independently assessed and do not

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warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Group at any time or as at the Latest Practicable Date.

We have been furnished with an independent valuation report on the leasehold land and building located at 7 Temasek Boulevard #10-01, Suntec Tower 1, Singapore 038987 (“**Property**”) issued by DTZ Debenham Tie Leung (SEA) Pte Ltd (“**DTZ**” or “**Valuer**”) dated 13 May 2016 (“**Valuation Report**”). The Valuation Report is reproduced in Appendix C of the Circular. In respect of the Valuation Report, we are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance thereon for the information and/or valuation contained therein. We were not involved in and assume no responsibility for the Valuation Report. We have not made any independent verification of the contents, matters or bases set out in the Valuation Report. We have also not made any independent evaluation or appraisal of the assets and liabilities of the Group, and we have not been furnished with any such independent evaluation or appraisal except for the Valuation Report.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position and earnings potential of the Group. We have not been provided with, nor do we have access to, any business plan or financial projections of the future performance of the Group and we did not conduct any discussions with the Directors and the Management on any such business plan or financial projections of the Group.

Our opinion and advice, as set out in this IFA Letter, is based on the market, economic, industry and other applicable conditions prevailing on, and the information made available to us as of, the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion and advice in the light of any subsequent development after the Latest Practicable Date that may affect our views contained herein. Independent Shareholders should further take note of any announcements relevant to their consideration of the Rights Issue and/or Proposed Whitewash Resolution which may be released by the Company after the Latest Practicable Date.

In arriving at our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s). Such Shareholders should consult his or their legal, financial, tax or other professional adviser.

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

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

3. INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated on 28 March 1987 and has been listed on the Mainboard of the SGX-ST since July 1993. The Group provides commercial finance services such as factoring, hire-purchase/leasing, loans, government-assisted schemes and trade/export

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finance, to small and medium-sized enterprises. The Group also provides bonds and guarantees, credit insurance and general insurance through its wholly-owned subsidiary, ECICS Limited.

The Group has three (3) reportable segments which relate to the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. The following describes the operations in each of the Group's reportable segments:

(i) Credit financing

Credit financing encompasses commercial, alternative and structured finance businesses and focuses on providing services to corporate clients, mainly the small and medium-sized enterprises. The commercial services provided include factoring, accounts receivable financing, trade financing, mortgage financing, working capital, financing for overseas operations, hire purchase as well as participating in financing by SPRING Singapore and International Enterprise Singapore under the Local Enterprise Finance Scheme and the Internationalisation Finance Scheme respectively. Where conventional forms of commercial finance are inadequate, alternative and structured financial solutions are offered to clients to address either equity or debt capital requirements.

(ii) Insurance

The provision of credit insurance facilities to Singapore exporters and the issuance of performance bonds and guarantees, domestic maid insurance, spa insurance for pre-paid packages, marine cargo and motor insurance, political risks, contractors' all risks, and work injury compensation insurance. The segment includes holding of equity securities and bonds under the regulated insurance fund.

(iii) Private equity and other investments

The provision of development capital in the form of mezzanine financing, convertible debt instruments and direct private equity investments.

As at the Announcement Date, the Company had an issued and paid-up share capital comprising 150,387,866 Shares. Based on the closing Share price of S\$0.280 per Share on the Announcement Date, the market capitalisation of the Company was approximately S\$42.1 million.

As at the Latest Practicable Date, the Company had an issued and paid-up share capital comprising 150,387,866 Shares. Based on the closing Share price of S\$0.220 per Share on the Latest Practicable Date, the market capitalisation of the Company was approximately S\$33.1 million.

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4. THE RIGHTS ISSUE

4.1 Basis and size of the Rights Issue

The Rights Issues is made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of three (3) Rights Shares for every two (2) existing Shares, as at the Books Closure Date, fractional entitlements to be disregarded. Based on the issued share capital of the Company of 150,387,866 Shares as at the Latest Practicable Date, up to 225,581,799 Rights Shares will be issued pursuant to the Rights Issue.

4.2 Issue Price

The Issue Price of S\$0.220 represents:

- (i) a discount of approximately 21.4% to the closing market price of S\$0.280 per Share on the Announcement Date; and
- (ii) a discount of approximately 9.8% to the theoretical ex-rights price of S\$0.244 per Share (based on the closing market price of S\$0.280 per Share on the Announcement Date).

4.3 Conditions for the Rights Issue

The Rights Issue is subject to, amongst others, the following:

- (i) approval of the MAS pursuant to Sections 28 and 29 of the Insurance Act;
- (ii) the Whitewash Waiver granted by the SIC;
- (iii) the receipt of the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST;
- (iv) approval of the Shareholders for the Rights Issue at the EGM to be convened;
- (v) approval of the Independent Shareholders for the Proposed Whitewash Resolution at the EGM to be convened; and
- (vi) lodgement of the Offer Information Statement with the MAS.

4.4 Irrevocable Undertaking

As at the Latest Practicable Date, the Undertaking Shareholder has a direct interest in 61,489,957 Shares, representing 40.89% of the total number of issued Shares of the Company.

The Undertaking Shareholder has provided an Irrevocable Undertaking to the Company to, amongst others, subscribe and pay, or procure the subscription and payment, for:

- (i) all of its Rights Shares entitlements through its direct and deemed interest in the Shares as at the Books Closure Date; and
- (ii) an excess application for all the Rights Shares excluding (i) above.

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On the assumption that the Rights Issue is fully subscribed and no new Share is issued on or prior to completion of the Rights Issue, upon completion of the Rights Issue, the Undertaking Shareholder will have an interest in approximately 40.89% of the issued share capital of the Company.

On the assumption that there is zero subscription applications for the Rights Shares, no new Share is issued on or prior to completion of the Rights Issue and the Undertaking Shareholder subscribes for 225,581,799 Rights Shares, the Undertaking Shareholder's interest in the issued share capital of the Company will increase from 40.89% to 76.36%.

The Company has decided to proceed with the Rights Issue on a non-underwritten basis in light of the Irrevocable Undertaking provided by the Undertaking Shareholder.

4.5 Abstention from voting

Pursuant to the SIC Conditions, the Concert Party Group and parties not independent of the Concert Party Group will abstain from voting in respect of their Shares on the Proposed Whitewash Resolution and shall decline to accept appointment as proxies or otherwise for voting on the Proposed Whitewash Resolution, unless the Shareholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the resolution.

5. THE PROPOSED WHITEWASH RESOLUTION

On 6 May 2016, an application was made to the SIC to seek, amongst others, the Whitewash Waiver. The SIC had on 20 May 2016 granted the Whitewash Waiver, subject to the satisfaction of the following conditions:

- (i) a majority of holders of voting rights of the Company approve at a general meeting, before the Rights Issue, the Proposed Whitewash Resolution by way of a poll;
- (ii) the Proposed Whitewash Resolution is separate from other resolutions;
- (iii) the Concert Party Group and parties not independent of the Concert Party Group abstain from voting on the Proposed Whitewash Resolution;
- (iv) the Concert Party Group did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):
 - (a) during the period between the Announcement Date and the date that Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (b) in the six (6) months prior to the Announcement Date but subsequent to negotiations, discussions or reaching of understandings or agreements with the Directors in relation to the Rights Issue;
- (v) the Company appoints an IFA to advise the Independent Shareholders on the Proposed Whitewash Resolution;

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- (vi) the Company sets out clearly in the Circular:
 - (a) details of the Rights Issue, including the Irrevocable Undertaking;
 - (b) the dilution effect of the issue of the Rights Shares to existing holders of voting rights;
 - (c) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Concert Party Group as at the Latest Practicable Date;
 - (d) the number and percentage of voting rights to be acquired by the Concert Party Group upon acquisition of the Rights Shares;
 - (e) specific and prominent reference to the fact that the acquisition of the Rights Shares by the Undertaking Shareholder pursuant to the Irrevocable Undertaking could result in the Concert Party Group holding Shares carrying over 49.0% of the voting rights of the Company based on the enlarged issued share capital of the Company, and the fact that the Concert Party Group will as a result be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a Mandatory Offer; and
 - (f) specific and prominent reference to the fact that the Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a Mandatory Offer from the Undertaking Shareholder at the highest price paid by the Concert Party Group for Shares in the past six (6) months preceding the commencement of the Rights Issue;
- (vii) the Circular states that the Whitewash Waiver is subject to the conditions stated in (i) to (vi) above;
- (viii) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and
- (ix) to rely on the Proposed Whitewash Resolution, the acquisition of Rights Shares by the Undertaking Shareholder must be completed within three (3) months of the approval of the Proposed Whitewash Resolution.

As at the Latest Practicable Date, save for the conditions set out in Paragraphs 3.4(a), (c), (d) and (i) of the Circular, all the other conditions imposed by the SIC set out above have been satisfied.

The Independent Shareholders are requested to vote by way of a poll, on the Proposed Whitewash Resolution set out as Ordinary Resolution 1 in the notice of EGM, included in the Circular.

