OFFEREE CIRCULAR DATED 2 MAY 2019

THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF SOOCHOW CSSD CAPITAL MARKETS (ASIA) PTE. LTD. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Kingboard Copper Foil Holdings Limited. If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Shares (as defined herein), you should immediately hand this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

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

KB KINGBOARD COPPER FOIL HOLDINGS LIMITED

KINGBOARD COPPER FOIL HOLDINGS LIMITED

(Incorporated in Bermuda)
(Company Registration No. 26998)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY UNCONDITIONAL CASH OFFER

by

EXCEL FIRST INVESTMENTS LIMITED
卓先投資有限公司

(BVI Company Number 1017021)
(Incorporated in the British Virgin Islands)

for all the issued and paid-up ordinary shares in the capital of
KINGBOARD COPPER FOIL HOLDINGS LIMITED

SCCM 东吴中新资本(亚洲)有限公司 SOOCHOW CSSD CAPITAL MARKETS (ASIA) PTE. LTD.

Independent Financial Adviser to the Independent Directors

SOOCHOW CSSD CAPITAL MARKETS (ASIA) PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201726618K)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER WILL CLOSE AT 5:30 P.M. (SINGAPORE TIME) ON 16 MAY 2019 ("CLOSING DATE"). THE OFFEROR WILL NOT EXTEND THE OFFER PERIOD BEYOND 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE.

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

"**Board**"	:	The board of directors of the Company
"**Business Day**"	:	A day other than Saturday, Sunday or a public holiday, on which commercial banks are open for business in Singapore
"**KBCF Shares**"	:	Ordinary shares in the capital of the Company
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This circular to Shareholders enclosing, *inter alia*, the IFA Letter
"**Closing Date**"	:	5:30 p.m. on 16 May 2019, such date being the last day for the lodgement of acceptances of the Offer
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Companies Act**"	:	The Companies Act (Chapter 50 of Singapore)
"**Company Securities**"	:	(a) KBCF Shares; (b) securities which carry voting rights in the Company; and (c) convertible securities, warrants, options or derivatives in respect of the KBCF Shares or other securities which carry voting rights in the Company
"**Constitution**"	:	The memorandum of association and Bye-Laws of the Company
"**CPF**"	:	The Central Provident Fund
"**Deloitte & Touche LLP**"	:	The auditors of the Company
"**Despatch Date**"	:	2 May 2019, being the date of despatch of this Offeree Circular
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date

"**Distributions**"	:	Any dividend, rights or other distribution and return of capital
"**Encumbrance**"	:	Any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal and any other encumbrance or condition whatsoever
"**FAA**"	:	The Form of Acceptance and Authorisation for Offer Shares in respect of the Offer, applicable to Shareholders whose KBCF Shares are deposited with CDP and which forms part of the Offer Document
"**FAT**"	:	The Form of Acceptance and Transfer for Offer Shares in respect of the Offer, applicable to Shareholders whose KBCF Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of the Offer Document
"**FY**"	:	Financial year ended or ending (as the case may be) 31 December of a particular year as stated
"**HK**"	:	Hong Kong Special Administrative Region of the PRC
"**HK$**"	:	Hong Kong dollars, being the lawful currency of Hong Kong
"**IFA Letter**"	:	The letter dated 2 May 2019 from SCCM to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular
"**Independent Directors**"	:	The Directors who are considered independent for the purposes of the Offer, namely: (a) Mr Ong Tiong Wee; and (b) Mr Chim Hou Yan
"**Interested Person**"	:	As defined in the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: (a) a director, chief executive officer, or substantial shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;

(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;

(d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;

(e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or

(f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more

"**KBCF**" or the "**Company**"	:	Kingboard Copper Foil Holdings Limited
"**KBCF Group**"	:	The Company and its subsidiaries
"**Kingboard Holdings**"	:	Kingboard Holdings Limited
"**Kingboard Holdings Group**"	:	Kingboard Holdings and its subsidiaries
"**Kingboard Laminates**"	:	Kingboard Laminates Holdings Limited
"**Last Traded Day**"	:	1 April 2019, being the last trading day preceding the release of the Offer Announcement
"**Latest Practicable Date**"	:	29 April 2019, being the latest practicable date prior to the printing of this Circular
"**Listing Manual**"	:	The Listing Manual of the SGX-ST, as may be amended, modified or supplemented from time to time
"**Offer**"	:	The voluntary unconditional cash offer made by the Offeror for the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and/or the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
"**Offer Announcement**"	:	The announcement relating to the Offer released by the Offeror on the Offer Announcement Date

"**Offer Announcement Date**"	:	4 April 2019, being the date of the Offer Announcement
"**Offer Document**"	:	The offer document dated 18 April 2019, including the FAA and FAT, and any other document(s) which may be issued by the Offeror to amend, revise, supplement or update the document(s) from time to time
"**Offer Price**"	:	S$0.60 in cash for each Offer Share as further elaborated in section 2.2 of this Circular
"**Offer Shares**"	:	All the KBCF Shares in issue, other than those already owned, controlled or agreed to be acquired by the Offeror Concert Group and treasury Shares (if any) held by the Company
"**Offeror**"	:	Excel First Investments Limited 卓先投資有限公司
"**Offeror Concert Group**"	:	The Offeror and parties acting or presumed to be acting in concert with the Offeror
"**Offeror Securities**"	:	(a) Offeror Shares; (b) securities which carry substantially the same rights as the Offeror Shares; and (c) convertible securities, warrants, options or derivatives in respect of any Offeror Shares or other securities which carry substantially the same rights as the Offeror Shares
"**Offeror Shares**"	:	Issued shares in the capital of the Offeror
"**Overseas Shareholders**"	:	Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of CDP
"**Receiving Agent**"	:	Intertrust Singapore Corporate Services Pte. Ltd.
"**Register**"	:	The register of holders of KBCF Shares, as maintained by the Registrar
"**Registrar**"	:	MUFG Fund Services (Bermuda) Limited, the Bermuda Registrar and Share Transfer Office of the Company
"**Relevant Persons**"	:	Each of the Offeror Concert Group

"**S$**" and "**cents**"	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
"**SCCM**"	:	SooChow CSSD Capital Markets (Asia) Pte. Ltd., being the independent financial adviser to the Independent Directors in respect of the Offer
"**SFA**"	:	The Securities and Futures Act (Chapter 289 of Singapore)
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholder**"	:	A holder of KBCF Shares (other than CDP), as indicated on the Register and a Depositor who has KBCF Shares entered against its name in the Depository Register
"**SRS**"	:	The Supplementary Retirement Scheme
"**SRS Agent Banks**"	:	Agent banks included under SRS
"**SRS Investors**"	:	Investors who purchase KBCF Shares pursuant to SRS
"**%**" or "**per cent.**"	:	Percentage or per centum

Unless otherwise defined, the term "**acting in concert**" shall have the meaning ascribed to it in the Code.

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

The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

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

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall, where applicable, include the other or neuter genders. References to persons shall, where applicable, include corporations.

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

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

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

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and in italics and capitalised terms used within these reproduced statements bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.

In this Circular, the total number of issued KBCF Shares as at the Latest Practicable Date is 722,500,000 issued KBCF Shares. Unless otherwise specified, all references to percentage shareholdings in the capital of the Company in this Circular are based on 722,500,000 KBCF Shares in the issued share capital of the Company as at the Latest Practicable Date.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders of the Company should not place undue reliance on such forward-looking statements, and neither the Company nor SCCM guarantees any future performance or event or assumes any obligation to update publicly or revise any forward-looking statement.

SUMMARY TIMETABLE

Despatch Date	:	2 May 2019
Closing Date[1][2]	:	5:30 p.m. (Singapore time) on 16 May 2019
Date of settlement of the Offer[1]	:	In respect of valid and complete acceptances received before the Closing Date, within seven (7) Business Days after the date of receipt of each such acceptance
Final date of settlement of consideration in respect of the Offer	:	Within seven (7) Business Days after the Closing Date

Notes:

(1) Please also refer to Appendix 1 to the Offer Document for further details.

(2) SRS Investors and other investors who hold KBCF Shares through finance companies or Depository Agents will receive notification letter(s) from their respective SRS Agent Banks, finance companies and Depository Agents. Such investors should refer to those notification letter(s) for details of the last date and time (which may be earlier than the Closing Date) to reply to their respective SRS Agent Banks, finance companies and Depository Agents in order to accept the Offer.

KINGBOARD COPPER FOIL HOLDINGS LIMITED

(Incorporated in Bermuda)
(Company Registration No. 26998)

LETTER FROM THE BOARD OF DIRECTORS

Board of Directors:
Mr. Lam Ka Po (Executive Chairman)
Mr. Cheung Kwok Ping (Executive Director)
Mr. Ho Yin Sang (Non-Executive Director)
Mr. Ong Tiong Wee (Lead Independent Director)
Mr. Chim Hou Yan (Independent Director)

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

2 May 2019

To: The Shareholders of the Company

Dear Sir/Madam

VOLUNTARY UNCONDITIONAL CASH OFFER BY THE OFFEROR TO ACQUIRE ALL THE KBCF SHARES

1. INTRODUCTION

1.1 Offer Announcement

On 4 April 2019, being the Offer Announcement Date, it was announced, *inter alia*, that the Offeror, a wholly-owned subsidiary of Kingboard Laminates, intends to make a voluntary unconditional cash offer for all the issued and outstanding KBCF Shares, in accordance with Section 139 of the SFA, Chapter 289 of Singapore and the Singapore Code on Takeovers and Mergers.

A copy of the Offer Announcement is available on the website of the SGX-ST at www2.sgx.com.

1.2 Offer Document

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

A copy of the Offer Document is available on the website of the SGX-ST at www2.sgx.com.

1.3 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendation of the Independent Directors and the advice of SCCM to the Independent Directors in respect of the Offer.

Shareholders should consider carefully the recommendation of the Independent Directors and the advice of SCCM to the Independent Directors in respect of the Offer before deciding whether to accept or reject the Offer.

2. TERMS OF THE OFFER

2.1 Offer Shares

Section 2.1 of the Letter to Shareholders in the Offer Document states that the Offer is extended to all the Offer Shares, and does not extend to the KBCF Shares owned, controlled or agreed to be acquired by the Offeror or its concert parties, including the KBCF Shares held directly and indirectly by the Offeror and its concert parties as at the Offer Announcement Date.

2.2 Offer Consideration

Section 2.2 of the Letter to Shareholders in the Offer Document states that the consideration for Offer Shares validly tendered in acceptance of the Offer will be:

For each Offer Share: S$0.60 in cash (the "Offer Price")

2.3 No Encumbrances

Section 2.3 of the Letter to Shareholders in the Offer Document states that the Offer Shares will be acquired: (a) fully paid; (b) free from all Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto, including the right to receive and retain all Distributions (if any) which may be announced, declared, paid or made by KBCF on or after the Offer Announcement Date.

If any Distribution is announced, declared, paid or made by KBCF on or after the Offer Announcement Date, and the Offeror is not entitled to receive such Distribution in full in respect of any Offer Share tendered in acceptance of the Offer, the Offer Price payable in respect of such Offer Share will be reduced by the amount of such Distribution.

2.4 Offer Unconditional

Section 2.4 of the Letter to Shareholders in the Offer Document states that the Offer will not be subject to any conditions and will be unconditional in all respects.

3. WARRANTY

Section 3 of the Letter to Shareholders in the Offer Document states that a Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares, as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances; and (c) transferred together with all rights, benefits and entitlements attached to them as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any) which may be announced, declared, paid or made by KBCF on or after the Offer Announcement Date.

4. DURATION OF THE OFFER

Section 4 of the Letter to Shareholders in the Offer Document states that the Offer is open for acceptance by Shareholders for a period of 28 days after the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 16 May 2019 (the "Closing Date").**

Shareholders should note that the Offeror has no intention of extending the Offer beyond 5.30 p.m. (Singapore time) on the Closing Date. Accordingly, the Offeror has given notice that acceptances of the Offer received after 5.30 p.m. (Singapore time) on the Closing Date will be rejected.

5. DETAILS OF THE OFFER

The Offer is made subject to the terms and conditions as set out in the Offer Document. Appendix 1 to the Offer Document sets out further details on: (a) settlement of the consideration for the Offer; (b) requirements relating to the announcements of level of acceptances of the Offer; and (c) right of withdrawal of acceptances of the Offer.

6. PROCEDURES FOR ACCEPTANCE

Appendix 2 to the Offer Document sets out the procedures for acceptance of the Offer and the accompanying FAA and/or FAT (as the case may be).

7. IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, none of the Relevant Persons has received any irrevocable undertaking from any party to accept or reject the Offer.

8. INFORMATION ON THE OFFEROR

Details of the Offeror are set out in section 7 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

"2. PRINCIPAL ACTIVITIES AND ISSUED SHARES

The Offeror is a BVI business company incorporated in the British Virgin Islands on 22 March 2006. Its principal activity is that of investment holding. As at the Offer Announcement Date, the Offeror has issued only 1 share with a par value of US$1.00 per share. As at the Offer Announcement Date, the directors of the Offeror are Mr. Cheung Kwok Wa, Mr. Cheung Kwok Ping and Mr. Cheung Ka Ho.

*The Offeror is a wholly-owned subsidiary of Kingboard Laminates Holdings Limited ("**Kingboard Laminates**"), which is listed on The Stock Exchange of Hong Kong Limited. As at the Offer Announcement Date, the directors of Kingboard Laminates are Mr. Cheung Kwok Wa, Mr. Cheung Kwok Keung, Mr. Cheung Kwok Ping, Mr. Lam Ka Po, Mr. Cheung Ka Ho, Mr. Liu Min, Mr. Zhou Pei Feng, Mr. Lo Ka Leong, Mr. Leung Tai Chiu, Mr. Ip Shu Kwan, Stephen, Mr. Zhang Lu Fu and Mr. Lau Ping Cheung, Kaizer.*

*Kingboard Laminates is, in turn, a 69.31% owned subsidiary of Kingboard Holdings Limited (formerly known as Kingboard Chemical Holdings Limited) ("**Kingboard Holdings**"), and also listed on The Stock Exchange of Hong Kong Limited. The Kingboard Holdings Group has business activities ranging from manufacture and sale of, among others, laminates, printed circuit boards, chemicals and magnetic products, and property development and investment. As at the Offer Announcement Date, the directors of Kingboard Holdings are Mr. Cheung Kwok Wing, Mr. Chang Wing Yiu, Mr. Cheung Kwong Kwan, Mr. Ho Yin Sang, Ms. Cheung Wai Lin, Stephanie, Mr. Cheung Ka Shing, Mr. Chen Maosheng, Mr. Cheung Ming Man, Dr. Chong Kin Ki, Mr. Leung Tai Chiu and Mr. Chan Wing Kee.*

Additional information on Kingboard Laminates and Kingboard Holdings can be found at their websites at http://www.kblaminates.com and http://www.kingboard.com, respectively."

Appendix 3 to the Offer Document sets out additional information on the Offeror.