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The Recommending Directors should advise the Independent Shareholders that:

- (i) by voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 1), they will be waiving their rights to receive a Mandatory Offer for their Shares from the Concert Party Group at the highest price per Share paid or agreed to be paid by the Concert Party Group in the six (6) months preceding the commencement of the Rights Issue;
- (ii) the acquisition of the Rights Shares by the Concert Party Group may result in the Concert Party Group carrying over 49.0% of the voting rights of the Company based on its enlarged issued capital, and the Concert Party Group will then be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a Mandatory Offer; and
- (iii) the Rights Issue is conditional upon the Independent Shareholders voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 1). Accordingly, if the Proposed Whitewash Resolution (Ordinary Resolution 1) is not passed by the Independent Shareholders, the Rights Issue will not take place.

6. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

In our evaluation of the Proposed Whitewash Resolution, we have given due consideration to the following key factors:

- (i) the rationale for the Rights Issue and use of proceeds;
- (ii) the Rights Shares being offered to Entitled Shareholders on a *pro-rata* basis;
- (iii) the historical financial performance of the Group;
- (iv) an assessment of the Issue Price;
- (v) the NAV and NTA of the Group;
- (vi) the market statistics of selected completed rights issues;
- (vii) the financial effects of the Rights Issue;
- (viii) the dilution impact of the Rights Issue on the Independent Shareholders; and
- (ix) other relevant considerations.

6.1 Rationale for the Rights Issue and use of proceeds

It is not within our terms of reference to comment or express opinion on the merits of the Rights Issue and/or the Proposed Whitewash Resolution or the future growth prospects or earnings potential of the Group after the completion of the Rights Issue. Nevertheless, we have reviewed the rationale for the Rights Issue and use of proceeds, as set out in Paragraph 2.6 of the Circular as reproduced in italics below:

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“The Company intends to undertake the Rights Issue to raise funds to strengthen the financial position and capital base of the Company. The Rights Issue will also provide Shareholders with an opportunity to further participate in the equity of the Company.

For illustration purposes, if up to 225,581,799 Rights Shares are issued, the estimated Net Proceeds from the subscription of the Rights Issue will be up to approximately S\$49.1 million, after deducting professional fees and related expenses incurred in connection with the Rights Issue.

The Company intends to use the Net Proceeds in the following proportions:

| Use of Net Proceeds | Proportion (%) | Approximate Amount (S\$'million) |
|---|-----------------------|---|
| <i>Debt repayment</i> | <i>40 – 100</i> | <i>19.6 – 49.1</i> |
| <i>Potential business opportunities</i> | <i>0 – 60</i> | <i>0 – 29.5</i> |

As at the Latest Practicable Date, the Company has not released any announcements regarding potential business opportunities the Company intends to explore, and the Company does not have any confirmed specific business opportunities to invest in.

The Net Proceeds raised will be sufficient to meet the present funding requirements.”

6.2 Rights Shares being offered to Entitled Shareholders on a *pro-rata* basis

Entitled Shareholders will be provisionally allotted the Rights Shares on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of the Rights Shares on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for the excess Rights Shares.

Provisional allotments which are not taken up for any reason shall be aggregated and used to satisfy excess applications or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company.

In the allotment of excess Rights Shares, preference will be given to Entitled Shareholders in satisfaction of their application for excess Rights Shares (if any), provided that where there are insufficient excess Rights Shares to allot to each application, the Company shall allot the excess Rights Shares to Entitled Shareholders such that preference will be given to the rounding of odd lots.

Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will either be ineligible for excess Rights Shares, or if eligible, rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

Accordingly, the Independent Shareholders will not be disadvantaged or prejudiced relative to the Concert Party Group in the allocation of their application for their entitlements of Rights Shares and excess Rights Shares pursuant to the Rights Issue.

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6.3 Historical financial performance of the Group

The salient historical financial information of the Group for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 (“FY2013”, “FY2014” and “FY2015” respectively) and the 6-months financial period ended 30 June 2015 and 30 June 2016 (“1H2015” and “1H2016” respectively) is set out below:

Consolidated statement of profit or loss:

| S\$'000 | Audited | | | Unaudited | |
|---|----------|---------|---------|-----------|--------|
| | FY2015 | FY2014 | FY2013 | 1H2016 | 1H2015 |
| Net interest income | 18,242 | 18,539 | 20,765 | 8,346 | 9,224 |
| Net earned premium revenue | 4,459 | 3,880 | 2,919 | 2,795 | 2,040 |
| Fee and commission income | 6,985 | 8,694 | 10,404 | 3,897 | 3,753 |
| Investment income | 1,518 | 2,998 | 3,295 | 1,320 | 1,894 |
| (Loss)/Profit after tax for the year/period | (13,878) | (6,327) | (3,388) | 716 | 460 |
| (Loss)/Profit attributable to owners of the Company | (15,151) | (7,694) | (4,840) | 6 | (159) |

Source: Company's annual reports and results announcements.

We note the following that the Group was loss-making for the three (3) most recently completed financial years.

1H2016 vs 1H2015

- (i) Net interest income decreased by S\$0.9 million in 1H2016, mainly due to lower loans interest on lower average loan assets portfolio;
- (ii) Net earned premium revenue increased by S\$0.8 million in 1H2016, mainly due to higher business volume;
- (iii) The higher fee and commission income of S\$0.1 million in 1H2016 was mainly due to higher reinsurance commission received;
- (iv) The decrease in investment income of S\$0.6 million in 1H2016 was mainly due to an absence of realised gain on partial redemption of convertible loan; and
- (v) The Group recorded a net profit of S\$0.7 million in 1H2016 as compared to a net profit of S\$0.5 million in 1H2015 mainly due to higher net earned premium revenue, lower net claims incurred and lower allowance for loan losses in 1H2016, partially offset by a slight increase in operating expenses and tax expense as well as a decrease in operating income resulting from lower net interest income and non-interest income.

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FY2015 vs FY2014

- (i) Net interest income decreased by S\$0.3 million in FY2015, mainly due to lower loans interest on lower average loan assets coupled with higher funding cost in the 4th quarter of FY2015;
- (ii) Net earned premium revenue increased by S\$0.6 million in FY2015, mainly due to higher credit and general insurance businesses, and lower premium ceded to reinsurers;
- (iii) The decrease in fee and commission income of S\$1.7 million in FY2015 was mainly due to lower reinsurance commission received and lower financing fee income;
- (iv) The decrease in investment income of S\$1.5 million in FY2015 was mainly due to higher fair value loss on quoted equity investments from a weak market sentiment, loss on disposal of equity securities and lower gain on partial redemption of convertible loan, mitigated by higher dividend income; and
- (v) The higher loss of S\$13.9 million in FY2015, as compared to the loss of S\$6.3 million in FY2014, was mainly due to lower non-interest income, higher commissions paid and higher allowances for loan losses and impairment of other assets due to higher individual impairment of loans, partially offset by lower net claims paid on bond calls and lower specific provision required.

FY2014 vs FY2013

- (i) Net interest income decreased by S\$2.2 million in FY2014 mainly due to lower factoring volume and lower average loan assets;
- (ii) Net earned premium revenue increased by S\$1.0 million in FY2014 mainly due to write-back on change in gross provision for unexpired risks and accounting for premium ceded to reinsurers. The charge for unexpired risk reserve for FY2013 was mainly due to higher provision set aside for the increased bond business;
- (iii) The drop in fee and commission income of S\$1.7 million in FY2014 was mainly due to lesser factoring service fee and lower underwriting commission on lower factoring, bonds and guarantee business volume;
- (iv) The decrease in investment income of S\$0.3 million in FY2014 was mainly due to higher mark-to-market loss on investments from a weaker market sentiment as well as lower gain on disposal of equity securities, partly negated by higher dividend income received; and
- (v) The Group suffered a higher net loss of S\$6.3 million in FY2014 as compared to a net loss of S\$3.4 million in FY2013 mainly due to the combined effects of the Board's decision to make full provision for claims liabilities for a client in the bonds and guarantees business, and additional impairment on loan loss for an overseas subsidiary, prompted by a court decision against a client of the subsidiary and the slow recovery processes in the legal proceedings.

APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Consolidated statement of financial position:

| S\$'000 | Audited | Unaudited |
|-------------------------|-------------------------|---------------------|
| As at | 31 December 2015 | 30 June 2016 |
| Non-current assets | 115,595 | 109,050 |
| Current assets | 277,883 | 275,189 |
| Non-current liabilities | 24,529 | 21,024 |
| Current liabilities | 255,465 | 250,647 |
| Equity | 113,484 | 112,568 |
| Working capital | 22,418 | 24,542 |

Source: Company's annual reports and results announcements.