9. OFFEROR'S RATIONALE FOR THE OFFER

The Offeror's rationale for the Offer is set out in section 9 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

"9. RATIONALE FOR OFFER

9.1 Intention to Delist and Privatise the Company

The Offeror intends to make the Offer with a view to delist the Company from the SGX-ST if, inter alia, the Free Float Requirement (as hereinafter defined) is not satisfied and/or it achieves the requisite acceptances for such delisting, in order to facilitate management and operational control and leverage over the Company and its subsequent developments. The Offeror will also exercise any rights of compulsory acquisition that may arise under Section 102 of the Bermuda Companies Act.

The successful delisting of the Company will, amongst others, enable the Offeror together with the management of the Company to have a longer horizon to manage and plan its business. It will also provide the Offeror and the management of the Company more control and flexibility to manage and drive the future business growth of the Company.

9.2 Opportunity for Minority Shareholders to Realise their Investment in the Shares at a Premium

The Offer Price is at a premium above the historical market prices of the Shares of over the last twelve-month period up to the Offer Announcement Date. The Offer Price represents an approximately 9.1% premium above the closing price on the Last Traded Day, being 1 April 2019, and an approximately 16.1%, 25.3%, 27.4% and 32.5% premium above the VWAP per Share for the one-month, three-month, six-month and 12-month period prior to and including the Last Traded Day, respectively.

Shareholders who tender their Shares pursuant to the Offer will have an opportunity to realise their investment in the Company for a cash consideration at a premium above the historical market share prices, without incurring any brokerage and other trading costs.

9.3 Compliance Costs of Maintaining Listing

The Company incurs compliance and other related costs associated with maintaining its listing status. The delisting of the Company will eliminate listing related expenses which can be channelled towards its business operations."

10. OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The Offeror's intentions in relation to the Company are set out in sections 10 and 12 of the Letter to Shareholders in the Offer Document, which are reproduced in italics below:

"10. OFFEROR'S INTENTIONS FOR THE COMPANY

Upon completion of the Offer, the Offeror will undertake a strategic and operational review of the Company and its subsidiaries with a view to realising synergies, scale, cost efficiencies and growth potential.

The Offeror presently has no intention to introduce any major changes to the business of the Company, or to discontinue the employment of any of the existing employees of the Group or re-deploy any of the fixed assets of the Company, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves.

12. LISTING STATUS AND COMPULSORY ACQUISITION

12.1 Delisting

The Offeror does not intend to preserve the listing status of the Company. Under Rule 1105 of the Listing Manual, upon announcement by the Offeror that acceptances have been received that bring the holdings of the Shares owned by the Offeror Concert Group to above 90% of the total number of Shares in issue excluding treasury shares, the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time the SGX-ST is satisfied that at least 10% of the Shares in issue excluding treasury shares are held by at least 500 Shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of Shares in issue excluding treasury shares, thus causing the percentage of the total number of Shares in issue held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares on the SGX-ST at the close of the Offer.

*Separately, Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of Shares in issue excluding treasury shares is at all times held by the public ("**Free Float Requirement**"). Rule 724 of the Listing Manual states that, if the Free Float Requirement is not met, the Company must, as soon as practicable, announce that fact, and the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.*

In the event that the Company does not meet the Free Float Requirement and the trading of the Shares on the SGX-ST is suspended, the Offeror does not intend to support any action or take any steps to maintain the listing status of the Company or to restore the Free Float Requirement, consistent with its intention to delist the Company from the SGX-ST.

12.2 Compulsory Acquisition

The Company is incorporated in Bermuda. Under Section 102 of the Bermuda Companies Act, where an offeror has, within four months after the making of an offer under a scheme or contract involving the transfer of shares:

*(a) obtained acceptances from shareholders holding not less than nine-tenths in value of the shares in a Bermuda-incorporated company ("**Target**") whose transfer is involved (other than shares already held, at the date of the offer, by the offeror, the offeror's subsidiaries, and nominees of the offeror or its subsidiaries); and*

(b) where, at the date of the offer, shares in the Target whose transfer is involved, are already held by the offeror, the offeror's subsidiaries, and nominees of the offeror or its subsidiaries to a value greater than 10% of the total issued shares of the Target, such accepting shareholders also represent not less than 75% in number of the holders of such shares (other than shares already held as at the date of the offer, by the offeror, the offeror's subsidiaries, and nominees of the offeror or its subsidiaries), and further provided that the offeror must have made the offer on the same terms to all holders of the shares whose transfer is involved (other than those already held as aforesaid),

*("**Approval Threshold**"), the offeror may at any time within two months beginning from the date on which the Approval Threshold is achieved, give notice under Section 102(1) of the Bermuda Companies Act to any dissenting shareholder that the offeror wishes to acquire his shares ("**Acquisition Notice**"). When such Acquisition Notice is given, upon the expiry of one month from the date on which the notice was given, the offeror shall be entitled and bound to acquire those shares on the same terms as the offer (unless an application is made by the dissenting shareholder(s) to the Supreme Court of Bermuda ("**Court**") within one month from the date on which the notice was given and the Court thinks fit to order otherwise).*

*Section 102(2) of the Bermuda Companies Act provides that where, pursuant to such a scheme or contract, shares in the Target are transferred to an offeror or its nominee, and those shares together with any other shares in the Target held by, or by a nominee for, the offeror or its subsidiary at the date of the transfer comprise nine-tenths in value of the shares in the Target, the offeror must within one month from the date of the transfer give notice of that fact to the dissenting shareholder(s) of the Target, and any such shareholder may within three months from the giving of the said notice to him, give notice (an "**Offeree Notice**") requiring the offeror to acquire his shares in the Target. Where a dissenting shareholder gives an Offeree Notice with respect to any shares in the Target, the offeror shall be entitled and bound to acquire those shares on the same terms of the original offer (or on such other terms as may be agreed or as the Court, on the application of either the offeror or the dissenting shareholder, thinks fit to order).*

*Under Section 103 of the Bermuda Companies Act, the holders of not less than 95% of the shares in a Bermuda-incorporated company ("**Purchasers**") may give notice ("**Section 103 Acquisition Notice**") to the remaining shareholders of the intention to acquire their shares on the terms set out in the Section 103 Acquisition Notice. When such Section 103 Acquisition Notice is given, the Purchasers shall be entitled and*

bound to acquire the shares of the remaining shareholders on the terms set out in the Section 103 Acquisition Notice unless a remaining shareholder applies to the Court to have the Court appraise the value of such shares.

The Offeror intends to make the Company its wholly-owned subsidiary. ***Accordingly, if entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 102 and Section 103 of the Bermuda Companies Act.***

Shareholders who are in doubt of their position under the Bermuda Companies Act are advised to seek their own independent legal advice.*"*

11. DIRECTORS' INTERESTS

Details of the Directors including, inter alia, the Directors' direct and deemed interests in the Company Securities and the Offeror Securities as at the Latest Practicable Date, are set out in Appendix II to this Circular.

12. SCCM'S ADVICE IN RELATION TO THE OFFER

12.1 Appointment of Independent Financial Adviser

SCCM has been appointed as the independent financial adviser to advise the Independent Directors for the purpose of making a recommendation to the Shareholders in connection with the Offer.

12.2 SCCM'S Advice to the Independent Directors

After 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, SCCM has made certain recommendations to the Independent Directors in Section 8 of the IFA Letter, 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. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the IFA Letter.

"8. OUR RECOMMENDATION TO THE INDEPENDENT DIRECTORS ON THE OFFER

In arriving at our recommendation in respect of the Offer, we have taken into account, reviewed and deliberated on the following key considerations which we consider to be pertinent in our assessment of the Offer:

(a) The Shares closed below the Offer Price on 1 April 2019 the last trading day before the Offer Announcement;

(b) Between the last trading day and the Latest Practicable Date, the closing price of the shares had trended upwards but has not closed above the Offer Price;

(c) The Offer Price represents a premium of 9.1% to the highest transacted price of the Shares in the 1-year period prior to the Offer Announcement;

(d) The Offer Price represents a premium of between 16.1% to 32.5% over the various VWAPs in the various historical periods prior to the last trading day before the Offer Announcement;

(e) The Share price after the Offer Announcement Date is likely to be supported by the Offer and may not be sustained at current levels in the absence of the Offer;

(f) The Offer Price represents a discount of approximately 8.5% to the estimated NAV per Share of HK$3.8027 (S$0.6560) as at 31 December 2018;

(g) The Offer Price represents a discount of approximately 12.3% to the estimated RNAV and RNTA per Share of HK$3.9681 (S$0.6845) as at 31 December 2018;

(h) The P/NAV multiple of 0.91x implied by the Offer Price is equivalent to the corresponding mean and is higher than the median multiples of the Precedent Privatisation Transactions;

(i) The P/RNAV multiple of 0.88x implied by the Offer Price is equivalent to the corresponding mean and slightly above the median multiples of the Precedent Privatisation Transactions;

(j) The P/NAV multiple of 0.91x implied by the Offer Price is significantly higher than the historical P/NAV multiple of the Shares for the 2009 Scheme and 2017 Offer;

(k) The P/RNAV multiple of 0.88x implied by the Offer Price is significantly higher than the historical P/NTA multiple of the Shares for the 2009 Scheme and 2017 Offer;

(l) The P/NTA multiple of 0.91x implied by the Offer Price is below the corresponding mean and median multiples of the Comparable Companies;

(m) The P/RNTA multiple of 0.88x implied by the Offer Price is below the corresponding mean and median multiples of the Comparable Companies;

(n) The P/E multiple implied by the Offer Price is above the range of P/E multiples of the Comparable Companies;

(o) The market price premia implied by the Offer Price, when compared against the various VWAPs in the various historical periods prior to the Offer Announcement, are below the corresponding overall mean and median premia of the Precedent Privatisation Transactions;

(p) There is no publicly available evidence of any alternative offer for the Shares and it is highly unlikely that there will be any competing offer for the Shares;

(q) The Company has not paid any dividends since FY2010 and there is no assurance that dividend will be paid in the future;

(r) As at the Latest Practicable Date, the Offeror and its Concert Parties already have statutory control of the Company, representing 88.41% of the total issued Shares (excluding treasury shares) which entitles them to pass all ordinary resolutions on matters in which the Offeror and its Concert Parties do not have an interest, at general meetings of the Company;

(s) The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company and in the event that the trading of Shares on the SGX-ST is suspended, the Offeror has no intention to undertake or support any action for any such trading suspension to be lifted;

(t) The Offer represent a realistic opportunity for Shareholders to realise their entire investment in cash taking into account the low trading liquidity prior to the Offer Announcement Date;

(u) In the event that the Offeror becomes entitled to exercise its right of compulsory acquisition under Section 102 and Section 103 of the Bermuda Companies Act, the Offeror intends to exercise such right; and

(v) The Offeror intends to undertake a strategic and operational review of the Company and its subsidiaries with a view to realising synergies, scale, cost efficiencies and growth potential.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Offer are not fair but reasonable.

Accordingly, we advise the Independent Directors to recommend Shareholders to ACCEPT the Offer.

Shareholders who wish to realise their investments in the Company can also choose to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after deducting transaction costs).”

13. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

The Independent Directors, having considered carefully the terms of the Offer and the advice given by SCCM to the Independent Directors in the IFA Letter, have set out their recommendation on the Offer below:

The Independent Directors concur with SCCM’s assessment of the Offer and its advice thereon, as set out in section 12.2 of this Circular and in the IFA Letter. **Accordingly, the Independent Directors recommend that Shareholders ACCEPT the Offer.**

In making the above recommendation, the Independent Directors have not had regard to the general or specific investment objectives, financial situations, risk profiles, tax positions and/or particular needs and constraints of any specific Shareholder. As different Shareholders would have different investment profiles and objectives, the Independent Directors recommend that any specific Shareholder who may require specific advice in relation to his KBCF Shares should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

Shareholders should read and consider carefully this Circular, including the recommendation of the Independent Directors and the advice of SCCM to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular in their entirety, before deciding whether to accept or reject the Offer. Shareholders are also urged to read the Offer Document carefully.

14. OVERSEAS SHAREHOLDERS

Overseas Shareholders should refer to section 15 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

"15. OVERSEAS SHAREHOLDERS

15.1 Overseas Shareholders

The availability of the Offer to Overseas Shareholders may be affected by the laws and regulations of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about and observe any applicable legal requirements. Where there are potential restrictions on sending this Offer Document, the FAA and/or the FAT to any overseas jurisdiction, the Offeror reserves the right not to send these documents to any such overseas jurisdiction. For the avoidance of doubt, the Offer is made to all Shareholders holding Offer Shares, including those to whom this Offer Document, the FAA and/or the FAT have not been or will not be sent.

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

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

15.2 Overseas Jurisdiction

It is the responsibility of any Overseas Shareholder who wishes to accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities and legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable, and the Offeror and any person acting on its behalf (including CDP and the Receiving Agent) shall be fully indemnified and held harmless by such Overseas

Shareholders for any such taxes, imposts, duties or other requisite payments that may be required to be paid. In accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities and legal requirements.

The Offeror reserves the right not to treat any acceptance of the Offer in or from any overseas jurisdiction and/or in respect of an Overseas Shareholder as valid. Overseas Shareholders accepting the Offer should note that if they have, in the FAA and/or FAT, provided addresses in overseas jurisdictions for the receipt of remittances of payment by the Offeror, such acceptance may be rejected.

Any Overseas Shareholder who is in doubt about his position should consult his professional advisers in the relevant jurisdictions.

15.3 Copies of this Offer Document, the FAA and/or the FAT

Where there are potential restrictions on sending this Offer Document, the FAA and/or FAT to any overseas jurisdiction, the Offeror reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions.

Overseas Shareholders may obtain copies of the Offer Document, the FAA and/or the FAT and any related documents, during normal business hours and up to 5:30 p.m. (Singapore time) on the Closing Date from, as the case may be, (a) the Receiving Agent, Intertrust Singapore Corporate Services Pte. Ltd. at 77 Robinson Road, #13-00 Robinson 77, Singapore 068896 or (b) CDP at 11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589. Electronic copies of the Offer Document, the FAA and/or the FAT may also be obtained from the website of the SGX-ST at www.sgx.com. Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write in to the Receiving Agent at the aforementioned address to request for the Offer Document, the FAA and/or the FAT and any related documents to be sent to an address in Singapore by ordinary post at his own risk, provided always that the last date for despatch in respect of such request shall be a date falling three Market Days prior to the Closing Date. It is the responsibility of the Overseas Shareholder who wishes to request for the Offer Document, the FAA and/or the FAT and any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities and legal requirements. In requesting for this Offer Document, the FAA and/or the FAT and any related documents, the Overseas Shareholder represents and warrants to the Offeror that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities and legal requirements.

15.4 Notices

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

15. INFORMATION RELATING TO SRS INVESTORS

SRS Investors should receive further information on how to accept the Offer from their SRS Agent Banks directly. SRS Investors are advised to consult their SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice.

SRS Investors who wish to accept the Offer are to reply to their SRS Agent Banks by the deadline stated in the letter from their SRS Agent Banks. SRS Investors who validly accept the Offer will receive the payment for their Offer Shares in their SRS investment accounts.

16. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than 5:30 p.m. (Singapore time) on the Closing Date. Please refer to Appendix 2 to the Offer Document, which sets out the procedures for acceptance of the Offer.

Shareholders who do not wish to accept the Offer need not take further action in respect of the Offer Document which has been sent to them.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those relating to the Offeror, parties acting or deemed to be acting in concert with the Offeror, the Offer, the Offer Announcement, the Offer Document and the IFA Letter) are fair and accurate and that there are no material facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the KBCF Group are, to the best of their knowledge and belief, fair and accurate in all material respects.

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

The Directors jointly and severally accept responsibility accordingly.

Yours faithfully
For and on behalf of the Board of Directors

Mr Lam Ka Po
Chairman

SOOCHOW CSSD CAPITAL MARKETS (ASIA) PTE. LTD.

(Company Registration Number: 201726618K)
(Incorporated in the Republic of Singapore)
80 Raffles Place #43-01 UOB Plaza 1
Singapore 048624

2 May 2019

To: The Independent Directors of Kingboard Copper Foil Holdings Limited (deemed to be independent in respect of the Offer)

Mr Ong Tiong Wee (Independent Non-Executive Director)
Mr Chim Hou Yan (Independent Non-Executive Director)

Dear Sirs,

VOLUNTARY UNCONDITIONAL CASH OFFER BY EXCEL FIRST INVESTMENTS LIMITED

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company ("**Shareholders**") dated 2 May 2019 ("**Circular**"). For the purpose of our Letter, where applicable, we have used the foreign exchange rate of HK$1.00: S$0.17251 on 4 April 2019, being the Offer Announcement Date. The above foreign exchange rate is extracted from published information by Bloomberg L.P. and is provided solely for information only.*

1. INTRODUCTION

On 4 April 2019 (the "**Offer Announcement Date**"), Excel First Investments Limited (the "**Offeror**") announced (the "**Offer Announcement**") that the Offeror intends to make a voluntary unconditional cash offer (the "**Offer**") for all the issued and paid up ordinary shares of a par value of US$0.10 each ("**Shares**") in the capital of Kingboard Copper Foil Holdings Limited (the "**Company**"), other than those which are owned, controlled or agreed to be acquired by the Offeror or by parties acting in concert or deemed to be acting in concert with the Offeror in relation to the Offer (the "**Concert Parties**" and such Shares, the "**Offer Shares**"), with a view to delist the Company from the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The Offer is made in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore and the Singapore Code on Take-overs and Mergers (the "**Code**").

The Offeror is an investment holding company incorporated in the British Virgin Islands with one issued share with a par value of US$1.00 per share. The Offeror is a wholly-owned subsidiary of Kingboard Laminates Holdings Limited ("**Kingboard Laminates**"), which is listed on The Stock Exchange of Hong Kong Limited (The "**HKSE**"). Kingboard Laminates is, in turn, a 69.31%-owned subsidiary of Kingboard Holdings Limited

(formerly known as Kingboard Chemical Holdings Limited) ("**Kingboard Holdings**") which is also listed on the HKSE. The Kingboard Holdings group has business activities ranging from manufacture and sale of, among others, laminates, printed circuit boards, chemicals and magnetic products, and property development and investment.

As at the Offer Announcement Date, the Offeror and its Concert Parties hold in aggregate 638,780,371 Shares, representing 88.41% of the total number of issued Shares of 722,500,000 Shares, none of which is held in treasury.

The Offer is to be made at the offer price of **S$0.60 in cash** for each Share (the "**Offer Price**"). The Offer is unconditional in all respects.

On 18 April 2019, the Offeror announced that the formal offer document (the "**Offer Document**") setting out, *inter alia*, the terms and conditions of the Offer has been despatched to Shareholders on the same day.

In connection with the Offer, the Company has appointed Soochow CSSD Capital Markets (Asia) Pte. Ltd. ("**SCCM**") as the independent financial adviser ("**IFA**") to the Directors who are considered independent in respect of the Offer (the "**Independent Directors**"), for the purpose of making their recommendation to Shareholders in relation to the Offer.

Pursuant to the confirmations sought by the Company, the Securities Industry Council (the "**SIC**") had ruled that (a) Mr Lam Ka Po, who is the Executive Director and Chairman of the Company; (b) Mr Cheung Kwok Ping, who is the Executive Director of the Company; and (c) Mr Ho Yin Sang, who is the Non-Executive Director of the Company, are exempted from the requirements to make a recommendation to the Shareholders on the Offer as they face irreconcilable conflicts of interest in doing so, being deemed concert parties to the Offeror.

Mr Lam Ka Po is the co-founder of the Kingboard Group and a director of Kingboard Laminates. Mr Cheung Kwok Ping is a director of the Offeror and Kingboard Laminates. Mr Ho Yin Sang is the brother-in-law of Mr Cheung Kwok Ping and a director of Kingboard Holdings.

The Company has confirmed to us that the remaining Directors, namely, Mr Ong Tiong Wee and Mr Chim Hou Yan, are deemed independent in respect of the Offer.

This letter (the "**Letter**") is therefore addressed to the Independent Directors and sets out, *inter alia*, our evaluation and advice on the financial terms of the Offer and our recommendations on the Offer. This Letter forms part of the Circular which provides, *inter alia*, the details of the Offer and the recommendations of the Independent Directors on the Offer.

2. TERMS OF REFERENCE

SCCM has been appointed as the IFA to advise the Independent Directors in respect of their recommendations to the Shareholders in relation to the Offer.

We have confined our evaluation and assessment to the financial terms of the Offer, and have not taken into account the commercial risks or commercial merits of the Offer. In addition, we have not been requested, and we do not express any advice or give any opinion on the merits of the Offer relative to any other alternative transaction. We were not involved in the negotiations pertaining to the Offer nor were we involved in the deliberation leading up to the decision to put forth the Offer to the Shareholders.

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 or earnings potential of the Company and its subsidiaries (the "**Group**"). Such evaluation or comments remain the responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion. The opinion set forth herein is based solely on publicly available information, as well as information provided by the Directors, and is predicated upon the economic and market conditions prevailing as at 29 April 2019, being the Latest Practicable Date as referred to in the Circular. This Letter therefore does not reflect any projections on the future financial performance of the Group and we do not express any views as to the prices at which the Shares may trade after the close of the Offer.

We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. In this regard, we have not addressed the relative merits of the Offer in comparison with any alternative transaction that the Company may consider in the future. Therefore, we do not express any views in these areas in arriving at our recommendation.

In formulating our opinion and recommendation, we have held discussions with the Directors and the management of the Group (the "**Management**") and have relied to a considerable extent on the information set out in the Circular, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Company and its other professional advisers. Whilst care has been exercised in reviewing the information we have relied upon, we have not independently verified the information both written and verbal and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. Nonetheless, we have made reasonable enquires and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

The Directors have confirmed, having made all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer, the Company and/or the Group have been disclosed to us,

that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

We have not made any independent evaluation or appraisal of the assets or liabilities of the Company or the Group (including without limitation, property, plant and equipment). However, we have been provided with:

(a) three valuation summary letters dated 6 February 2019 (the "**Valuation Summary Letters**") from Ravia Global Appraisal Advisory Limited ("**Ravia**" or the "**Valuer**"), an independent valuer. Ravia was appointed by the Company to carry out an independent valuation of certain assets of the Group ("**Valuation Assets**"), including leasehold properties and plant and equipment that are classified as licenced assets of the Group, as at 31 December 2018 for accounting reference purposes. We understand from the Company that the above valuations were carried out to assess the need for any impairment to these assets for the purpose of reporting the statement of financial position of the Group as at 31 December 2018, and not for the purpose of the Offer; and

(b) in connection with and for the purpose of the Offer, the Company had commissioned Ravia to issue the valuation certificates (the "**Valuation Certificates**") in respect of the Valuation Assets. The Valuer had confirmed that the market valuations of the Valuation Assets as at 31 December 2018 are still valid up to 2 May 2019. We note that the market valuations of the Valuation Assets as set out in the Valuation Summary Letters remain unchanged in the Valuation Certificates in respect of these Valuation Assets.

Copies of the above Valuation Certificates dated 2 May 2019 is attached as **Appendix A** to this letter.

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

The information which we have relied on in the assessment of the Offer were based on market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date, which may change significantly over a relatively short period of time.

We assume no responsibility to update, revise or reaffirm our opinion or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or assumptions contained herein. Shareholders should take note of any announcements relevant to their consideration of the Offer, as the case may be, which may be released after the Latest Practicable Date.

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

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

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes at any time and in any manner, other than for the purpose of the Offer, without the prior written consent of SCCM in each specific case.

Our opinion is addressed to the Independent Directors for their benefit and deliberation of the Offer. The recommendations made to the Shareholders in relation to the Offer, as the case may be, shall remain the responsibility of the Independent Directors.

Our recommendation to the Independent Directors in relation to the Offer should be considered in the context of the entirety of this Letter and the Circular.

3. THE OFFER

The detailed terms of the Offer are set out in Section 2 of the Offer Document dated 18 April 2019. The key terms of the Offer are set out below for your reference.

3.1 Offer Price

The Offer will be made at **S$0.60 in cash** for each Offer Share.

3.2 Offer Shares

The Offer is extended, on the same terms and conditions, to all the Offer Shares. The Offer does not extend to the Shares owned, controlled or agreed to be acquired by the Offeror or its Concert Parties, including the Shares held directly and indirectly by the Offeror and its Concert Parties, and treasury Shares (if any) held by the Company.

The Company does not hold any treasury Shares as at the Latest Practicable Date.

3.3 Rights and Encumbrances

The Offer Shares will be acquired:

(a) fully paid;

(b) free from all claims, charges, liens, mortgages, encumbrances, hypothecations, retention of title, power of sale, equity, options, rights of pre-emption, rights of first refusal or other third party rights or interests of any nature whatsoever; and

(c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and hereafter attaching thereto, including the right to receive and retain all dividends, rights, other distributions and return of capital ("**Distributions**") (if any) which may be announced, declared, paid or made by the Company, the Record Date for which falls on or after the Offer Announcement Date. For the purpose of this Announcement, "Record Date" means, in relation to any Distributions, the date on which Shareholders must be registered with the Company or with The Central Depository (Pte) Limited ("**CDP**"), as the case may be, in order to participate in such Distributions.

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, and the Offeror is not entitled to receive such Distribution in full in respect of any Offer Share tendered in acceptance of the Offer, the Offer Price payable in respect of such Offer Share will be reduced by the amount of such Distribution.

Since the Offer Announcement Date and up to the Latest Practicable Date, we note that the Company has not made or declared any Distribution.

3.4 Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to have unconditionally and irrevocably warranted that he sells such Offer Shares, as or on behalf of, the beneficial owner(s) thereof, (a) fully paid; (b) free from all Encumbrances whatsoever; and (c) transferred together with all rights, benefits and entitlements attached to them as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions announced, declared, paid or made by the Company on or after the Offer Announcement Date.

3.5 Duration of the Offer

The Offer will close at 5.30 p.m. (Singapore time) on 16 May 2019 (or such other date(s) as may be announced by or on behalf of the Offeror from time to time), being the Closing Date.

Further information on the duration of the Offer is set out in paragraph 1 of **Appendix 1** to the Offer Document.

3.6 Further details of the Offer

Further details of the Offer, including details on (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcements of the level of acceptances of the Offer; (c) the right of withdrawal of acceptances of the Offer; and (d) procedures for acceptance of the Offer are set out in **Appendices 1 and 2** to the Offer Document.

4. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES

As disclosed in the Offer Announcement and the Offer Document, the Offeror is a BVI business company incorporated in the British Virgin Islands on 22 March 2006. Its principal activity is that of investment holding. As at the Latest Practicable Date, the Offeror has issued only one share with a par value of US$1.00 per share. The directors of the Offeror are Mr Cheung Kwok Wa, Mr Cheung Kwok Ping and Mr Cheung Ka Ho.

The Offeror is a wholly-owned subsidiary of Kingboard Laminates, which in turn, is a 69.31% owned subsidiary of Kingboard Holdings, both of which are listed on the HKSE.

Mr Lam Ka Po, who is the co-founder of the Kingboard Group and a Director of the Company, is also a director of Kingboard Laminates.

Mr Cheung Kwok Ping, who is a Director of the Company, is also a director of the Offeror and Kingboard Laminates.

Mr Ho Yin Sang, who is a Director of the Company, is also a director of Kingboard Holdings and the brother-in-law of Mr Cheung Kwok Ping.

As at the Offer Announcement Date, the market capitalizations of Kingboard Holdings and Kingboard Laminates are HK$30,544.9 million (S$5,269.3 million) and HK$25,880.4 million (S$4,464.6 million) respectively.

As at the Latest Practicable Date, based on publicly available information, the total number of Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties amounted to an aggregate of 638,780,371 Shares, representing 88.41% of the total number of issued Shares.

Further details relating to the Offeror and the Kingboard Group are set out in **Appendix 3** to the Offer Document.

5. INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Bermuda with its principal place of business in Hong Kong. The Company was listed on the Mainboard of the SGX-ST on 16 December 1999.

The principal activity of the Company is investment holding. The Group is organised into two operating segments, namely polyvinyl butyral ("**PVB**") business and licence business. The PVB business is involved in the manufacture and trading of PVB resins and related products. PVB resin is a basic raw material for the production of PVB film which is used to produce reinforced glass for both the automotive and building industries. The licence business is in relation to earning licence fee income from its licenced assets.

The licence fee income earned by the Group is pursuant to the licensing agreement (the "**Licensing Agreement**") which the Group had entered into with Harvest Resource Management Limited ("**Harvest Resource**"), wherein the Group had licensed its manufacturing facilities in Fogang and Lianzhou in the People's Republic of China (the "**PRC**"), comprising the properties, inventories and machineries that were previously used for the production of copper foil, to Harvest Resource, for a fee. The licence fee is at HK$10.0 million per month. The Licensing Agreement took effect from 1 September 2011 to 31 August 2013, and had been renewed in 2013 and 2015 until 31 August 2017. The Licensing Agreement was further renewed on 30 August 2017 for two years to the end of August 2019. The Licensing Agreement was supposed to be a short term measure by the Group to generate income from its manufacturing facilities, pending the resolution of the interested person transactions issue relating to the manufacturing and trading of copper foil. The details of the background of the Licensing Agreement are also set out in the Company's latest annual report for 2017 and in its financial results announcement for the financial year ended 31 December 2018.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of US$72.25 million comprising 722,500,000 Shares of a par value of US$0.10 each.

As at the Latest Practicable Date, the Company does not hold any treasury Shares, or have any outstanding instruments convertible into, rights to subscribe for, or options in respect of, Shares or securities which carry voting rights in the Company.

Based on the Offer Price of S$0.60 and the number of issued Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is S$433.5 million.

Additional information on the Company is set out in **Appendix 5** to the Offer Document.

Litigation

On 3 August 2011, Annuity & Re Life Ltd (the "Petitioner") presented a petition in the Supreme Court of Bermuda in respect of the Company against its controlling shareholders based on a complaint that the affairs of the Company had been and/ or were being conducted in a manner which was oppressive or unfairly prejudicial to the Petitioner. The Company took a neutral stance in the proceedings.