We note the following variances between the financial position of the Group as at 31 December 2015 and 30 June 2016:

- (i) The increase in investment property under non-current assets was due to a new office unit purchased by the Company's Thailand subsidiary for future expansion;
- (ii) The decrease in other investments under non-current assets was mainly due to the reclassification of held-to-maturity debt securities maturing within the next 12 months to current assets;
- (iii) The decrease in loans, advances, hire purchase and leasing receivables under non-current assets of the Group was mainly due to reclassification of receivables maturing within the next 12 months to current assets under trade and other receivables;
- (iv) The decrease in trade and other receivables under current assets of the Group was mainly due to higher repayment of existing loan portfolio and lower new loans drawdown;
- (v) The increase in other investments under current assets of the Group was mainly due to reclassification of held-to-maturity debt securities maturing within the next 12 months, to current assets;
- (vi) The derivative financial assets (as at 31 December 2015) and derivative financial liability (as at 30 June 2016) related mainly to a swap deal for intra-group loan to a Malaysian subsidiary denominated in Singapore dollar;
- (vii) The increase in the Group's cash balances under current assets was mainly due to surplus funds from loan repayments and disposal of held-for-trading equity securities; and
- (viii) The decrease in interest-bearing borrowings under non-current liabilities of the Group was mainly due to the reclassification of interest-bearing borrowings maturing within the next 12 months to current liabilities.

The Group had positive working capital of S\$22.4 million and S\$24.5 million as at 31 December 2015 and 30 June 2016 respectively.

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Consolidated statement of cash flows:

| S\$'000 | Audited | | | Unaudited | |
|--|---------|----------|----------|-----------|----------|
| | FY2015 | FY2014 | FY2013 | 1H2016 | 1H2015 |
| Net cash from/(used in) operating activities | 6,674 | (8,086) | 33,399 | 12,176 | (17,218) |
| Net cash (used in)/from investing activities | (2,192) | (27,791) | 1,633 | 2,147 | (4,230) |
| Net cash from/(used in) financing activities | 5,364 | (2,775) | (25,322) | 301 | 21,146 |
| Net increase/(decrease) in cash and cash equivalents | 9,846 | (38,652) | 9,710 | 14,624 | (302) |
| Cash and cash equivalents at end of year/period | 33,651 | 24,013 | 62,142 | 48,107 | 23,622 |

Source: Company's annual reports and results announcements.

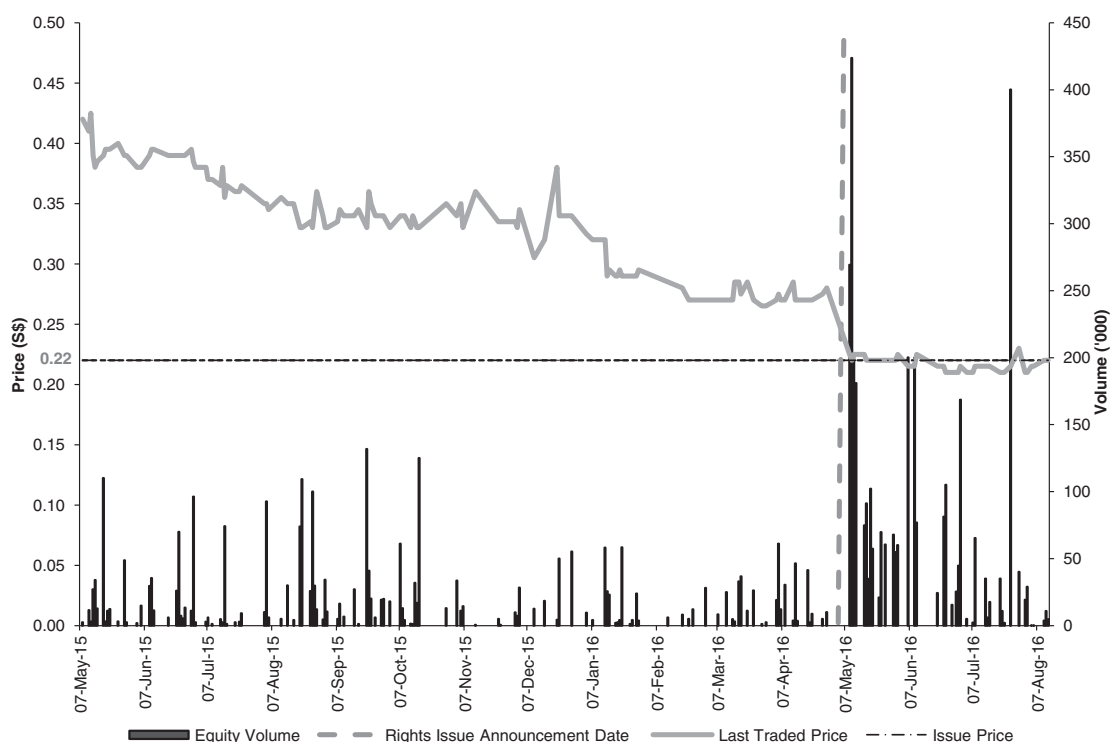
We note the following:

- (i) For 1H2016 and FY2015, the Group generated net cash from operating activities of S\$12.2 million and S\$6.7 million respectively;
- (ii) The Group registered a net increase in cash and cash equivalents of S\$14.6 million and S\$9.8 million in 1H2016 and FY2015 respectively;
- (iii) The net cash generated from operating activities in 1H2016 was S\$12.2 million compared to net cash used in operating activities of S\$17.2 million in 1H2015 mainly due to: (a) a lower operating cash outflow before changes in working capital in 1H2016; and (b) a net cash inflow from a decrease in loans, advances, hire purchase and leasing receivables in 1H2016 compared to a net cash outflow in 1H2015.
- (iv) The net cash from investing activities of S\$2.1 million in 1H2016 compared to net cash used in investing activities of S\$4.2 million in 1H2015 was mainly due to: (a) a lower purchase of property, plant and equipment; and (b) a lower purchase of investments. This was partially offset by lower proceeds from disposal of investments in 1H2016; and
- (v) The lower net cash from financing activities of S\$0.3 million in 1H2016 compared to S\$21.1 million in 1H2015 was mainly due to: (a) the absence of dividend payments in 1H2016 as compared to 1H2015; and (b) lower proceeds raised from interest-bearing borrowings in 1H2016.

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6.4 Assessment of the Issue Price

In assessing the Issue Price, we have compared the Issue Price against the daily closing prices and observed the volume traded for the period commencing 12 months prior to the Announcement Date, and up to the Latest Practicable Date (“**Period Under Review**”), as set out graphically below:



Source: Bloomberg L.P.

The trading statistics of the Shares during the Period Under Review are set out below:

| | Lowest closing price | Highest closing price | Volume weighted average price ("VWAP") | Premium/ (Discount) of Issue Price to VWAP | Average daily trading volume ⁽⁴⁾ | Average daily trading volume as a percentage of total issued Shares |
|--|----------------------|-----------------------|--|--|---|---|
| | (\$\$) | (\$\$) | (\$\$) | (%) | | (%) |
| Periods prior to the Announcement | | | | | | |
| Last 12 months | 0.265 | 0.425 | 0.336 | (34.5) | 11,124 | 0.007 |
| Last 6 months | 0.265 | 0.380 | 0.293 | (25.0) | 7,039 | 0.005 |
| Last 3 months | 0.265 | 0.285 | 0.273 | (19.5) | 7,449 | 0.005 |
| Last 1 month | 0.270 | 0.285 | 0.273 | (19.4) | 7,210 | 0.005 |
| Last traded day prior to the Announcement ⁽¹⁾ | 0.280 ⁽³⁾ | 0.280 ⁽³⁾ | 0.280 | (21.4) | 9,900 | 0.007 |

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| | Lowest closing price | Highest closing price | Volume weighted average price ("VWAP") | Premium/ (Discount) of Issue Price to VWAP | Average daily trading volume ⁽⁴⁾ | Average daily trading volume as a percentage of total issued Shares (%) |
|---|----------------------------|-----------------------------|--|---|--|--|
| | (\$\$) | (\$\$) | (\$\$) | (%) | | |
| Periods after the Announcement | | | | | | |
| After the Announcement Date up to the Latest Practicable Date | 0.210 | 0.230 | 0.218 | 0.9 | 49,272 | 0.033 |
| Latest Practicable Date ⁽²⁾ | 0.220 ⁽³⁾ | 0.220 ⁽³⁾ | 0.220 | 0.0 | 4,800 | 0.003 |

Source: Bloomberg L.P.

Notes:

- (1) This refers to 28 April 2016, being the last Market Day on which the Shares were traded prior to the Announcement.
- (2) This refers to 12 August 2016, being the last Market Day on which the Shares were traded up to the Latest Practicable Date. There were no trades done on the Latest Practicable Date.
- (3) Based on daily highest and lowest traded prices of the Shares.
- (4) Average daily trading volume is computed based on the total volume of Shares traded during the relevant periods, divided by the number of Market Days.

We note the following:

- (i) During the 12-month period prior to the Announcement Date, the closing prices of the Shares ranged between a low of S\$0.265 and a high of S\$0.425. The Issue Price represents a discount of 17.0% to the lowest closing price of S\$0.265 and a discount of 48.2% to the highest closing price of S\$0.425 over the 12-month period prior to the Announcement Date;
- (ii) The Issue Price represents a discount of 34.5%, 25.0%, 19.5%, and 19.4% to the VWAP of the Shares for the 12-, 6-, 3- and 1-month periods prior to the Announcement Date respectively;
- (iii) The Issue Price represents a discount of 21.4% to the VWAP of the Shares of S\$0.280 on the last traded day prior to the Announcement Date; and
- (iv) Immediately following the announcement of the proposed Rights Issue, the Share Price has trended towards the Issue Price even before the Shares have traded on an ex-rights basis. On 12 August 2016, being the last Market Day on which the Shares were traded up to the Latest Practicable Date, the Issue Price is equivalent to the VWAP of the Shares of S\$0.220.

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6.5 NAV and NTA of the Group

Based on the latest unaudited financial statements of the Group as at 30 June 2016, the unaudited net asset value and net tangible asset, both attributable to owners of the Company (“NAV” and “NTA” respectively) amounted to S\$101.3 million and S\$100.6 million respectively, and is equivalent to an NAV per Share and NTA per Share of 67.36 cents and 66.90 cents respectively.

Accordingly, the Issue Price represents a discount of 67.3% and 67.1% to the NAV per Share and NTA per Share respectively. The Issue Price to NAV per Share and Issue Price to NTA per Share are 0.327 times and 0.329 times respectively.

Revalued NAV and NTA of the Group

In our evaluation of the financial terms of the Proposed Whitewash Resolution, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which is recorded in the latest unaudited financial statements of the Group as at 30 June 2016.

The Company had commissioned DTZ to conduct an independent valuation of the Property. Based on the Valuation Report, the market value of the Property is S\$33.0 million (“**Market Value**”) in May 2016. The Valuation Report is set out in Appendix C of the Circular. The Valuer’s opinion of the market value is based on the direct comparison method.

The Group does not expect to incur any tax liability on the hypothetical sale of the Property, if the Property were to be sold at the amount of the valuation based on the Valuation Report.

The tables below set out the computation of the revalued NAV and revalued NTA of the Group (“**Revalued NAV**” and “**Revalued NTA**” respectively), taking into account the revaluation surplus of S\$19.0 million, arising from the difference between the Market Value and the carrying value of the Property of S\$14.0 million as at 30 June 2016:

Computation of Revalued NAV:

| | S\$’million |
|--|-------------|
| NAV of the Group as at 30 June 2016 | 101.3 |
| Add: Revaluation surplus to the Property | 19.0 |
| Revalued NAV of the Group as at 30 June 2016 | 120.3 |
| Issue Price to Revalued NAV per Share (times) | 0.275 |
| Issue Price discount to Revalued NAV per Share | 72.5% |

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Computation of Revalued NTA:

| | S\$'million |
|--|-------------|
| NTA of the Group as at 30 June 2016 | 100.6 |
| Add: Revaluation surplus to the Property | 19.0 |
| Revalued NTA of the Group as at 30 June 2016 | 119.6 |
| Issue Price to Revalued NTA per Share (times) | 0.277 |
| Issue Price discount to Revalued NTA per Share | 72.3% |

The Directors have confirmed that, to the best of their knowledge and belief:

- (i) since the date of the Valuation Report up to the Latest Practicable Date, no independent appraisal of the value of the Property has been conducted;
- (ii) there are no contingent liabilities, bad or doubtful debt, impairment losses and/or material events as at the Latest Practicable Date which are likely to have a material impact on the NAV and NTA of the Group as at 30 June 2016;
- (iii) there is no litigation, claim or proceeding pending or threatened against the Group or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which might materially and adversely affect the NAV and NTA of the Group as at 30 June 2016;
- (iv) there are no other intangible assets which ought to be disclosed in the unaudited financial statements as at 30 June 2016 in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the NAV and NTA of the Group as at 30 June 2016;
- (v) there has been no material acquisition and/or disposal of assets by the Group since 30 June 2016 and up to the Latest Practicable Date and the Group does not have any confirmed plans for any such impending material acquisition and/or disposal of assets, conversion of the use of its material assets and/or material change in the nature of the Group's business; and
- (vi) save for the revaluation surplus disclosed above, they are not aware of any circumstances which may cause the NAV and NTA of the Group as at the Latest Practicable Date to be materially different from that as at 30 June 2016.

6.6 Market statistics of selected completed rights issues

In assessing the reasonableness of the Issue Price, we have reviewed the salient terms of selected rights issues of shares (excluding rights issues with warrants attached, and rights issues of real estate investment trusts and business trusts) by companies listed on the SGX-ST that were announced during the Period Under Review and completed on or prior to the Latest Practicable Date ("**Comparable Rights Issues**").

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Shareholders should note that the business activities, size of operations, risk profile, geographical spread, operating and financial leverage, market capitalisation, composition of business activities, cash flow requirement, track record, future prospects and other relevant criteria of each of the following listed companies are not identical to the Group. Accordingly, any inference that can be drawn from the comparison of the relevant discount to the theoretical ex-rights prices (“TERP”) may not be directly comparable to the Rights Issue and should not be conclusively relied upon.

| Name of issuer | Date of announcement | Terms of rights issue | Issue price of rights shares (S\$) | Last transacted price prior to announcement (S\$) | TERP ⁽¹⁾ (S\$) | Discount to TERP (S\$) |
|--------------------------------------|----------------------|-----------------------|---------------------------------------|--|------------------------------|---------------------------|
| <u>Non-underwritten</u> | | | | | | |
| iX Biopharma Ltd. | 27-May-16 | 1 for 25 | 0.210 | 0.345 | 0.3398 | 38.2% |
| Artivision Technologies Ltd. | 18-Mar-16 | 5 for 6 | 0.030 | 0.039 | 0.0349 | 14.1% |
| Joyas International Holdings Limited | 8-Mar-16 | 6 for 1 | 0.004 | 0.009 | 0.0043 | 18.3% |
| HLH Group Limited | 23-Dec-15 | 1 for 2 | 0.006 | 0.010 | 0.0087 | 30.8% |
| Moya Holdings Asia Limited | 27-Nov-15 | 5 for 4 | 0.033 | 0.035 | 0.0339 | 2.6% |
| Addvalue Technologies Ltd | 30-Oct-15 | 1 for 3 | 0.031 | 0.069 | 0.0595 | 47.9% |
| Blumont Group Ltd. | 7-Sep-15 | 1 for 2 | 0.002 | 0.006 | 0.0047 | 57.1% |
| Heeton Holdings Limited | 12-Aug-15 | 1 for 3 | 0.493 | 0.580 | 0.5583 | 11.7% |
| Luzhou Bio-Chem Technology Limited | 18-Jun-15 | 1 for 2 | 0.030 | 0.033 | 0.0320 | 6.3% |
| <u>Partially underwritten</u> | | | | | | |
| Yongnam Holdings Limited | 1-Jun-16 | 1 for 2 | 0.210 | 0.335 | 0.2933 | 28.4% |
| Serrano Limited | 29-Jun-15 | 1 for 1 | 0.070 | 0.180 | 0.1250 | 44.0% |
| <u>Underwritten</u> | | | | | | |
| Ezion Holdings Limited | 30-Jun-16 | 3 for 10 | 0.290 | 0.520 | 0.4669 | 37.9% |
| Noble Group Limited | 3-Jun-16 | 1 for 1 | 0.110 | 0.300 | 0.2050 | 46.3% |
| ARA Asset Management | 11-Nov-15 | 18 for 100 | 1.000 | 1.420 | 1.3559 | 26.3% |
| Ezra Holdings Limited | 22-Jun-15 | 190 for 100 | 0.105 | 0.295 | 0.1705 | 38.4% |
| Jardine Cycle & Carriage Limited | 18-Jun-15 | 1 for 9 | 26.000 | 36.060 | 35.0540 | 25.8% |
| KrisEnergy Ltd. | 15-Jun-15 | 42 for 100 | 0.385 | 0.445 | 0.4273 | 9.9% |
| Yamada Green Resources Limited | 8-Jun-15 | 1 for 2 | 0.070 | 0.125 | 0.1067 | 34.4% |

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| Name of issuer | Date of announcement | Terms of rights issue | Issue price of rights shares (S\$) | Last transacted price prior to announcement (S\$) | TERP ⁽¹⁾ (S\$) | Discount to TERP (S\$) |
|----------------|----------------------|-----------------------|---------------------------------------|--|------------------------------|---------------------------|
| High | | | | | | 57.1% |
| Low | | | | | | 2.6% |
| Mean | | | | | | 28.8% |
| Median | | | | | | 29.6% |
| Company | 6-May-16 | 3 for 2 | 0.220 | 0.280 | 0.2440 | 9.8% |

Source: Respective announcements and public documents of the above companies, the SGX-ST website and Bloomberg L.P..

Note:

- (1) Computed based on the respective last transacted price immediately prior to the announcement of the rights issue.

We note that the 9.8% discount of the Issue Price to the TERP of the Shares of S\$0.244 as at the last traded day prior to the Announcement Date is:

- (i) within the range of corresponding discounts to TERP for the Comparable Rights Issues of between 2.6% and 57.1%; and
- (ii) lower than the corresponding mean and median discounts for the Comparable Rights Issues of 28.8% and 29.6% respectively.