The controlling shareholders were eventually successful in defending the case following a favourable judgment by the Bermuda Court of Appeal dated 24 March 2017. Subsequently, the Petitioner took steps to appeal the said judgment. On 3 May 2018, the parties reached a settlement agreement providing, inter alia, that the Petitioner shall forego its appeal to the Privy Council in its entirety and releases and forever discharges all of its claims arising out of or connected directly or indirectly with the case and its underlying facts. The Company is a party to this settlement agreement.

On 1 November 2018, the Petitioner served a Writ on the Company and its controlling shareholders alleging a breach of the said settlement agreement. The Petitioner claimed (inter alia) a sum of S$2,297,360 plus damages to be assessed, interests and costs. On 27 November 2018, the Company's Bermuda counsel filed the Defence arguing that there is no reasonable cause of action and should accordingly be struck out. In addition, the defendants denied that they are in breach of any contractual obligations under the settlement agreement and pleaded that they have at all times performed their obligations under it.

Based on the advice of the Company's Bermuda Counsel, the board is of the opinion the settlement action appears to be intrinsically defective and that the Company should have a more than reasonable chance to succeed.

The Company will release further announcements on any material developments in relation to the above mentioned as and when appropriate.

Proposed Voluntary Unconditional Cash Offer to privatise the Company in 2017

Two years ago, on 3 March 2017, the respective boards of the Company and Kingboard Laminates had proposed to privatise the Company by way of a Voluntary Unconditional Cash Offer (the "**2017 Offer**"). Pursuant to the 2017 Offer, *inter alia*, the consideration for each Share was (a) S$0.40 in cash. The 2017 Offer was unsuccessful. The

independent financial adviser, Provenance Capital Pte. Ltd. and Company's independent directors advised shareholders to reject the offer at S$0.40 per share because they deemed it "not fair and not reasonable".

The present Offer is a third attempt by the major Shareholders to privatise the Company. We note that the Offer Price of S$0.60 is substantially higher (50.0% higher) than the cash consideration of S$0.40 under the 2017 Offer.

Proposed Scheme of Arrangement to privatise the Company in 2009

Nearly a decade ago, on 4 May 2009, the respective boards of the Company and Kingboard Laminates had proposed to privatise the Company by way of a scheme of arrangement (the "**Scheme**"). Pursuant to the Scheme, *inter alia*, the consideration for each Share was (a) S$0.21 in cash or (b) 0.374 new Kingboard Laminates shares at the issue price of HK$2.946 each or (c) a combination of the cash consideration and the share exchange offer. At the Scheme meeting of the Company held on 11 August 2009, the requisite majority to vote in favour of the Scheme was not obtained. Accordingly, the Scheme was not proceeded with.

The present Offer is a third attempt by the major Shareholders to privatise the Company. We note that the Offer Price of S$0.60 is substantially higher (185.7% higher) than the cash consideration of S$0.21 per share under the Scheme.

6. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Offer and the Offeror's intentions for the Company are set out in Section 9 and Section 10 of the Offer Document.

The key rationale for the Offer is summarised below for your reference:

(a) the Offeror is making the Offer with the intention to delist the Company from the SGX-ST and ultimately to privatise the Company;

(b) to give minority Shareholders the opportunity to realise their investment in the Shares at a premium above historical market prices prior to the Offer Announcement Date;

(c) to eliminate listing related expenses which can be channelled towards business operations of the Group; and

(d) Upon completion of the Offer, the Offeror intends to undertake a strategic and operational review of the Company and its subsidiaries with a view to realising synergies, scale, cost efficiencies and growth potential

The Offeror has stated that it currently has no intentions to (i) introduce any major changes to the existing business or management of the Group, (ii) discontinue the employment of the employees of the Group, or (iii) re-deploy any of the fixed assets of the Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which the Offeror may regard to be in the best interests of the Offeror or the Group.

Given the above, the Offeror has also stated that in the event the Company does not meet the free float requirement under Rule 723 of the Listing Manual as at the close of the Offer and trading of the Shares on the SGX-ST is suspended, the Offeror does not intend to support any action or take any steps to maintain the listing status of the Company or to restore the free float requirement, which is consistent with its intention to delist the Company.

In addition, in the event that the Offeror becomes entitled to exercise its right under Section 102 and Section 103 of the Bermuda Companies Act, the Offeror has expressed in the Offer Document that it intends to exercise such right of compulsory acquisition and to make the Company its wholly-owned subsidiary.

7. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In evaluating and assessing the financial terms of the Offer, we have taken into account the pertinent factors set out below which we consider to have a significant bearing on our assessment:

(a) Market quotation and trading activity of the Shares;

(b) Financial performance of the Group;

(c) Financial position of the Group;

(d) Comparison with recently completed privatisation of companies listed on the SGX-ST;

(e) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;

(f) Dividend track record of the Company; and

(g) Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment.

7.1 Market quotation and trading activity of the Shares

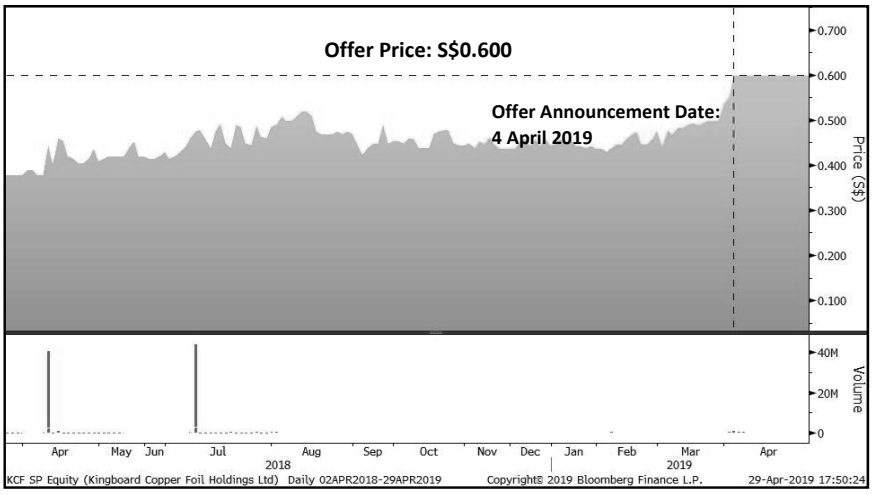
Period under Review

The Shares were halted from trading from 1 April 2019 to 4 April 2019. The Offer Announcement was released after trading hours on 4 April 2019, being the Offer Announcement Date. We have therefore compared the Offer Price against the historical market price performance of the Shares and considered the historical trading volume of the Shares from 2 April 2018, being the 1-year period prior to the full day trading halt which came into effect on 2 April 2019, and up to the Latest Practicable Date (the "**Period Under Review**") as shown in Chart 1 below.

We set out below a chart showing the Offer Price relative to the daily last transacted prices and trading volume of the Shares for the Period Under Review:

Chart 1 – Share Price Chart for the Period Under Review

Price movement and trading volume of the Shares for the Period Under Review



Source: *Bloomberg L.P.*

Based on the chart above, we observed that the Shares have traded consistently at or below the Offer Price during the Period Under Review. Based on the volume-weighted average price ("**VWAP**[1]") of S$0.453 per share over the last one year prior to the trading halt and the release of the Offer Announcement, the Offer Price is at a premium of 32.5% above the VWAP Share price.

[1] *VWAP is calculated based on the daily VWAP turnover divided by VWAP volume as extracted from Bloomberg L.P. VWAP turnover is computed based on the aggregate daily turnover value of the Shares and VWAP volume is computed based on the aggregate daily trading volume of the Shares for the respective periods.* ***Off market transactions are excluded from the calculation***"

Since the Offer Announcement Date and up to the Latest Practicable Date, the Shares have traded slightly below the Offer Price on 4 April 2019 at S$0.55 per share, with the rest of the days up to the Latest Practicable Date trading on par with the Offer Price, at S$0.60 per share based on daily closing prices. No significant changes in daily trading volume on the Shares during this period has been observed compared to the average daily trading volume prior to the release of the Offer Announcement.

Longer look-back period

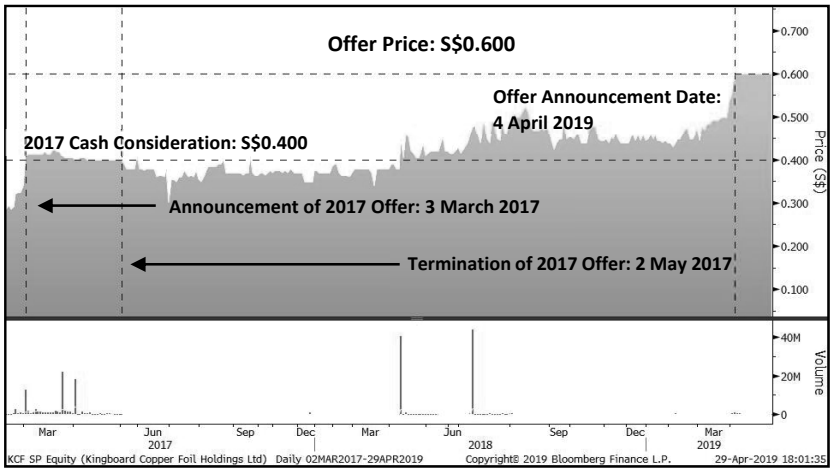
Privatisation attempt under the 2017 Offer

We note that the Offer is a third attempt by the major Shareholders to privatise the Company and at a higher Offer Price of S$0.60 per share in cash compared to the cash consideration of S$0.40 per Share under the 2017 Offer. The 2017 Offer was unsuccessful. It was deemed to be "not fair and not reasonable" by the independent financial adviser and Company's independent directors who advised shareholders to reject the offer.

We note that the Company had not accessed funds from the equity capital markets since the 2017 Offer was rejected up to the Latest Practicable Date.

To get an overview of the Share price performance since the proposed 2017 Offer, we have considered a longer look-back period of the share price chart from 2 March 2017 to the Latest Practicable Date to evaluate how the Share prices have performed compared to the Offer Price, as set out in Chart 2 below:

Chart 2 – Since 2 March 2017 to the Latest Practicable Date



***Source**: Bloomberg L.P.*

Based on the chart above, prior to the announcement of the 2017 Offer, the Shares were trading below the cash consideration of S$0.40 per share under the 2017 Offer. As soon

as the 2017 Offer was announced on 3 March 2017, the Shares had traded above or close to S$0.40 per share until the termination of the 2017 Offer in May 2017, resulting in a decline of the share price. The Share price continued to trade below the 2017 Offer cash consideration until 9 April 2018, when Kingboard Laminates, a wholly owned subsidiary of the Offeror, made a purchase of 40 million shares constituting 5.5% of the issued share capital of the Company, resulting in the gradual increase of the share price.

Overall, the Offer Price under this third attempt to privatise the Company is substantially above the historical traded Share price over the last two years since 2 March 2017.

Market Statistics

In addition to the share price chart above, we have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares for the Period Under Review.

Reference Period	Highest traded price (S$)	Lowest traded price (S$)	VWAP[(1)] (S$)	Premium / (Discount) to Offer Price over/ (to) VWAP (%)	Number of traded days[(2)]	Average daily trading volume[(3)] ('000)	Average daily trading volume as a percentage of free float [(4)] (%)
Prior to the trading halt and the release of the Offer Announcement							
Last 1 year	0.550	0.380	0.453	32.5	139	663	0.76
Last 6 months	0.550	0.430	0.471	27.4	66	46	0.05
Last 3 months	0.550	0.430	0.479	25.3	35	60	0.07
Last 1 month	0.550	0.445	0.517	16.1	14	71	0.08
1 April 2019 (last trading day prior to the trading halt for the Offer Announcement)	0.550	0.550	0.539	11.3	1	403	0.46
After the Announcement Date to the Latest Practicable Date							
5 April 2019 to the Latest Practicable Date	0.600	0.600	0.600	0.0	16	138	0.16
Latest Practicable Date, being 29 April 2019	0.600	0.600	0.603	(0.5)	1	36	0.04

***Source**: Bloomberg L.P.*

Notes:

(1) The VWAP for the respective periods are calculated based on the daily VWAP turnover divided by VWAP volume as extracted from Bloomberg L.P. VWAP turnover is computed based on the aggregate daily turnover value of the Shares and VWAP volume is computed based on the aggregate daily trading volume of the Shares for the respective periods. **Off market transactions are excluded from the calculation**;

(2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;

(3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of days when the SGX-ST was open for trading (excluding days with full day trading halts on the Shares) during that period; and

(4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 87.0 million Shares based on the free float of 12.04% as disclosed in the Company's annual report for the financial year ended 31 December 2018.

We observed the following with regard to the share price performance of the Company for the Period Under Review:

(a) Over the 1-year period prior to the trading halt and the release of the Offer Announcement, the Shares have traded between a low of S$0.380 per share and a high of S$0.550 per share. The Offer Price represents a premium of S$0.220 per share (or 57.9%) and S$0.050 per share (or 9.1%) above the lowest transacted price and the highest transacted price of the Shares, respectively. The Shares have traded below the Offer Price during the entire 1-year period prior to the trading halt and the release of the Offer Announcement;

(b) The Offer Price represents a premium of approximately 32.5%, 27.4%, 25.3% and 16.1% above the VWAP of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to the trading halt and the release of the Offer Announcement, respectively;

(c) The Offer Price represents a premium of approximately 11.3% above the VWAP of the Shares of S$0.539 per share on 1 April 2019, prior to the trading halt and the release of the Offer Announcement; and

(d) Since the release of the Offer Announcement and up to the Latest Practicable Date, the Shares had traded at the Offer Price. The VWAP of the Shares during this period was S$0.600 per share. As at the Latest Practicable Date, the Shares were last transacted at S$0.600 per share. The Offer Price is on par to the last transacted price on the Latest Practicable Date.

We observed the following with regard to the trading liquidity of the Shares:

(i) Over the 1-year period prior to the trading halt and the release of the Offer Announcement, the Shares were not regularly traded throughout the period, and the average daily trading volume of the Shares were generally low. The average daily trading volume of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to the release of the trading halt and the release of the Offer Announcement represent 0.76%, 0.05%, 0.07% and 0.08% of the free float of the Shares respectively; and

(ii) During the period following the release of the Offer Announcement and up to the Latest Practicable Date, the average daily trading volume on the Shares represented 0.16% of the free float of the Shares.

In view of the low trading liquidity of the Shares, Shareholders who wish to liquidate their entire investment in the Shares (especially if they are holding bigger share lots) may face some difficulty disposing of their Shares in the open market. The Offer presents Shareholders the opportunity to liquidate and realise their entire investment at a premium above the prevailing market prices which may not otherwise be readily available due to the low trading liquidity of the Shares.