6.7 Financial effects of the Rights Issue

For illustration purposes only and based on the audited consolidated financial statements of the Group for FY2015, the financial effects of the Rights Issue on the Group are set out below based on the following assumptions:

- (a) the pro forma financial effects of the Rights Issue on the share capital, NTA per Share, loss per share ("**LPS**") and gearing of the Group are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Group after completion of the Rights Issue. The pro forma financial effects have been computed based on the audited consolidated financial statements of the Group for FY2015;
- (b) the number of Shares for the financial effects relating to the share capital of the Group, NTA per Share and LPS are based on 150,387,866 Shares as at 31 December 2015;
- (c) for the purposes of computing the effect of the Rights Issue on the NTA per Share, it is assumed that the Rights Issue had been completed on 31 December 2015; and
- (d) for the purposes of computing the effect of the Rights Issue on the LPS, it is assumed that the Rights Issue had been completed on 1 January 2015.

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Share Capital

| | Issued Share Capital (Number of Shares) | Issued and Paid-Up Share Capital (S\$'000) |
|---------------------------------|--|---|
| As at 31 December 2015 | 150,387,866 | 88,032 |
| Before the Rights Issue | 150,387,866 | 88,032 |
| Add: Rights Shares to be issued | 225,581,799 | 49,628 |
| After the Rights Issue | 375,969,665 | 137,660 |

NTA

| As at 31 December 2015 | Number of Shares | (S\$'000) |
|---|------------------|------------------------|
| Audited NTA | 150,387,866 | 101,240 |
| Adjusted unaudited NTA after the Rights Issue | 375,969,665 | 150,368 ⁽¹⁾ |
| Audited NTA per Share (cents) | | 67.3 |
| Adjusted unaudited NTA per Share after the Rights Issue (cents) | | 40.0 |

Note:

- (1) Adjusted unaudited NTA after the Rights Issue has been computed after accounting for the proceeds net of estimated expenses for the Rights Issue.

We note that assuming the Rights Issue had been completed as at 31 December 2015, the NTA per Share would decrease as the Rights Shares are proposed to be offered at a discount to the NTA per Share.

LPS

| FY2015 | | (S\$'000) |
|--|------------------|----------------|
| Audited loss for the year attributable to owners of the Company | | (15,151) |
| Unaudited loss for the year attributable to owners of the Company after the Rights Issue | | (15,151) |
| | Number of Shares | LPS (cents) |
| Before the Rights Shares are issued pursuant to the Rights Issue | 150,387,866 | (10.1) |
| After the Rights Shares are issued pursuant to the Rights Issue | 375,969,665 | (4.0) |

We note that assuming the Rights Issue had been completed in FY2015, the LPS would decrease due to the enlarged share capital of the Company upon the completion of the Rights Issue.

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Gearing

| | Scenario 1 ⁽¹⁾ (S\$'000) | Scenario 2 ⁽²⁾ (S\$'000) |
|--|--|--|
| Total borrowings as at 31 December 2015 | 233,935 | 233,935 |
| Equity attributable to owners of the Company as at 31 December 2015 | 102,016 | 102,016 |
| Total equity as at 31 December 2015 | 113,484 | 113,484 |
| Net Proceeds for debt repayment | 49,128 | 19,651 |
| Adjusted total borrowings as at 31 December 2015 | 184,807 | 214,284 |
| Adjusted equity attributable to owners of the Company after the Rights Issue | 151,144 | 151,144 |
| Adjusted total equity after the Rights Issue | 162,612 | 162,612 |
| Gearing (based on the equity attributable to owners of the Company) as at 31 December 2015 (times) | 2.29 | 2.29 |
| Gearing (based on the total equity) as at 31 December 2015 (times) | 2.06 | 2.06 |
| Gearing (based on the equity attributable to owners of the Company) after the Rights Issue (times) | 1.22 | 1.42 |
| Gearing (based on the total equity) after the Rights Issue (times) | 1.14 | 1.32 |

Notes:

(1) Based on the assumption that 100% (S\$49.1 million) of the Net Proceeds will be used for debt repayment.

(2) Based on the assumption that 40% (S\$19.6 million) of the Net Proceeds will be used for debt repayment.

We note that assuming the Rights Issue had been completed as at 31 December 2015, the gearing ratio (based on the total equity) would improve from 2.06 times before the Rights Issue to 1.14 times (Scenario 1) or 1.32 times (Scenario 2) after the Rights Issue. This is mainly due to the strengthened equity position of the Company upon the completion of the Rights Issue and the use of the Net Proceeds as working capital to manage the borrowings.

6.8 Dilution impact of the Rights Issue on the Independent Shareholders

As at the Latest Practicable Date, the Undertaking Shareholder is the largest Shareholder, holding a direct interest of 61,489,957 Shares representing approximately 40.89% of the total number of issued Shares of the Company. As at the Latest Practicable Date, the Concert Party Group has an aggregate direct and deemed interest in 63,860,487 Shares, representing approximately 42.46% of the voting rights of the Company. The remaining 57.54% Shares are held by Independent Shareholders.

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The Rights Issue will not result in any shareholding dilution of the Independent Shareholders in the Company if all Independent Shareholders subscribe for their full entitlements of Rights Shares under the Rights Issue. A dilution impact will only occur for the Independent Shareholders who do not subscribe for their full entitlements of Rights Shares under the Rights Issue.

On the assumption that there are zero subscription applications for the Rights Shares, no new Shares are issued on or prior to completion of the Rights Issue and the Undertaking Shareholder subscribes for 225,581,799 Rights Shares pursuant to the Irrevocable Undertaking, the Undertaking Shareholder's interest in the issued share capital of the Company will increase from 40.89% to 76.36% and the Concert Party Group's interest will correspondingly increase from 42.46% to 76.99%. In such an event, the Concert Party Group effectively has both majority control¹ and special control² of the Company, which means that the Concert Party Group will be in a position to influence the outcome of both ordinary and special resolutions, subject to applicable laws and regulations, and the interests and rights of minority Shareholders. Further, when the Concert Party Group controls a majority of the Shares in issue, such event may result in the Company being in a relatively less favourable position in the context of interest from potential parties seeking control of the Company or who may have intentions to acquire a significant interest or control of the Company.

For illustration purpose, we set out below the two (2) scenarios when the majority control and special control by the Concert Party Group will be triggered as a result of the Rights Issue:

| | Independent Shareholders | Concert Party Group | Total |
|---|--------------------------|---------------------|-------------|
| Scenario 1 – When the Concert Party Group will hold majority control | | | |
| Number of Rights Shares to be subscribed | 101,457,453 | 124,124,346 | 225,581,799 |
| Number of Shares in the enlarged share capital after the Rights Issue | 187,984,832 | 187,984,833 | 375,969,665 |
| % of interest in the enlarged share capital after the Rights Issue | 49.99% | 50.01% | 100.0% |
| Scenario 2 – When the Concert Party Group will hold special control | | | |
| Number of Rights Shares to be subscribed | 7,465,037 | 218,116,762 | 225,581,799 |
| Number of Shares in the enlarged share capital after the Rights Issue | 93,992,416 | 281,977,249 | 375,969,665 |
| % of interest in the enlarged share capital after the Rights Issue | 24.99% | 75.01% | 100.0% |

¹ Parties that hold 50% or more of the voting rights in a company are said to have majority control over the company. With this level of voting rights, such parties are able to pass ordinary resolutions without the support of any other shareholder. The exercise of majority control, however, is subject to applicable laws and regulations, and the interests and rights of minority shareholders

² Parties that hold 75% or more of the voting rights in a company are said to have special control over the company. With this level of voting rights, such parties are able to pass special resolutions without the support of any shareholder. This gives the controllers the ability to control the company in relation to specific areas such as the amendment of the company's Constitution and the voluntary winding up of the company. The exercise of special control, however, is subject to applicable laws and regulations, and the interests and rights of minority shareholders.

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6.9 Other relevant considerations

- (i) We note that the Rights Issue is inter-conditional upon the Independent Shareholders voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 1). Accordingly, if the Proposed Whitewash Resolution (Ordinary Resolution 1) is not passed by the Independent Shareholders, the Rights Issue will not take place.
- (ii) We understand that the Directors have considered other fund-raising options including further bank borrowings and/or debt instruments from financial institutions, and/or debt issuance under the S\$250 million Multi-currency Medium Term Note Programme established in 2003. Having considered that further debt issuance will increase the Group's gearing and incurrence of additional interest expenses, the Rights Issue would be a more suitable funding solution that would strengthen the financial position and capital base of the Group, and allow Shareholders an opportunity to participate further in the equity of the Company on a *pro-rata* basis.
- (iii) Pursuant to Rule 1311 of the Listing Manual of the SGX-ST, the SGX-ST will place an issuer on the watch-list, if it records:
 - (a) pre-tax losses for the three (3) most recently completed consecutive financial years (based on the latest announced full year consolidated accounts) and an average daily market capitalisation of less than S\$40 million over the last six (6) months; or
 - (b) a volume weighted average price of less than S\$0.20 over the last six (6) months.

Should an issuer be placed on the watch-list, pursuant to Rule 1315 of the Listing Manual of the SGX-ST, if it fails to submit an application pursuant to Rule 1314 of the Listing Manual of the SGX-ST within 36 months of the date on which it was placed on the watch-list, the SGX-ST may either remove the issuer from the Official List, or suspend trading of the listed securities of the issuer (without the agreement of the issuer) with a view to removing the issuer from the Official List.