7.2 Financial performance of the Group

We set out below a summary of the key financial results of the Group for the last three financial years ended 31 December 2016 ("FY2016"), 2017 ("FY2017") and 2018 ("FY2018"):

	← Audited →		
HK$'000	**FY2016**	**FY2017**	**FY2018**
Revenue	635,296	609,407	586,979
Cost of sales	(566,650)	(520,497)	(501,602)
Gross profit	68,646	88,910	85,377
Other operating income	2,057	4,386	2,495
Distribution costs	(16,680)	(17,622)	(16,551)
Administrative expenses	(28,569)	(28,863)	(30,332)
Share of losses of an associate	(9,666)	(5,125)	(5,728)
Profit before tax	**15,788**	**41,686**	**35,261**
Income tax expense	(10,855)	(23,934)	(7,829)
Profit for the year	**4,933**	**17,752**	**27,432**
Profit for the year attributable to:			
Owners of the Company	1,061	14,468	25,610
Non-controlling interest	3,872	3,284	1,822
	4,933	**17,752**	**27,432**

Source: *The Company's annual reports for FY2017 and 2018*

FY2017 vs FY2016

Revenue for FY2017 comprised licence fee of HK$120.0 million pursuant to the on-going licensing arrangement and sale of PVB resin of HK$489.4 million. The Group recorded a decrease in revenue of HK$25.9 million (or 4.1%), from HK$635.3 million in FY2016 to HK$609.4 million in FY2017. This was mainly attributable to a decrease in revenue from the sale of PVB resin and related products from HK$515.3 million in FY2016 to HK$489.4 million in FY2017.

However, gross profit increased by HK$20.3 million (or 29.5%) as the gross profit margin increased from 10.8% in FY2016 to 14.6% in FY2017 due to an 8% decrease in cost of sales in FY2017.

Distribution cost increased by HK$0.9 million (or 5.6%) from HK$16.7 million in FY2016 to HK$17.6 million in FY2017 due to the increase in transportation cost pursuant to increased oil prices.

Administrative expenses increased marginally by HK$0.3 million (or 1.0%) from HK$28.6 million in FY2016 to HK$28.9 million in FY2017.

Although income tax expense for FY2017 was higher than FY2016 due to higher profit before tax, income tax expense as a percentage of profit before tax decreased from 68.8% in FY2016 to 57.4% in FY2017.

Overall, profit for the year attributable to the owners of the Company increased by HK$13.4 million (or 1,263.6%) from HK$1.1 million in FY2016 to HK$14.5 million in FY2017 as a result of higher net profit.

FY2018 vs FY2017

Revenue for FY2018 comprised licence fee of HK$120.0 million pursuant to the on-going licensing arrangement and sale of PVB resin of HK$467.0 million. The Group recorded a decrease in revenue of HK$22.4 million (or 3.7%), from HK$609.4 million in FY2017 to HK$587.0 million in FY2018 from the sale of PVB resin and related products.

Gross profit decreased by HK$3.5 million (or 4.0%) and the gross profit margin decreased marginally from 14.6% in FY2017 to 14.5% in FY2018.

In addition, lower other operating income, higher total operating expenses and higher share of losses of an associate resulted in the Group reporting a 15.4% lower profit before tax of HK$35.3 million for FY2018 compared to HK$41.7 million for FY2017. However, income tax expense was significantly lower in FY2018. The income tax expense as a percentage of profit before tax decreased to 22.2% for FY2018 from 57.4% for FY2017.

Overall, profit for the year attributable to the owners of the Company increased by HK$11.1 million (or 77.0%) from HK$14.5 million in FY2017 to HK$25.6 million in FY2018.

Historical Price-Earnings Ratio ("**PER**") implied by the Offer Price

PER illustrates the valuation ratio of the current market value of a company's shares relative to its consolidated basic earnings per share as stated in its financial statements. The PER is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

We note that the Group had reported profits in the last three financial years and while the net profit margin (profit for the year as a percentage of revenue) of the Group is low, it has been on an upward trend since FY2017. The net profit margin for the last three financial years were 0.8%, 2.9% and 4.7% respectively.

We have attempted to evaluate the implied PER of the Group as ascribed by the Offer Price based on the Group's latest audited profit attributable to owners of the Company for FY2018. The Group's audited profit attributable to owners of the Company for FY2018 was HK$25.6 million or the equivalent of S$4.5 million[2]. The market capitalisation of the Group implied by the Offer Price and based on the number of issued Shares as at the Latest Practicable Date, is S$433.5 million. The Offer Price thus values the Group at a historical PER of **98.5 times**.

7.3 Financial position of the Group

7.3.1 Based on the Group's latest audited financial results for FY2018, the financial position of the Group as at 31 December 2018 is set out below:

HK$'000	**Audited as at 31 December 2018**
Current assets	
Cash and cash equivalents	1,773,842
Trade and other receivables and prepayments	71,523
Bills receivables	31,245
Other current assets	659,429
Prepaid land use rights	1,024
Inventories	24,175
Total current assets	**2,561,238**

[2] Based on exchange rate as at 31 Dec 2018 of S$1 = HKD$5.7465

HK$'000	Audited as at 31 December 2018
Non-current assets	
Investment in an associate	30,086
Investment property	5,801
Property, plant and equipment	252,325
Prepaid land use rights	33,386
Goodwill	238
Total non-current assets	**321,836**
Total assets	**2,883,074**
Current liabilities	
Bills payable	2,160
Trade and other payables	90,432
Contract liabilities	5,751
Income tax payable	8,163
Total current liabilities	**106,506**
Non-current liabilities	
Deferred tax liabilities	4,521
Total non-current liabilities	**4,521**
Total liabilities	**111,027**
Equity	
Share capital	560,200
Reserves	2,187,282
Equity attributable to owners of the Company	**2,747,482**
Non-controlling interests	24,565
Total equity	**2,772,047**
Total liabilities and equity	**2,883,074**

Source: *The Company's annual report for FY2018*

NAV of the Group (excluding non-controlling interests) (HK$)	**2,747,482,000**
NTA of the Group (excluding non-controlling interests and goodwill) (HK$)	**2,747,244,000**
Number of Shares	**722,500,000**

NAV per Share	
- HK$	**3.8027**
- S$	**0.6560**
NTA per Share	
- HK$	**3.8024**
- S$	**0.6560**

As at 31 December 2018, the net asset value ("**NAV**") of the Group was HK$2,747.5 million and NAV per Share was HK$3.8027 (S$0.6560) per Share.

The Group had recorded goodwill of HK$238,000 as at 31 December 2018. After deducting goodwill, the net tangible assets ("**NTA**") of the Group was HK$2,747.2 million, representing NTA per Share of HK$3.8024 (S$0.6560) per Share.

Analysis of the financial position of the Group

Assets

Total assets of the Group comprise current assets of HK$2,561.2 million (88.8% of total assets) and non-current assets of HK$321.8 million (11.2% of total assets).

The main current assets are cash and bank balances of HK$1,773.8 million (69.3% of total current assets) and other current assets of HK$659.4 million (25.7% of total current assets).

Other current assets of HK$659.4 million are in relation to inventories licensed to Harvest Resource, as the licensee, pursuant to the Licensing Agreement. These assets are classified as current assets for FY2018 as the current licensing arrangement is due to expire on 31 August 2019. Under the Licensing Agreement, the licensee may use, consume and dispose of the licensed inventories which include consumables and stocks in trade. However, the licensee is required to replace and return the quantities of licenced inventories used, consumed or disposed during the licenced period to the Group at the end of the licence period. The licensed inventories used, consumed or disposed during the licensed period is secured by cash and bills receivable of a related party of the licensee, with a total receivable value of not less than the value of the licensed inventory used, consumed or disposed as at the end of the reporting period.

The main non-current assets of HK$291.5 million are related to properties, plant and equipment, representing 90.6% of total non-current assets. These assets include investment property of HK$5.8 million, PPE of HK$252.3 million and prepaid land use rights of HK$33.4 million. The Company had commissioned Ravia, the Valuer, to carry out an independent market valuation on most of these assets (more than 91% of these

assets) for accounting reference purposes, to assess the need for any impairment charges on these assets for the purpose of the Group's financial results for FY2018.

Of the Group's PPE of HK$252.3 million, HK$203.0 million relates to assets which are licensed to Harvest Resource pursuant to the Licensing Agreement. These assets comprise leasehold properties and improvements of HK$187.3 million, and plant and equipment of HK$14.9 million. The leasehold properties are located in (i) Shijiao Town, Fogang, PRC; (ii) Tangtang Town, Huanghuahu Development Area, Fogang, PRC; (iii) Lianzhou Town, Lianzhou, PRC; and (iv) Wuning Town, Jiangxi, PRC. These assets are recorded at cost less accumulated depreciation and any accumulated impairment losses in accordance with the accounting policies of the Group. The above licensed assets have been subject to valuation by the Valuer.

The Group also leases part of its factory at Cheng Bai Area, Lianzhou City, Guangdong, PRC to an unrelated third party and is recorded as an investment property (HK$5.8 million). The investment property is stated at the fair value, which was arrived at on the basis of a professional valuation carried out by the Valuer in accordance with the accounting policy of the Group.

The land use rights are in relation to the rights over the state-owned land in the PRC where the Group's leasehold properties and investment property reside. The land use rights have remaining tenures ranging from 25 years to 49 years as at 31 December 2018. These land use rights are recorded at cost less accumulated amortisation. Most of the land use rights of the Group (mostly classified as non-current assets and a small amount classified under current assets) have been subject to valuation by the Valuer.

Please see below for further details on the valuation of these assets under the caption "Valuation exercise" in Section 7.3.2 below.

Liabilities and Equity

The Group has current liabilities in relation mainly to trade and other payables of HK$90.4 million and income tax payable of HK$8.2 million. The Group does not have any bank borrowings. In terms of non-current liabilities, it has HK$4.5 million in deferred tax liabilities.

Thus, the Group is in a strong net cash position, representing 61.5% of total assets of the Group as at 31 December 2018.

Equity attributable to owners of the Company comprises paid-up share capital of HK$560.2 million and reserves of HK$2,187.3 million, totalling HK$2,747.5 million.

7.3.2 Revalued NTA of the Group

Valuation exercise

As mentioned in Section 7.3.1 above, the Company had appointed the Valuer to carry out an independent market valuation of most of the property related assets and plant and equipment (defined earlier as the Valuation Summary Letter and the Valuation Assets) as at 31 December 2018 for accounting reference purposes. In connection with and for the purpose of the Offer, the Company had also commissioned the Valuer to issue the Valuation Certificates in respect of the Valuation Assets.

We note that the market valuations of the Valuation Assets as set out in the Valuation Summary Letters remain unchanged in the Valuation Certificates in respect of these Valuation Assets.

The table below summarises the breakdown of the total net book value of the property related assets and plant and equipment of the Group and the portion that have been subject to the valuation exercise:

	Total net book value as at 31 December 2018 (HK$'000)	**Net book value of assets that were subject to the valuation exercise (HK$'000)**	**Percentage of assets subject to the valuation Exercise (%)**
Investment property	5,801	5,801	100.0%
PPE[(1)]	252,325	230,011	80.5%
Land use rights[(2)]	34,410	31,461	91.4%
	292,536	**267,273**	**91.4%**

Source: *The Company and the Company's annual report for FY2018*

Notes:

(1) Includes leasehold properties and improvements, plant and equipment; and

(2) Includes land use rights classified under current assets and non-current assets.

The Valuation Certificates covers the following Valuation Assets:

Reference No.	Property
1	A parcel of land, various buildings and ancillary structures situated in Lianzhou County Cheng Bei, Lianzhou City, Guangdong Province, the PRC. The valuations of the property related assets and the machineries and equipment as at 31 December 2018 are RMB133,000,000 and RMB79,168,000 respectively.
2	Various parcels of land, various buildings and ancillary structures situated in Shijiao Town, Fogang County, Qingyuan City, Guangdong Province, the PRC. The valuations of the property related assets and the machineries and equipment as at 31 December 2018 are RMB104,000,000 and RMB21,736,000 respectively.
3	A villa house situated in Huang Hua Hu Development District, Tangtang Town, Fogang County, Qingyuan City, Guangdong Province, the PRC. The valuation of the property related assets as at 31 December 2018 is RMB5,670,000.
4	Units 7C, 7D, 7E, 7F, 7G and 7H, Block 2, Li Jing Hao Ting, Xin Cheng East, B1 District, Qingyuan City, Guangdong Province, the PRC. The valuation of the property related assets as at 31 December 2018 is RMB6,500,000.

Copies of the Valuation Certificates by Ravia is attached as **Appendix A** to this letter.

In relation to the valuation exercise for the Valuation Assets, the Valuer had prepared its valuation opinion based on the market value as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The Valuer had valued the properties by the direct comparison approach assuming sale of the properties in their existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market, and considered the basis of capitalisation of the net income receivable, if necessary.

In relation to the valuation exercise for the machineries and equipment, the Valuer had prepared its valuation opinion based on the market value which is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The Valuer had considered three different approaches to value the machineries and equipment, namely the cost approach, sales comparison approach and the income approach. In arriving at the market value of the machineries and equipment, the Valuer had relied on the income approach on the basis of capitalisation of the rental incomes,

and where appropriate, by reference to the market price of the assets with appropriate adjustments upon their conditions up to the date of valuation.

A summary of the market values of the Valuation Assets is set out below:

Reference No.	Market value of property related assets as at 31 December 2018 (RMB'000)	Market value of machineries and equipment as at 31 December 2018 (RMB'000)
1	133,000	79,168
2	104,000	21,736
3	5,670	-
4	6,500	-
	249,170	100,904

***Source**: The Valuation Certificates*

Computation of Revalued NTA of the Group

The above valuation would result in a revaluation surplus above the net book value of the Valuation Assets as at 31 December 2018 as shown in the table below:

	Net book value as at 31 December 2018 (HK$'000)	Market value as at 31 December 2018 (RMB'000)	Market value as at 31 December 2018[(1)] (HK$'000 equivalent)	Revaluation surplus (HK$'000)
Leasehold buildings, investment property and land use rights	224,563	249,170	284,376	59,813
Machineries and Equipment	15,710	100,904	115,161	99,451
Total	**240,273**	**350,074**	**399,537**	**159,264**

***Source**: The Company and the Valuation Certificates*

Note:

(1) Based on the exchange rate of HK$1.00 to RMB0.8762 on 31 December 2018.

The above total revaluation surplus of HK$159.3 million (S$27.5 million) represents HK$0.2204 (S$0.0380) per Share.

In assessing the above revaluation surplus, we have also considered whether there is any potential tax liabilities which would arise on the disposal of the above assets for

the purpose of Rule 26.3 of the Code. The Company had advised that, in a hypothetical scenario where the above assets are sold, a potential tax liability may arise on the revaluation surplus according to the applicable corporate income tax rate of 25% in the PRC. As at the Latest Practicable Date, the Company has advised that it has no intention to sell these assets. Accordingly, the revalued NAV ("**RNAV**") and revalued NTA ("**RNTA**") of the Group as at 31 December 2018 is computed as follows:

	HK$'000
NAV of the Group as at 31 December 2018	2,747,482
Add: Revaluation surplus	159,264
Less: Potential tax liability arising from the revaluation surplus	(39,816)
RNAV of the Group as at 31 December 2018	**2,866,930**
RNAV per Share	
- **HK$**	**3.9681**
- **S$**	**0.6845**

	HK$'000
NTA of the Group as at 31 December 2018	2,747,244
Add: Revaluation surplus	159,264
Less: Potential tax liability arising from the revaluation surplus	(39,816)
RNTA of the Group as at 31 December 2018	**2,866,692**
RNTA per Share	
- **HK$**	**3.9677**
- **S$**	**0.6845**

Based on the above, the RNAV and RNTA per Share of S$0.6845 as at 31 December 2018 is 4.3% higher than the NAV and NTA per Share of S$0.6560 as at 31 December 2018.

7.3.3 Price-to-RNAV ("P/RNAV") and Price-to-RNTA ("P/RNTA") ratio of the Group implied by the Offer Price

The net asset backing of the Group is measured by its NAV, NTA, revalued NAV, or revalued NTA value.

The NAV and NTA based valuation approach provides an estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time and would be more relevant for asset-based companies or where the subject company intends to realise or convert the uses of all or most of its assets. Such a valuation approach would be particularly appropriate when applied in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings-based valuation.

The NAV based valuation approach shows the extent to which the value of each Share is backed by both the Group's tangible and intangible assets. NTA is derived by

deducting intangible assets from the NAV and the NTA based valuation approach shows the extent to which the value of each Share is backed by its NTA.

Based on the NAV and NTA per Share of S$0.6560 as at 31 December 2018, the Offer Price represents a P/NAV and P/NTA of 0.91 times, that is, the Offer Price is at a discount of 8.5% to the NAV and NTA per Share.

Based on the RNAV and RNTA per Share of S$0.6845 as at 31 December 2018, the Offer Price represents a P/RNAV and P/RNTA of 0.88 times, that is, the Offer Price is at a discount of 12.3% to the RNAV and RNTA per Share.

For the purpose of evaluating the Offer, we have based our analysis on the RNTA per Share as at 31 December 2018.

Price-to-RNTA (ex-cash) ratio

As set out in our analysis in Section 7.3.1, the Group has significant cash balance of HK$1,773.8 million, representing HK$2.4551 (S$0.4235) per Share. The cash balance represents 61.9% of the RNTA per Share as at 31 December 2018 and 70.6% of the Offer Price. This would mean that the Offer Price of S$0.60 is substantially for the cash component of S$0.4235 and a small value (S$0.1765) is offered for the remaining net assets of the Group (S$0.2606).

Based on our analysis, we estimate that, overall, the RNTA per Share is represented 61.9% by cash, 23.0 % by inventories licensed for use by the licensee, 12.5% by licensed assets (including land use rights of the leasehold properties) and 2.8% by the remaining net assets, as follows:

	RNTA per Share (S$)	**%**
Cash balances	0.4235	61.9
Inventories licensed for use by the licensee[(1)]	0.1575	23.0
Licensed assets (including land use rights of the leasehold properties)	0.0859	12.5
Remaining net assets	0.0176	2.6
Total	**0.6845**	**100.0**

Note:

(1) The licensee is required to replace and return the quantities of licenced inventories used, consumed or disposed during the licensed period to the Group at the end of the licence period. These assets are classified as current assets for FY2018 as the current licensing arrangement is due to expire on 31 August 2019.

Besides the valuation of the property related assets and plant and equipment of the Group, in our evaluation of the financial terms of the Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 31 December 2018, and whether there are factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NAV and NTA as at 31 December 2018.

In respect of the above, we have sought the following confirmation from the Board of Directors and the Management, and they have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, and as disclosed in the SGXNET announcements made by the Company since 31 December 2018 to the Latest Practicable Date:

(a) there are no material differences between the realisable values of the Group's assets and their respective book values as at 31 December 2018 which would have a material impact on the NAV and NTA of the Group;

(b) other than that already provided for or disclosed in the Group's financial statements as at 31 December 2018, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV and NTA of the Group as at the Latest Practicable Date;

(c) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Group taken as a whole;

(d) there are no intangible assets which ought to be disclosed in the statement of financial position of the Group 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 overall financial position of the Group; and

(e) there is no material acquisition or disposal of assets, conversion of the use of any of the Company's material assets or material change in the nature of the Group's business by the Group between 31 December 2018 and the Latest Practicable Date nor does the Group have any plans for any such impending material acquisition or disposal of assets, conversion of the use of any of its material assets or material change in the nature of the Group's business.

For the avoidance of doubt, we have not made any independent evaluation or appraisal of the assets and liabilities of the Company or the Group (including without limitation, property, plant and equipment). We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the Ravia's independent valuations for such asset appraisal and have not made any independent verification of the contents thereof.

We do not assume any responsibility to inquire about the basis of such valuations or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements including Rule 26 of the Code.

7.4 Comparison with recently completed privatisation of companies listed on the SGX-ST

We note that the intention of the Offeror is to delist the Company from the SGX-ST and, if and when entitled, to exercise its rights of compulsory acquisition under the Bermuda Companies Act.

In assessing the reasonableness of the Offer Price in light of the above stated intention of the Offeror, we have compared the financial terms of the Offer with those of selected successful privatisation transactions that were announced and completed since January 2017 and up to the Latest Practicable Date, which were carried out either by way of voluntary delisting exit offers under Rule 1307 of the Listing Manual, offers being made by way of a scheme of arrangement under Section 210 of the Companies Act or general takeover offers under the Code where the offeror has stated its intentions to delist the listed company from the SGX-ST (the "**Precedent Privatisation Transactions**").

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

(i) the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs over the 1-month and 3-month periods prior to the announcement of the Precedent Privatisation Transactions; and

(ii) the premium or discount represented by each of the respective offer prices to the net asset value of the respective target companies. We note that certain transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their latest announced book values. In this respect, we have compared the offer price with the revalued NAV, revalued NTA or adjusted NAV or NTA of the Precedent Privatisation Transactions, where applicable.

We wish to highlight that the target companies listed in the Precedent Privatisation Transactions as set out in the analysis below may not be directly comparable to the Group in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. The premium or discount that an offeror pays in any particular privatisation transaction varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and

assets, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence or absence of competing bids for the target company, and the existing and desired level of control in the target company. The list of the Precedent Privatisation Transactions is by no means exhaustive and as such any comparison made only serves as an illustration. Conclusions drawn from the comparisons made may not necessarily reflect the perceived or implied market valuation of the Company.

			Premium/(Discount) of Offer Price over /(to):			
Name of company	**Sector**	**Date of announcement**	**Last transacted price prior to announcement (%)**	**1 month VWAP prior to announcement (%)**	**3 month VWAP prior to announcement (%)**	**Offer Price to NAV / NTA (times)**
Declout Limited	Information Technology	7 Jan 2019	62.5%	66.7%	66.7%	1.01(1)
M1 Limited	Communication Services	28 Dec 2018	26.3%	29.9%	29.1%	3.9(2)*
Cityneon Holdings Limited	Industrials	29 Oct 2018	4.1%	6.9%	11.9%	4.5(3)*
LTC Corp Ltd	Materials	07 Sept 2018	44.5%	46.1%	45.4%	0.6(4)
Wheelock Properties Singapore Ltd	Real Estate	19 Jul 2018	20.7%	29.0%	22.7%	0.8(5)
Lee Metal Group Ltd	Materials	21 Feb 2018	9.1%	14.1%	21.4%	1.0(6)
Tat Hong Holdings Ltd(7)	Industrials	11 Jan 2018	42.9%	47.5%	49.1%	0.7(8)
CWG International Ltd	Real Estate	28 Dec 2017	27.5%	29.5%	29.2%	0.4(9)
Vard Holdings Ltd(10)	Industrials	13 Nov 2017	8.7%	16.2%	29.3%	0.8(11)
Cogent Holdings Ltd(12)	Industrials	03 Nov 2017	164.9%*	160.2%*	167.9%*	1.2(13)
Rotary Engineering Ltd	Industrials	02 Oct 2017	21.1%	21.9%	25.1%	1.3(14)
Poh Tiong Choon Logistics Limited	Industrials	20 Sept 2017	1.6%	32.5%	43.2%	1.2(15)
GP Batteries International Ltd	Consumer Staples	11 Aug 2017	62.5%	62.9%	62.7%	0.8(16)
Fischer Tech Limited	Information Technology	27 Jul 2017	31.3%	46.9%	63.6%	1.5(17)
Global Logistic Properties Limited	Real Estate	14 Jul 2017	64.1%	67.4%	72.4%	1.1(18)

			Premium/(Discount) of Offer Price over /(to):			
Name of company	**Sector**	**Date of announcement**	**Last transacted price prior to announcement (%)**	**1 month VWAP prior to announcement (%)**	**3 month VWAP prior to announcement (%)**	**Offer Price to NAV / NTA (times)**
China Flexible Packaging Holdings Limited	Materials	19 Jun 2017	23.2%	24.3%	28.2%	0.6[19]
Changtian Plastic & Chemical Limited	Materials	29 May 2017	45.3%	46.6%	48.2%	0.4[20]
Nobel Design Holdings Ltd	Consumer Discretionary	02 May 2017	8.5%	9.4%	15.9%	0.7[21]
CWT Limited	Industrials	09 Apr 2017	5.9%	6.4%	14.8%	1.0[22]
Global Premium Hotels Limited	Consumer Discretionary	23 Feb 2017	14.1%	18.1%	21.7%	0.5[23]
Auric Pacific Group Limited	Consumer Staples	07 Feb 2017	13.4%	17.8%	23.8%	1.2[24]
High			164.9%	160.2%	167.9%	4.5
Low			1.6%	6.4%	11.9%	0.4
Mean			26.9%	32.0%	36.2%	0.9
Median			22.1%	29.3%	29.2%	0.8
Company (implied by the Offer Price)	**Materials**	**04 Apr 2019**	**9.1%**	**21.8%**	**28.1%**	**0.9 (based on RNAV per Share)**

***Source**: SGX-ST announcements and circulars to shareholders in relation to the Precedent Privatisation Transactions*

Notes:

* Excluded statistical outliers in mean and median computation

(1) Based on the adjusted NAV per share of Declout Limited as at 30 September 2018;

(2) Based on the NAV per share of M1 Limited as at 30 September 2018;

(3) Based on the NAV per share of Cityneon Holdings Limited as at 30 September 2018;

(4) Based on the revalued NAV per share of LTC Corp Limited as at 30 June 2018;

(5) Based on the revalued NAV per share of Wheelock Properties Singapore Limited as at 30 June 2018;

(6) Based on the revalued NAV per share of Lee Metal Group Limited as at 31 March 2018;

(7) VWAPs were computed based on the final offer price of S$0.55 per share announced on 30 April 2018;

(8) Based on the NAV per share of Tat Hong Holdings Limited as at 31 December 2017;

(9) Based on the average revalued NAV per share of CWG International Ltd as at 31 December 2017;

(10) VWAPs were computed based on prices up to 13 November 2016 when Vard Holdings Limited first announced the previous takeover at S$0.24 per share;

(11) Based on the revalued NAV per share of Vard Holdings Limited as at 31 December 2017;

(12) VWAPs were computed based on prices prior to 28 January 2016 when the Wall Street Journal published an article titled "Cogent Holdings' Owners Seek Buyer for Logistics Firm". Cogent Holdings Limited responded on that day that it had from time to time, received indications of interest relating to its group and that its board was evaluating the visibility of such indications of interest;

(13) Based on the revalued NAV per share of Cogent Holdings Limited as at 30 September 2017;

(14) Based on the revalued NAV per share of Rotary Engineering Limited as at 30 September 2017;

(15) Based on the revalued NAV per share of Poh Tiong Choon Logistics Limited as at 30 June 2017;

(16) Based on the revalued NAV per share of GP Batteries International Ltd as at 30 June 2017;

(17) Based on the revalued NTA per share of Fischer Tech Limited as at 31 March 2017;

(18) Based on the revalued NAV per share of Global Logistics Properties Limited as at 30 June 2017;

(19) Based on the revalued NAV per share of China Flexible Packaging Holdings Limited as at 30 June 2017;

(20) Based on the revalued NAV per share of ChangTian Plastics and Chemical Limited as at 31 March 2017;

(21) Based on the revalued NAV per share of Nobel Design Holdings Limited as at 31 March 2017;

(22) Based on the revalued NAV per share of CWT Limited as at 30 June 2017;

(23) Based on the revalued NAV per share of Global Premium Hotels Limited as at 31 December 2016;

(24) Based on the revalued NAV per share of Auric Pacific Group Limited as at 31 December 2016; and

Based on the above, we note that:

(a) The premia implied by the Offer Price over the last transacted price, VWAP for 1-month period and 3-month period prior to the Offer Announcement Date are within the range but lower than the mean and median of the corresponding premia of the Precedent Privatisation Transactions; and

(b) The P/RNAV ratio of 0.9 times implied by the Offer Price is within the range and on par with the mean and slightly above the median of the corresponding P/NAV or P/RNAV ratios of the Precedent Privatisation Transactions.

Shareholders should note that the above comparisons with the Precedent Privatisation Transactions are for illustrative purposes only.

7.5 Comparison with prior offers for the Company

On 4 May 2009, the respective board of directors of the Company and Kingboard Laminates had proposed to privatise the Company by way of a scheme of arrangement (the "**2009 Scheme**"). Pursuant to the 2009 Scheme, the consideration for each share was (a) S$0.21 in cash or (b) 0.374 new Kingboard Laminates shares at the issue price of HK$2.946 each or (c) a combination of the cash consideration and the share exchange offer.

On 3 March 2017, the Offeror made a voluntary unconditional cash offer for all of the issued Shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees. The consideration for each Share was S$0.40 in cash.

The table below sets out a comparison of the financial terms of the 2009 Scheme, the 2017 Offer and the current Offer.

						Premium/(Discount) of offer price over/(to)[5]:	
Announcement Date	**Target**	**Offer Price (S$)**	**Historical P/E[1] (times)**	**Historical EV/EBITDA[1] (times)**	**Historical P/RNAV (times)**	**Last transacted price (%)**	**1 month VWAP (%)**
4-May-09	Company	0.21	2.8	4.9	0.40[2]	27.3	35.5
3-Mar-17	Company	0.40	n.m.	n.m.	0.56[3]	19.9	28.3
4-Apr-19	**Company** (Implied by the Offer Price)	**0.60**	**98.5**	**6.5**	**0.88[4]**	**9.1**	**21.8**

Source: *The Company's announcements*

Notes:

"n.m." denotes "not meaningful"

(1) Based on the earnings or EBITDA over the most recent twelve months prior to the respective acquisition announcement as reported by the Company and adjusted for non-recurring items

(2) Based on the P/B ratio as disclosed in the IFA letter for the 2009 Scheme

(3) Based on the P/NTA ratio as disclosed in the IFA letter for the 2017 Offer

(4) Based on P/RNAV of the Company as at 31 December 2018

(5) Market premium/discount is calculated based on the share price on either the last trading day or unaffected day for the given periods prior to the respective announcements, as defined in the respective circulars.