We note that as at the Latest Practicable Date, the Group has recorded pre-tax losses for each of FY2013, FY2014, FY2015, and an average daily market capitalisation of S\$35.7 million over the last six (6) months up to the Latest Practicable Date. The Rights Issue will enlarge the capital base of the Company to 375,969,665 Shares. Based on the TERP of S\$0.244, the theoretical enlarged market capitalisation of the Company would be S\$91.7 million, representing a 156.6% increase from its trailing six (6) months market capitalisation of S\$35.7 million as at the Latest Practicable Date.

Shareholders should note that the Company may enter into the watch-list, and CPF Funds cannot be used under the CPFIS to purchase shares of issuers which are placed on the watch-list.

- (iv) As at the Latest Practicable Date, Phillip Credit Pte Ltd (wholly-owned by Mr. Lim and his associates), extended a loan facility aggregating S\$50 million to the Group. Please refer to the Company's announcement dated 23 December 2015 for further details on the loan facility. Such support coupled with the Irrevocable Undertaking further underscores the support and commitment of Mr. Lim and the Undertaking Shareholder to the Group.

APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

7. OUR OPINION

In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have reviewed and examined all key factors we consider to be pertinent in our assessment, including the following key considerations:

- (i) the rationale for the Rights Issue, *inter alia*, to raise funds to strengthen the financial position and capital base of the Company, and to provide the Company with the funds for debt repayment and potential business opportunities;
- (ii) the Rights Issue being offered to Entitled Shareholders on a *pro-rata* basis;
- (iii) the Group had positive working capital of S\$22.4 million and S\$24.5 million as at 31 December 2015 and 30 June 2016 respectively;
- (iv) an assessment of the Issue Price of the Rights Shares as follows:
 - (a) the Issue Price represents a discount of 17.0% to the lowest closing price of S\$0.265 and a discount of 48.2% to the highest closing price of S\$0.425 over the 12-month period prior to the Announcement Date;
 - (b) the Issue Price represents a discount of 34.5%, 25.0%, 19.5%, and 19.4% to the VWAP of the Shares for the 12-, 6-, 3- and 1-month periods prior to the Announcement Date respectively;
 - (c) the Issue Price represents a discount of 21.4% to the VWAP of the Shares of S\$0.280 on the last traded day prior to the Announcement Date; and
 - (d) the Issue Price is equivalent to the VWAP of the Shares of S\$0.220 on the last Market Day on which the Shares were traded up to the Latest Practicable Date;
- (v) the Issue Price represents a discount of 67.3% and 67.1% to the NAV per Share and NTA per Share as at 30 June 2016 respectively;
- (vi) the Issue Price represents a discount of 72.5% and 72.3% to the Revalued NAV per Share and Revalued NTA per Share as at 30 June 2016 respectively;
- (vii) the 9.8% discount of the Issue Price to the TERP of the Shares of S\$0.244 as at the last traded day prior to the Announcement Date is:
 - (a) within the range of corresponding discounts to TERP for the Comparable Rights Issues of between 2.6% and 57.1%; and
 - (b) lower than the corresponding mean and median discounts for the Comparable Rights Issues of 28.8% and 29.6% respectively;
- (viii) the financial effects of the Rights Issue;
- (ix) the dilution impact of the Rights Issue on the Independent Shareholders; and
- (x) other relevant considerations as follows:

APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (a) the Rights Issue and the Proposed Whitewash Resolution being inter-conditional;
- (b) the alternative fund-raising options considered by the Directors;
- (c) the theoretical enlarged market capitalisation of the Company representing a 156.6% increase from its trailing six (6) months market capitalisation of S\$35.7 million as at the Latest Practicable Date; and
- (d) the loan facility from Phillip Credit Pte Ltd (wholly-owned by Mr. Lim and his associates) and Irrevocable Undertaking from the Undertaking Shareholder underscoring the support and commitment of Mr. Lim and the Undertaking Shareholder to the Group.

Having considered the above, from a financial point of view, we are of the opinion that the Proposed Whitewash Resolution, when considered in the context of the Rights Issue which terms are fair and reasonable, is not prejudicial to the interests of the Independent Shareholders. Accordingly, we advise the Recommending Directors to recommend the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.

Our opinion and advice are addressed to the Recommending Directors for their benefit and for the purpose of their consideration of the Proposed Whitewash Resolution. The recommendation to be made by them to the Independent Shareholders shall remain the responsibility of the Recommending Directors. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of SAC Advisors Private Limited in each specific case, except for the forthcoming EGM and for the purpose of the Proposed Whitewash Resolution.

Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore. Our opinion and advice are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours faithfully
For and on behalf of
SAC Advisors Private Limited

Soo Hsin Yu
Partner, Corporate Finance

Tee Chun Siang
Senior Manager, Corporate Finance



Valuation

**7 TEMASEK BOULEVARD #10-01
SUNTEC TOWER 1
SINGAPORE 038987**

PREPARED FOR

IFS CAPITAL LIMITED

MAY 2016

100 Beach Road #35-00 Shaw Tower
Singapore 189702 Co Reg No: 199501391G

tel +65 6293 3228

fax +65 6293 3228

email valuation.sg@dtz.com

www.dtz.com/sg



APPENDIX C – INDEPENDENT VALUATION REPORT



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APPENDICES

PHOTOGRAPHS

LOCATION PLAN

SITE PLAN

APPENDIX C – INDEPENDENT VALUATION REPORT



1.00 SUMMARY OF IMPORTANT CONCLUSIONS

| | |
|-------------------------|--|
| Property Address | : 7 Temasek Boulevard #10-01 Suntec Tower One Singapore 038987 |
| Property Type | : An office unit located on the 10 th storey of a 45-storey office building (Tower One) within Suntec City, an integrated commercial development. Please see Section 5.02 for the property details. |
| Tenure | : 99 years leasehold commencing from 1 March 1989. |
| Strata Floor Area | : 1336.0 sq.m. |
| Age | : Approximately 20 years. |
| Condition | : Good |
| 2014 Master Plan Zoning | : The subject site is zoned 'Commercial'. |
| Purpose of Valuation | : For corporate reporting purposes. |
| Valuation Methodology | : Direct Comparison Method. |
| Current Market Value | : S\$33,000,000/- (Singapore Dollars Thirty-Three Million). |

A handwritten signature in black ink, appearing to be a stylized 'A' or similar character.

APPENDIX C – INDEPENDENT VALUATION REPORT



2.00 TITLE PARTICULARS

| | | |
|-----------------------|---|--|
| Address | : | 7 Temasek Boulevard #10-01 Suntec Tower One Singapore 038987 |
| Legal Description | : | Lot U1256W Town Subdivision 11. |
| Tenure | : | 99 years leasehold commencing from 1 March 1989. |
| Strata Floor Area | : | 1,336.0 sq.m. |
| Registered Proprietor | : | International Factors (Singapore) Ltd |
| Encumbrance | : | Nil. |
| Other Details | : | The registered subsidiary proprietor's share in the common property is 354/100,000 shares. |

3.00 TOWN PLANNING

3.01 Master Plan Zoning

The subject site is zoned 'Commercial' under the Singapore Master Plan (2014 Edition).

4.00 DESCRIPTION OF LOCALITY

Suntec City is situated within Marina Centre, a rapidly growing major business location in the Central Business District. It is bounded by Temasek Boulevard, Rochor Road, Nicoll Highway and Raffles Boulevard, approximately 1 km from the city centre at Raffles Place. Prominent developments in the vicinity include Marina Square, Marina Mandarin Hotel, The Oriental Hotel, Pan Pacific Hotel, Millenia Singapore and The Ritz-Carlton Millenia Hotel.

APPENDIX C – INDEPENDENT VALUATION REPORT



5.00 PROPERTY DATA

5.01 Description of Subject Development

Suntec City is an integrated commercial development comprising the Singapore International Convention & Exhibition Centre, an 18-storey Suntec City Tower, four 45-storey office towers (Towers 1 to 4), a mega shopping and entertainment mall, a central fountain ringed by the Fountain Terrace restaurants and ample basement carpark facilities.

Vertical movement within the subject building is facilitated by 16 high-speed lifts and a fireman lift. The building is centrally air-conditioned with localised controls. Security and safety features provided include CCTV system for surveillance of main common areas, security patrol, computerised door contact alarm system, automated activation of corrective actions for mechanical/electrical equipment failure and intelligent sensor smoke detectors. In addition, an efficient three-compartment under floor trunking system is also provided.

5.02 The Subject Property

The accommodation and finishes of the subject property are as follows:-

| Accommodation | Finishes | Others |
|------------------------------|---------------------------|--|
| Reception area | marble flooring | built-in cabinets/counter |
| Board room/ meeting rooms | carpet flooring | built-in cabinets |
| General office area | carpet flooring | built-in cabinets |
| Partitioned rooms | carpet flooring | built-in cabinets |
| Pantry | laminated timber flooring | high/low-level cabinets |
| Air-con | ----- | central system |
| Others | ----- | fire sprinklers/fire extinguishers/fire breakglass alarm/smoke detectors |

APPENDIX C – INDEPENDENT VALUATION REPORT



6.00 PURPOSE OF VALUATION

We were instructed to provide an opinion on the current market value of the subject property.