Based on the above, we note that:

(i) The Offer Price is higher than both the offer price for the 2009 Scheme and the 2017 Offer;

(ii) The P/E multiple of the Company implied by the Offer Price is 98.5 times which is significantly lower than the P/E multiple for the 2017 Offer due to the increase in profit but significantly higher than that of the 2009 Scheme;

(iii) The EV/EBITDA multiple of the Company implied by the Offer Price is higher than both the EV/EBITDA multiples of the 2017 Offer (n.m. as the Company had negative earnings in 2017) and the 2009 Scheme;

(iv) The P/RNAV multiple of the Company implied by the Offer is higher than that in the 2017 Offer and the 2009 Scheme; and

(v) The market price premium/(discount) implied by the Offer Price, over the last transacted price and 1-month VWAP of the Shares prior to the announcement date are below the corresponding range of premia for the 2017 Offer and the 2009 Scheme.

7.5 Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group

For the purpose of assessing the Offer Price, we have had discussions with the Management to identify other listed companies that are in the similar business as the Group, that is, in the manufacture and trading of PVB resin and related products and licensing arrangement, the latter is unique to the Group as it was supposed to be a short term measure to address its interested person transactions. There are also no such comparable listed companies of meaningful size in the PVB industry based on our search through Bloomberg database.

We have therefore selected listed companies that are engaged in the business of manufacturing and trading of copper foils (the "**Comparable Peer Companies**") as broad proxies to the Group because the Group's licensed assets are principally engaged in the manufacture and trading of copper foils. These Comparable Peer Companies are listed on the stock exchanges of Hong Kong, Taiwan and the PRC as there are no

comparable companies listed on the SGX-ST. In view of the limited number of comparable companies, we have also included companies with very large market capitalisation of S$1.0 billion and above for illustrative comparison purposes only.

We have had discussions with the Management about the suitability and reasonableness of the Comparable Peer Companies acting as a basis for comparison with the Group. Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the Comparable Peer Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The Comparable Peer Companies' accounting policies with respect to the values for which the assets or the revenue and cost are recorded may differ from that of the Group.

We wish to highlight that the selected Comparable Peer Companies are not exhaustive and it should be noted that there may not be any listed company that is directly comparable to the Group in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of valuation statistics for the Comparable Peer Companies. Therefore, any comparison made serves only as an illustrative guide.

A brief description of the Comparable Peer Companies, as extracted from Bloomberg L.P. is set out below:

Company name	**Stock Exchange**	**Principal business**
Kingboard Laminates	Hong Kong	Kingboard Laminates operates as a vertically-integrated electronic materials manufacturing company. Its laminate products include glass epoxy laminates, paper laminates, and composite epoxy material laminates.
Guangdong Chaohua Technology Co Ltd ("**Guangdong Chaohua**")	Shenzhen	Guangdong Chaohua produces printed circuit board, copper clad laminate and manufactures upstream products such as electrolytic copper foil, wood pulp paper for copper clad laminate, solder mask, resistant ink, and legend.
Co-Tech Development Corp ("**Co-Tech")**	Taiwan	Co-Tech provides electro-deposit copper foil for the copper clad laminate and print circuit board.
China Environmental Energy Investment Ltd ("**CEEI**")	Hong Kong	CEEI is an investment holding company. CEEI's operations include laminates, printed circuit boards, and copper foils.

***Source**: Bloomberg L.P.*

For the purpose of our evaluation and for illustration, we have made comparison between the Group and the Comparable Peer Companies using the following bases:

(i) The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern; and

(ii) The P/NTA ratio or NTA approach is used to show the extent the value of each share is backed by all assets. The NTA approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities and intangibles of the group.

Company name	Last financial year end	Market capitalisation as at Latest Practicable Date (S$ million)	Historical PER(1) (times)	Historical P/NTA ratio(2) (times)
Kingboard Laminates	31 Dec 2018	4,437.3	7.9	1.4
Guangdong Chaohua	31 Dec 2018	988.9	142.2*	3.4*
Co-Tech	31 Dec 2018	367.1	7.7	1.6
CEEI	31 Mar 2018	29.1	n.m.(3)	0.6
High			142.1	3.4
Low			7.7	0.6
Mean			7.8	1.2
Median			7.8	1.4
The Company (implied by the Offer Price)	**31 Dec 2018**	**433.5**	**98.5**	**0.9 (based on RNTA per Share)**

Source: *Bloomberg L.P., annual reports and latest publicly available financial information on the Comparable Peer Companies*

Notes:

* Excluded statistical outliers in mean and median computation

(1) The historical PERs of the Comparable Peer Companies are computed based on their respective latest published full year earnings or trailing twelve months earnings, where applicable, available as at the Latest Practicable Date;

(2) The P/NTA ratios of the Comparable Peer Companies are computed based on their respective NTA values as set out in their latest published financial statements available as at the Latest Practicable Date;

(3) n.m. denotes not meaningful as the historical PER of CEEI is negative due to negative earnings;

Based on the above, we note that:

(a) The historical PER of the Company of 98.5 times is significantly higher than the range of historical PER ratios of the Comparable Peer Companies; and

(b) The P/RNTA ratio of the Company of 0.9 times implied by the Offer Price is within the range of the P/NTA ratios of the Comparable Peer Companies and lower than the mean and median of the P/NTA ratios of the Comparable Peer Companies.

7.6 Dividend track record of the Company

We note that the Company did not pay any dividend for the last eight financial years, the last dividend distribution was for FY2010.

The Directors have confirmed that the Company does not have a fixed dividend policy and that they intend to pursue a dividend policy which is commensurate with the Group's earnings, financial position and future plans.

We wish to highlight that the above dividend analysis of the Company serves only as an illustrative guide and is not an indication of the Company's future dividend policy. There is no assurance whether the Company will pay dividends in future.

7.7 Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment

7.7.1 Likelihood of competing offers is remote

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

As the Offer is unconditional in all respects and the Offeror and parties acting in concert with it already own or control in aggregate 88.41% of the total number of issued Shares as at the Latest Practicable Date, the likelihood of a competing offer from any third party is remote.

7.7.2 Intention of the Offeror regarding listing status

The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. Accordingly:

(a) the Offeror, if entitled, intends to exercise its rights of compulsory acquisition under the Bermuda Companies Act. In such a situation, Shareholders who did not accept the Offer will have their Shares compulsorily acquired and be paid an amount equivalent to the Offer Price; and

(b) in the event that the percentage of the total number of Shares held in public hands falls below 10%, the trading of Shares on the SGX-ST will be suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual. The Offeror has stated that it does not intend to support any action or take any steps to maintain the listing status of the Company or to restore the free float requirement. Under this scenario, Shareholders who continue to hold on to the Shares will not be able to trade their Shares in the open market.

However, in the event that the Company continues to meet the free float requirements under Rule 723 of the Listing Manual following the close of the Offer, the Company will remain listed and the Shares will continue to be traded on the SGX-ST.

For more details on the compulsory acquisition and listing status, please refer to Section 12 of the Offer Document.

7.7.3 Intentions of the Directors in relation to the Offer

Mr Ho Yin Sang has a deemed interest in 2,000 Shares held by his spouse, Mdm Cheung Wai Kam.

Save for Mr Ho Ying Sang, the remaining Directors do not hold any direct shareholding interest in the Company other than through their interests in the Kingboard Group.

7.7.4 Transaction costs in connection with the disposal of the Shares

The Offer presents an opportunity for Shareholders to dispose of their Shares for cash without any transaction costs as opposed to the sale of the Shares in the open market which will incur expenses such as brokerage or other trading costs.

7.7.5 Outlook of the industry in which the Group operates

We wish to highlight the following commentary made by the Company in respect of the Group's PVB business as disclosed in the annual report of the Group for FY2018:

> ***"PVB Business***
>
> *The economic growth rate in the People's Republic of China (the "PRC") is continued to maintain at a low level. Some sectors such as export weakened further as a result of the trade disputes between China and the United States. Moreover, the first tier and second tier cities in the PRC have imposed restriction orders on residential units, which has affected the real estate industry and hence the construction industry. Therefore, PVB business has also been affected. The Group will continue to improve the production efficiency, reducing the defect rate, lowering the production costs and shortening the lead time so that to deliver greater returns to the shareholders."*

7.7.6 Litigation in Bermuda

As mentioned in Section 5 of this Letter, on 1 November 2018, the Petitioner served a Writ on the Company and its controlling shareholders alleging a breach of the said settlement agreement. The Petitioner claimed (inter alia) a sum of S$2,297,360 plus damages to be assessed, interests and costs. On 27 November 2018, the Company's Bermuda counsel filed the Defence arguing that there is no reasonable cause of action and should accordingly be struck out. In addition, the defendants denied that they are in breach of any contractual obligations under the settlement agreement and pleaded that they have at all times performed their obligations under it.

7.7.7 Market sentiment in respect of the Shares

We note that, overall, the market sentiment in respect of the Shares have been weak, with low trading liquidity and the Shares have been trading at significant discounts to the NAV per Share. We also observed that the Company had been saddled with certain historical past events which had resulted in its present state of affairs. Some of the details are set out in various parts of this Letter in their respective context. The following is a summary of some of our observations which may be relevant for Shareholders in considering the Offer:

(a) Share prices had been consistently trading at significant discounts to its NAV per Share since FY2011. NAV per Share was between HK$3.8347 (S$0.6964) from FY2011 to HK$3.8027 (S$0.6560) as at 31 December 2018;

(b) overall, the Offer Price under this third attempt by the major Shareholders to privatise the Company is substantially above the historical traded Share price over the last seven years since mid-2011;

(c) during 2011, the Group had ceased the manufacture of copper foil (its former core business) and had, instead, switched to the licensing arrangement after the Company was not successful in obtaining Shareholders' approval for its interested person transaction general mandate in relation to these business activities. As a result, the Group earned only a fixed licence fee of HK$120 million per year instead of operational profits from the manufacture of copper foil. The licensing arrangement, which was supposed to be a short-term measure pending a resolution to the interested person transaction issue, had lasted for the past seven years. The current agreement is expected to expire on 31 August 2019 unless renewed for another further term;

(d) during 2011, the Company was engaged in a litigation suit from certain minority Shareholders. Such litigation had also lasted for the past eight years. On 1 November 2018, the Company received a Writ of Summons issued by the Bermuda courts as mentioned in Section 7.7.6 above. The Company will make further update announcements if there are any further material developments in the matter;

(e) as the Offeror and its Concert Parties already have statutory control of the Company, representing 88.41% of the total issued Shares as at the Latest Practicable Date, the Offeror and its Concert Parties will be in a position to significantly influence, *inter alia*, management, operating and financial policies of the Company and are in a position to pass all ordinary resolutions on matters in which the Offeror and its Concert Parties do not have an interest, at general meetings of the Company; and

(f) the Company had not paid any dividend to Shareholders in respect of the last eight financial years, notwithstanding that the Company has significant amount of bank balances.

8. OUR RECOMMENDATION TO THE INDEPENDENT DIRECTORS ON THE OFFER

In arriving at our recommendation in respect of the Offer, we have taken into account, reviewed and deliberated on the following key considerations which we consider to be pertinent in our assessment of the Offer:

(a) The Shares closed below the Offer Price on 1 April 2019 the last trading day before the Offer Announcement;

(b) Between the last trading day and the Latest Practicable Date, the closing price of the shares had trended upwards but has not closed above the Offer Price;

(c) The Offer Price represents a premium of 9.1% to the highest transacted price of the Shares in the 1-year period prior to the Offer Announcement;

(d) The Offer Price represents a premium of between 16.1% to 32.5% over the various VWAPs in the various historical periods prior to the last trading day before the Offer Announcement;

(e) The Share price after the Offer Announcement Date is likely to be supported by the Offer and may not be sustained at current levels in the absence of the Offer;

(f) The Offer Price represents a discount of approximately 8.5% to the estimated NAV per Share of HK$3.8027 (S$0.6560) as at 31 December 2018;

(g) The Offer Price represents a discount of approximately 12.3% to the estimated RNAV and RNTA per Share of HK$3.9681 (S$0.6845) as at 31 December 2018;

(h) The P/NAV multiple of 0.91x implied by the Offer Price is equivalent to the corresponding mean and is higher than the median multiples of the Precedent Privatisation Transactions;

(i) The P/RNAV multiple of 0.88x implied by the Offer Price is equivalent to the corresponding mean and slightly above the median multiples of the Precedent Privatisation Transactions;

(j) The P/NAV multiple of 0.91x implied by the Offer Price is significantly higher than the historical P/NAV multiple of the Shares for the 2009 Scheme and 2017 Offer;

(k) The P/RNAV multiple of 0.88x implied by the Offer Price is significantly higher than the historical P/NTA multiple of the Shares for the 2009 Scheme and 2017 Offer;

(l) The P/NTA multiple of 0.91x implied by the Offer Price is below the corresponding mean and median multiples of the Comparable Companies;

(m) The P/RNTA multiple of 0.88x implied by the Offer Price is below the corresponding mean and median multiples of the Comparable Companies;

(n) The P/E multiple implied by the Offer Price is above the range of P/E multiples of the Comparable Companies;

(o) The market price premia implied by the Offer Price, when compared against the various VWAPs in the various historical periods prior to the Offer Announcement, are below the corresponding overall mean and median premia of the Precedent Privatisation Transactions;

(p) There is no publicly available evidence of any alternative offer for the Shares and it is highly unlikely that there will be any competing offer for the Shares;

(q) The Company has not paid any dividends since FY2010 and there is no assurance that dividend will be paid in the future;

(r) As at the Latest Practicable Date, the Offeror and its Concert Parties already have statutory control of the Company, representing 88.41% of the total issued Shares (excluding treasury shares) which entitles them to pass all ordinary resolutions on matters in which the Offeror and its Concert Parties do not have an interest, at general meetings of the Company;

(s) The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company and in the event that the trading of Shares on the SGX-ST is suspended, the Offeror has no intention to undertake or support any action for any such trading suspension to be lifted;

(t) The Offer represent a realistic opportunity for Shareholders to realise their entire investment in cash taking into account the low trading liquidity prior to the Offer Announcement Date;

(u) In the event that the Offeror becomes entitled to exercise its right of compulsory acquisition under Section 102 and Section 103 of the Bermuda Companies Act, the Offeror intends to exercise such right; and

(v) The Offeror intends to undertake a strategic and operational review of the Company and its subsidiaries with a view to realising synergies, scale, cost efficiencies and growth potential.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Offer are not fair but reasonable.

Accordingly, we advise the Independent Directors to recommend Shareholders to ACCEPT the Offer.

Shareholders who wish to realise their investments in the Company can also choose to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after deducting transaction costs).

In rendering the above advice, we have not given regard to any specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder. As each individual Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his legal, financial, tax or other professional adviser immediately. The Independent Directors should advise Shareholders that the opinion and advice of Provenance Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer, as the case may be.

Our recommendation is addressed to the Independent Directors for their benefit, in connection with and for the purposes of their consideration of the Offer, as the case may be, and may not be used or relied on for any other purposes (other than for the purpose of the Offer) without the prior written consent of SCCM. The recommendation to be made by the Independent Directors to Shareholders in respect of the Offer, as the case may be, shall remain the responsibility of the Independent Directors.