The term “Market Value” as used herein is intended to mean “the highest value at which the sale interest in property might reasonably be expected to have been completed at the date of valuation, assuming:

- a) a willing seller;
- b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms for the completion of the sale;
- c) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- d) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit of a deferred term contract, joint venture or any similar arrangement which could serve to increase the value of the property.

7.00 APPROACH TO VALUE

Our opinion of the market value of the subject properties in their existing continued use, is arrived at by **Direct Comparison Approach**. This approach involves the analysis of transactions of comparable properties within the vicinity in Singapore. Necessary adjustments have been made for differences in location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and the prevailing market conditions amongst other factors affecting its value.

APPENDIX C – INDEPENDENT VALUATION REPORT



8.00 OTHER DETAILS

Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm whether the property is affected by any public schemes such as road improvements. If assurance is required, we recommend that verification be obtained from your lawyers.

9.00 VALUATION

Having regard to all relevant information, we are of the opinion that the market value of the subject property, with vacant possession and free from all encumbrances, restrictions or other outgoing of an onerous nature which would affect value, is **S\$33,000,000/- (Singapore Dollars Thirty-Three Million)**.

10.00 LIMITING CONDITIONS

Please see attached.

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director
Valuation Advisory Services
BSc (Est Mgt) MSISV
(Appraiser's Licence No: AD041-2004055B)

Date : 13 May 2016
Our Ref : NC:LSW:ao:1605093

Sharon Lim
Assistant Manager
Valuation Advisory Services
BSc (Real Est) MSISV
(Appraiser's Licence No. AD041-20099301)

APPENDIX C – INDEPENDENT VALUATION REPORT



LIMITING CONDITIONS

This property Valuation and Report has been prepared subject to the following limiting conditions:-

1) VALUATION BASIS

Our valuation is made on the basis of Market Value. This is intended to mean the highest value at which the sale interest in the property might reasonably be expected to have been completed on the date of valuation, assuming:

- a) a willing seller;
- b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms for the completion of the sale;
- c) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- d) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

No allowances are made for any expenses or realisation or for taxation which might arise in the event of a disposal. Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.

Values are reported in Singapore Currency.

2) CONFIDENTIALITY

Our Valuation and Report is confidential to the party to whom it is addressed and to their professional advisors for the specific purpose to which they refer. The valuer disclaims all responsibility and will accept no liability to any other party. Neither the whole, nor any part, nor reference thereto may be published in any document, statement or circular, nor in any communication with third parties, without our prior written consent of the form and context in which it will appear.

3) SOURCE OF INFORMATION

Where it is stated in the report that information has been supplied to the valuer by the sources listed, this information is believed to be reliable, but the valuer will accept no responsibility if this should prove not to be so. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with relevant government authorities.

4) TENANTS

Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

APPENDIX C – INDEPENDENT VALUATION REPORT



5) TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Information on Town Planning is obtained from the set of Master Plan, Development Guide Plan (DGP) and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements. If assurance is required, we recommend that verification be obtained from your lawyers.

Our valuations are prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Statutory Completion by the competent authority.

6) STRUCTURAL SURVEYS

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services. Whilst any defects or items of disrepair which we note during the course of our inspection will be reflected in our valuations, we are not able to give any assurance in respect of rot, termite, or past infestation or other hidden defects.

7) SITE CONDITIONS

We do not normally carry out investigations on site in order to determine the suitability of the ground conditions, and the services, for any new development. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

8) ATTENDANCE IN COURT

The valuer is not required to give testimony or to appear in court by reason of this report unless specific arrangement has been made therefor.

9) MAXIMUM LIABILITY

Our maximum liability to the client relating to our services rendered (regardless of action whether in contract, negligence or otherwise) shall be limited to fees paid for engaging our services. Under no circumstances will we be liable for consequential, incidental, punitive or special losses, damage or expenses (including opportunity costs and loss of profits) despite being advised of their possible existence.

APPENDIX C – INDEPENDENT VALUATION REPORT



7 Temasek Boulevard #10-01
Suntec Tower One
Singapore 038987



Exterior View of Subject Block



Exterior View of Subject Property

APPENDIX C – INDEPENDENT VALUATION REPORT

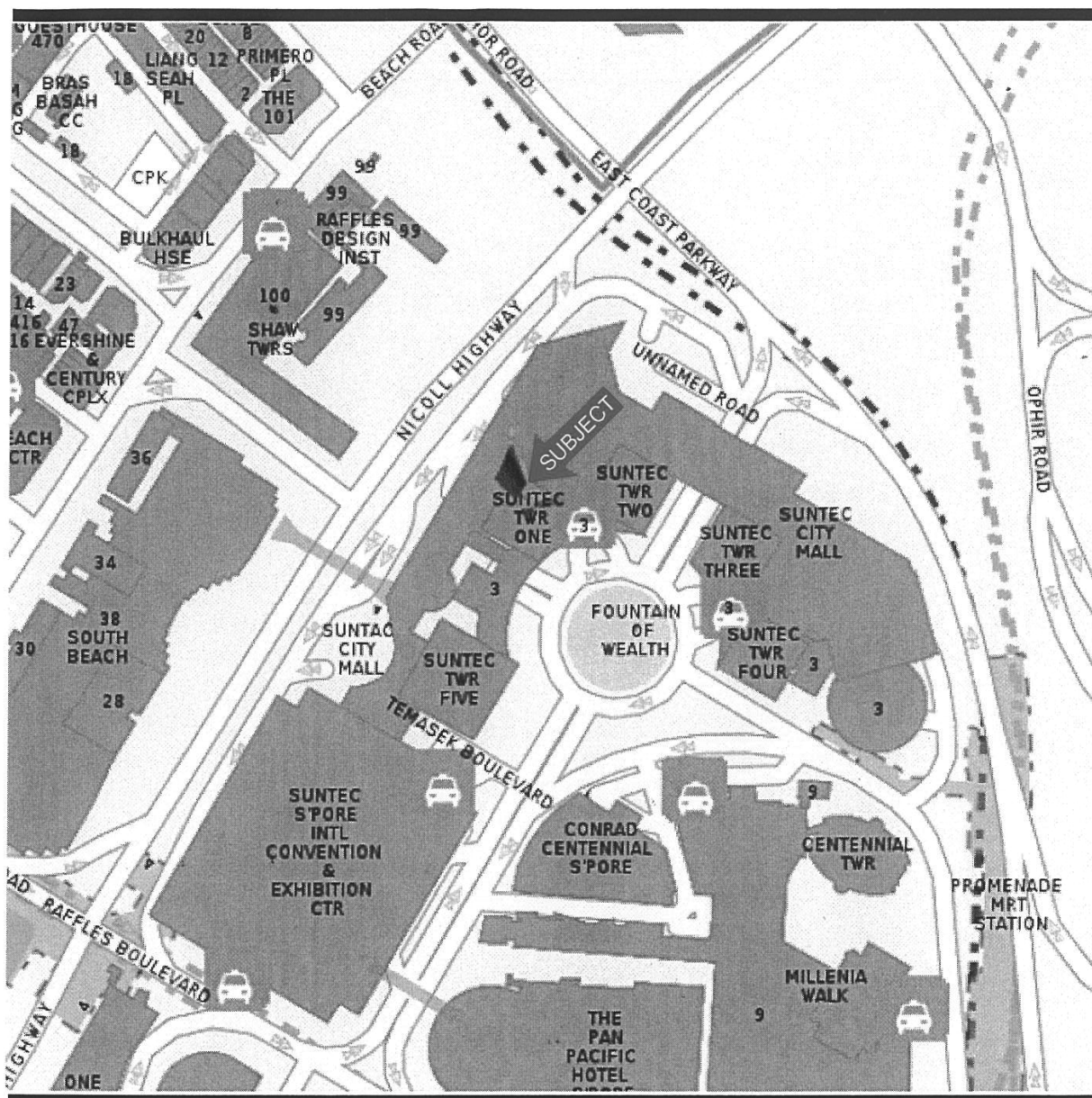


7 Temasek Boulevard #10-01
Suntec Tower One
Singapore 038987



Interior Views of Subject Property

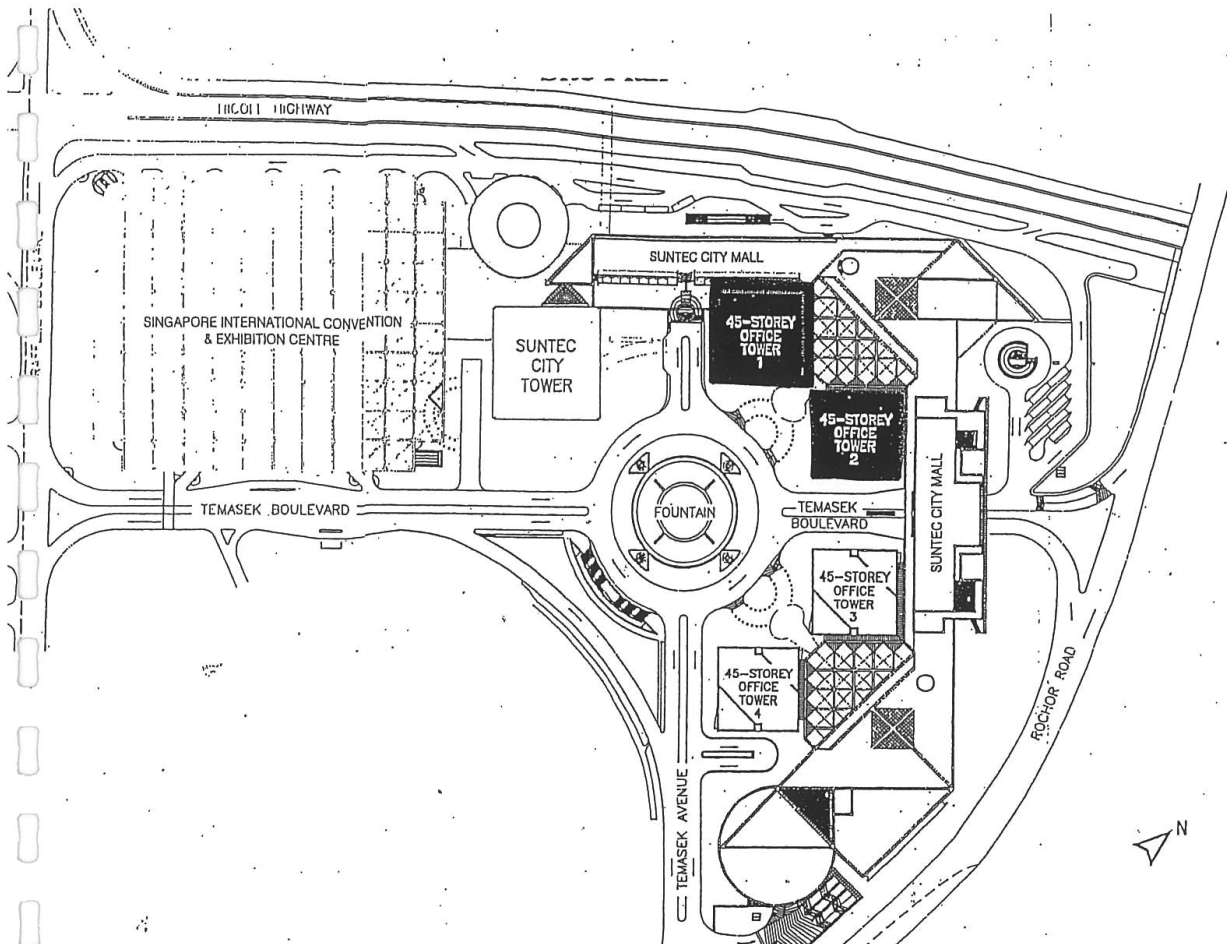
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APPENDIX C – INDEPENDENT VALUATION REPORT

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SITE PLAN

NOTICE OF EXTRAORDINARY GENERAL MEETING

IFS CAPITAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198700827C)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the shareholders of IFS Capital Limited (the “**Company**”) will be held at 250 North Bridge Road, #06-00, Raffles City Tower, Singapore 179101, on Friday, 9 September 2016 at 9.30 a.m., for the purpose of considering and, if thought fit, passing with or without amendment, the ordinary resolutions as set out below.

All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 25 August 2016.

ORDINARY RESOLUTION 1

THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY OFFER FROM PHILLIP ASSETS PTE. LTD. AND PERSONS ACTING IN CONCERT WITH IT FOR ALL OF THE SHARES OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM

That subject to and contingent upon the passing of Ordinary Resolution 2, and the conditions in the letter from the SIC dated 20 May 2016 being fulfilled, the Independent Shareholders hereby (on a poll taken) unconditionally and irrevocably waive their rights to receive a Mandatory Offer from the Concert Parties in accordance with Rule 14 of the Code, as a result of the subscription by Phillip Assets Pte. Ltd. of the Rights Shares pursuant to the Rights Issue.

ORDINARY RESOLUTION 2

THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 225,581,799 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY (“RIGHTS SHARES”) AT AN ISSUE PRICE OF S\$0.22 FOR EACH RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) EXISTING ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS AS AT A BOOKS CLOSURE DATE TO BE DETERMINED BY THE BOARD OF DIRECTORS, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED, WITH AN IRREVOCABLE UNDERTAKING PROVIDED BY PHILLIP ASSETS PTE. LTD. TO SUBSCRIBE FOR ITS RIGHTS ENTITLEMENTS AND ALL OF THE RIGHTS SHARES UNSUBSCRIBED AT THE CLOSE OF THE RIGHTS ISSUE

That subject to and contingent upon the passing of Ordinary Resolution 1:–

- (a) the renounceable non-underwritten Rights Issue of up to 225,581,799 Rights Shares at an issue price of S\$0.22 for each Rights Share, on the basis of three (3) Rights Shares for every two (2) existing Shares held by Entitled Shareholders as at a books closure date to be determined by the Board (“**Books Closure Date**”), fractional entitlements to be disregarded, be and is hereby approved;

NOTICE OF EXTRAORDINARY GENERAL MEETING

(b) the Directors be and are hereby authorised to:–

- (i) create and issue up to 225,581,799 Rights Shares at an issue price of S\$0.22 for each Rights Share;
- (ii) provisionally issue and allot 225,581,799 Rights Shares, at an issue price of S\$0.22 for each Rights Share, on the basis of three (3) Rights Shares for every two (2) existing Shares held by Entitled Shareholders, as at the Books Closure Date, on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors deem fit:–

- (A) the provisional allotments of the Rights Shares under the Rights Issue shall be made on a renounceable basis to Shareholders whose names appear in the Register of Members of the Company or the records of The Central Depository (Pte) Limited (“**CDP**”) as at the Books Closure Date and who have at least three (3) Market Days prior thereto, provided to CDP or the share registrar of the Company (“**Share Registrar**”), as the case may be, addresses in Singapore for the service of notices and documents;
- (B) no provisional allotment of the Rights Shares shall be made in favour of, and no application form or other documents in respect thereof shall be issued or sent to, Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”);
- (C) the entitlements to the Rights Shares which would otherwise accrue to Foreign Shareholders shall be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit, including, without limitation, to be sold “nil-paid” on the SGX-ST and to pool and thereafter distribute the net proceeds thereof, if any (after deducting all expenses), proportionately among such Foreign Shareholders in accordance with their respective shareholdings as at the Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
- (D) provisional allotments of the Rights Shares not taken up or cannot be sold or are not sold on the SGX-ST for any reason shall be used to satisfy excess applications or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company; and
- (E) the Rights Shares when issued and fully paid-up will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distribution, the Record Date for which falls before the date of issue of the Rights Shares; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the Directors and each of them be and is hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, to approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient in order to implement, finalise and give full effect to this Ordinary Resolution 2 and the Rights Issue and/or the matters contemplated herein.

BY ORDER OF THE BOARD

Chionh Yi Chian
Company Secretary
IFS Capital Limited
25 August 2016

Notes:–

- (a) (i) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (ii) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

- (b) A proxy need not be a member of the Company.
- (c) The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, not less than 72 hours before the time appointed for holding the Extraordinary General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the **"Purposes"**), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

IFS CAPITAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198700827C)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in IFS Capital 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.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 25 August 2016.

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

of _____ (Address)

being a member/members of **IFS Capital Limited** (the “Company”), hereby appoint:

| Name | Address | NRIC/ Passport No. | Proportion of Shareholdings | |
|------|---------|-----------------------|-----------------------------|---|
| | | | No. of Shares | % |
| | | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/ Passport No. | Proportion of Shareholdings | |
|------|---------|-----------------------|-----------------------------|---|
| | | | No. of Shares | % |
| | | | | |

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at 250 North Bridge Road, #06-00, Raffles City Tower, Singapore 179101, on Friday, 9 September 2016 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Extraordinary General Meeting.

| | For* | Against* |
|---|------|----------|
| Ordinary Resolution 1: To approve the Proposed Whitewash Resolution | | |
| Ordinary Resolution 2: To approve the Rights Issue | | |

* **Voting will be conducted by poll. If you wish to exercise all your votes “For” or “Against”, please indicate with an “X” in the box provided. Alternatively, please indicate the number of votes as appropriate.**

Dated this _____ day of _____ 2016

| Total number of Shares in: | No. of Shares |
|----------------------------|---------------|
| (a) CDP Register | |
| (b) Register of Members | |

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES TO PROXY FORM:-

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
2. A proxy need not be a member of the Company.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Extraordinary General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Extraordinary General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument appointing a proxy or proxies, to the Extraordinary General Meeting.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by the member.

fold along this line (1)

Affix
Postage
Stamp

IFS Capital Limited
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

fold along this line (2)

5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, not less than 72 hours before the time appointed for holding the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy or proxies, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:-

The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register at least 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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