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

Yours faithfully
For and on behalf of
SOOCHOW CSSD CAPITAL MARKETS (ASIA) PTE. LTD.



Charles Chew Yeow Bian
Director

Appendix A

The Valuation Certificates

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

2 May 2019

Kingboard Copper Foil Holdings Limited
23/F, Delta House,
3 On Yiu Street,
Shek Mun, Shatin,
N.T., Hong Kong

Dear Sir/Madam,

Re: Valuation of Machineries and Equipment situated in Lianzhou County Cheng Bei, Lianzhou City, Guangdong Province, the People's Republic of China

INSTRUCTION

In accordance with your recent instructions for us to value the Machineries and Equipment (the "Assets") held by Kingboard Copper Foil Holdings Limited (the "Company"), its subsidiaries and / or associate companies (hereinafter together referred to as the "Group") located in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the valuation as at 31 December 2018 (the "Date of Valuation") for circular purpose.

1. BASIS OF VALUATION

We have appraised the Assets on the basis of market value which is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

Our opinion of market value (in-use) is not intended to represent the amount that might be realized from piecemeal disposition of Assets in the open market or from alternative use of the Assets.

Underlying our valuation is an assumption that the prospective earnings of the business of the Group would provide a reasonable return to the Assets valued, plus the value of other assets included in this valuation, and adequate working capital.

2. VALUATION METHODOLOGIES

2.1 The Cost Approach

The cost approach considers the cost to reproduce or replace in new condition the Assets appraised in accordance with current market prices for similar Assets, with allowance for accrued depreciation as evidence by observed condition or obsolescence present, whether arising from physical, functional or economic cause. The cost approach generally furnishes the most reliable indication of value for Assets without known used market.

2.2 The Sales Comparison Approach

The sales comparison approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised Assets relative to the market. Comparative Assets for which there is established and the used market may be appraised by this approach.

2.3 The Income Approach

The income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits from the same or a substantially similar asset with a similar risk profile.

2.4 Conclusion

In forming our opinion of the value, we have relied on the income approach on the basis of capitalisation of the rental incomes as shown on the documents handed to us by the Group, and where appropriate, by reference to the market price of the Assets with appropriate adjustments upon their conditions up to the Date of Valuation.

Having considered the current condition of the Assets, the Assets are in good conditions and we considered that the Assets can be used for 2 more years at least.

3. LOCATION

The Assets are situated in Lianzhou County Cheng Bei, Lianzhou City, Guangdong Province, the PRC.

Accessibility of the locality is considered reasonable. Main road and railway network are well linked to the subject locality. Various kinds of transportation including buses, taxis and private cars can be accessed to the subject development.

4. THE ASSETS

As advised by the Group, the Assets together with the subject industrial development are subject to a tenancy agreement for a term of 2 years expiring on 31 August 2019.

The Assets valued are held by the Group which is principally engaged in copper foil manufacturing.

During our inspection of sample Assets, we found that the Assets were kept in reasonable condition and basically in good productive manner and good working conditions.

Parts of the Assets were in use upon our inspection, we are of the opinion that all of the Assets should be capable of operating the purpose for which they were designed and produced.

In valuing the Assets, we have relied on the advice given by the Group that the Group has valid and enforceable title to the Assets and the records of the Assets including the costs and acquisition dates.

5. SCOPE OF WORKS

In the course of our valuation works for the Assets, we have conducted the following steps to evaluate the reasonableness of the adopted bases and assumptions provided by the senior management of the Group:

- Interviewed with the senior management of the Group;
- Obtained all relevant information of the Assets;
- Performed market research and obtained statistical figures from public sources;
- Conducted physical inspections on the Assets; and
- Presented all relevant information on the background of the Group and the Assets, source of information, valuation methodologies, major assumptions, comments and our conclusion of value in this report.

6. VALUATION CONSIDERATION AND ASSUMPTION

During our inspection of the sample Assets, the Assets had been observed to be in generally good operating conditions. Any deferred maintenance, physical wear and tear, operating malfunctions, lack of utility, or other observable conditions distinguishing the appraised assets from Assets of like kind in new condition were noted and made part of our judgment in arriving at the value.

We have also investigated market condition, discussed with local staff and professional and examined relevant documents and specification supplied to us before arriving at our opinion of value.

The situation being such, we have to a substantial extent relied upon our best judgment, while giving full consideration to the local condition.

We have not investigated any safety regulations regarding the subject production. It is assumed that all necessary licenses, procedures and measures were implemented in accordance with the relevant government legislation and guidance.

To the best of our knowledge, all data set forth in this report are true and accurate. The data, opinions, or estimates, identified as being furnished by others which have been used in formulating this analysis are gathered from reliable sources, yet, no guarantee is made nor liability assumed for the accuracy.

We did not investigate any financial data pertaining to the present or prospective earning capacity of the operation in which the Assets are used. It was assumed that prospective earnings would provide a reasonable return on the appraised value of the Assets, plus the value of any assets not included in the valuation, and adequate net working capital.

It must be noted that our valuation is relied on the information supplied by the Group that the Assets are in reasonable operating conditions. We did not attempt to operate or test the Assets. In addition, our valuation has been prepared based upon the assumptions that the Assets will continue in the existing use and the Assets will be used in the existing state with the benefit of continuity of tenure of land and buildings in the foreseeable future.

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

We have not carried out a mechanical survey, nor have we inspected covered or inaccessible areas of the Assets. Also no investigation was conducted as to whether the operation of specific pieces of Assets complied with the relevant environmental standard and ordinances; we have assumed that the Assets continue and will continue to comply with the current environmental standards and ordinances. We have made no allowance in our valuation for costs, if any, associated with the disposal or handling of materials required to comply with current or changing environment legislations.

We have made no investigation and assume no responsibility for titles or liabilities against the Assets.

In the course of our valuation, land and buildings, leasehold improvements in respect of the leasehold property, spare parts, inventories, supplies, materials, on-hand company records or any current and intangible assets are excluded.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation are in Renminbi ("RMB").

8. VALUATION

Our opinion of the market value (in-use) of the Assets, based on the aforesaid basis, assumptions and considerations, as at 31 December 2018 was in the sum of **RMB79,168,000 (RENMINBI SEVENTY NINE MILLION ONE HUNDRED SIXTY EIGHT THOUSAND ONLY)**.

Yours faithfully,
For and on behalf of
Ravia Global Appraisal Advisory Limited

Dr. Alan W K Lee
BCom(Property) MFin PhD(BA)
MHKIS RPS(GP) AAPI CPV CPV(Business)
Director

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

2 May 2019

Kingboard Copper Foil Holdings Limited
23/F, Delta House,
3 On Yiu Street,
Shek Mun, Shatin,
N.T., Hong Kong

Dear Sir/Madam,

Re: Valuation of Machineries and Equipment situated in Shijiao Town, Fogang County, Qingyuan City, Guangdong Province, the People's Republic of China

INSTRUCTION

In accordance with your recent instructions for us to value the Machineries and Equipment (the "Assets") held by Kingboard Copper Foil Holdings Limited (the "Company"), its subsidiaries and / or associate companies (hereinafter together referred to as the "Group") located in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the valuation as at 31 December 2018 (the "Date of Valuation") for circular purpose.

1. BASIS OF VALUATION

We have appraised the Assets on the basis of market value which is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

Our opinion of market value (in-use) is not intended to represent the amount that might be realized from piecemeal disposition of Assets in the open market or from alternative use of the Assets.

Underlying our valuation is an assumption that the prospective earnings of the business of the Group would provide a reasonable return to the Assets valued, plus the value of other assets included in this valuation, and adequate working capital.

2. VALUATION METHODOLOGIES

2.1 The Cost Approach

The cost approach considers the cost to reproduce or replace in new condition the Assets appraised in accordance with current market prices for similar Assets, with allowance for accrued depreciation as evidence by observed condition or obsolescence present, whether arising from physical, functional or economic cause. The cost approach generally furnishes the most reliable indication of value for Assets without known used market.

2.2 The Sales Comparison Approach

The sales comparison approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised Assets relative to the market. Comparative Assets for which there is established and the used market may be appraised by this approach.

2.3 The Income Approach

The income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits from the same or a substantially similar asset with a similar risk profile.

2.4 Conclusion

In forming our opinion of the value, we have relied on the income approach on the basis of capitalisation of the rental incomes as shown on the documents handed to us by the Group, and where appropriate, by reference to the market price of the Assets with appropriate adjustments upon their conditions up to the Date of Valuation.

Having considered the current condition of the Assets, the Assets are in good conditions and we considered that the Assets can be used for 2 more years at least.

3. LOCATION

The Assets are situated in Shijiao Town, Fogang County, Qingyuan City, Guangdong Province, the PRC.

Accessibility of the locality is considered reasonable. Main road and railway network are well linked to the subject locality. Various kinds of transportation including buses, taxis and private cars can be accessed to the subject development.

4. THE ASSETS

As advised by the Group, the Assets together with the subject industrial development are subject to a tenancy agreement for a term of 2 years expiring on 31 August 2019.

The Assets valued are held by the Group which is principally engaged in copper foil manufacturing.

During our inspection of sample Assets, we found that the Assets were kept in reasonable condition and basically in good productive manner and good working conditions.

Parts of the Assets were in use upon our inspection, we are of the opinion that all of the Assets should be capable of operating the purpose for which they were designed and produced.

In valuing the Assets, we have relied on the advice given by the Group that the Group has valid and enforceable title to the Assets and the records of the Assets including the costs and acquisition dates.

5. SCOPE OF WORKS

In the course of our valuation works for the Assets, we have conducted the following steps to evaluate the reasonableness of the adopted bases and assumptions provided by the senior management of the Group:

- Interviewed with the senior management of the Group;
- Obtained all relevant information of the Assets;
- Performed market research and obtained statistical figures from public sources;
- Conducted physical inspections on the Assets; and
- Presented all relevant information on the background of the Group and the Assets, source of information, valuation methodologies, major assumptions, comments and our conclusion of value in this report.

6. VALUATION CONSIDERATION AND ASSUMPTION

During our inspection of the sample Assets, the Assets had been observed to be in generally good operating conditions. Any deferred maintenance, physical wear and tear, operating malfunctions, lack of utility, or other observable conditions distinguishing the appraised assets from Assets of like kind in new condition were noted and made part of our judgment in arriving at the value.

We have also investigated market condition, discussed with local staff and professional and examined relevant documents and specification supplied to us before arriving at our opinion of value.

The situation being such, we have to a substantial extent relied upon our best judgment, while giving full consideration to the local condition.

We have not investigated any safety regulations regarding the subject production. It is assumed that all necessary licenses, procedures and measures were implemented in accordance with the relevant government legislation and guidance.

To the best of our knowledge, all data set forth in this report are true and accurate. The data, opinions, or estimates, identified as being furnished by others which have been used in formulating this analysis are gathered from reliable sources, yet, no guarantee is made nor liability assumed for the accuracy.

We did not investigate any financial data pertaining to the present or prospective earning capacity of the operation in which the Assets are used. It was assumed that prospective earnings would provide a reasonable return on the appraised value of the Assets, plus the value of any assets not included in the valuation, and adequate net working capital.

It must be noted that our valuation is relied on the information supplied by the Group that the Assets are in reasonable operating conditions. We did not attempt to operate or test the Assets. In addition, our valuation has been prepared based upon the assumptions that the Assets will continue in the existing use and the Assets will be used in the existing state with the benefit of continuity of tenure of land and buildings in the foreseeable future.

We have not carried out a mechanical survey, nor have we inspected covered or inaccessible areas of the Assets. Also no investigation was conducted as to whether the operation of specific pieces of Assets complied with the relevant environmental standard and ordinances; we have assumed that the Assets continue and will continue to comply with the current environmental standards and ordinances. We have made no allowance in our valuation for costs, if any, associated with the disposal or handling of materials required to comply with current or changing environment legislations.

We have made no investigation and assume no responsibility for titles or liabilities against the Assets.

In the course of our valuation, land and buildings, leasehold improvements in respect of the leasehold property, spare parts, inventories, supplies, materials, on-hand company records or any current and intangible assets are excluded.

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation are in Renminbi ("RMB").

8. VALUATION

Our opinion of the market value (in-use) of the Assets, based on the aforesaid basis, assumptions and considerations, as at 31 December 2018 was in the sum of **RMB21,736,000 (RENMINBI TWENTY ONE MILLION SEVEN HUNDRED THIRTY SIX THOUSAND ONLY)**.

Yours faithfully,
For and on behalf of
Ravia Global Appraisal Advisory Limited

Dr. Alan W K Lee
BCom(Property) MFin PhD(BA)
MHKIS RPS(GP) AAPI CPV CPV(Business)
Director

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

2 May 2019

Kingboard Copper Foil Holdings Limited
23/F, Delta House,
3 On Yiu Street,
Shek Mun, Shatin,
N.T., Hong Kong

Dear Sirs/Madam,

Re: Valuations of 4 Properties in Guangdong Province, the People's Republic of China

In accordance with the instructions of Kingboard Copper Foil Holdings Limited (the "Company", and together with its subsidiaries, the "Group") to value the properties held by the Group in Hong Kong and the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 December 2018 (the "Date of Valuation") for your circular purpose.

1. BASIS OF VALUATION

Our valuations of properties are our opinion of the market values which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have valued the properties by the direct comparison approach assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market and also considered the basis of capitalization of the net income receivable, if necessary.

3. TITLE INVESTIGATION

For the properties in Group I in Hong Kong, we have carried out land searches at the Land Registry. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us.

For the properties in Group II in the PRC, we have relied on the advice given by the Group that the Group has valid and enforceable titles to the properties which are freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent / land use fees and all requisite land premium / purchase consideration payable have been fully settled.

4. VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the properties in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such properties.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of properties, particulars of occupation, site / floor areas, ages of buildings and all other relevant matters which can affect the values of the properties. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain properties. No structural survey has been made in respect of the properties. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site / floor areas of the properties under consideration but we have assumed that the site / floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the properties, we have complied with the HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuations are in Renminbi ("RMB").

Our Summary of Values and Valuation Certificates are attached herewith.

Yours faithfully,
For and on behalf of
RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

Dr. Alan Lee
PhD(BA) MFin BCom(Property)
MHKIS RPS(GP) AAPI CPV CPV(Business)
Director

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

SUMMARY OF VALUES

Properties held and occupied by the Group in the PRC

No.	Property	Market Value in Existing State as at 31 December 2018
1.	A parcel of land, various buildings and ancillary structures situated in Lianzhou County Cheng Bei, Lianzhou City, Guangdong Province, The PRC 位於中國廣東省連州市連州鎮城北之一塊土地、若干建築物及附屬構築物	RMB133,000,000.
2.	Various parcels of land, various buildings and ancillary structures situated in Shijiao Town, Fogang County, Qingyuan City, Guangdong Province, The PRC 位於中國廣東省清遠市佛崗縣石角鎮之若干塊土地、若干建築物及附屬構築物	RMB104,000,000.
3.	A villa house situated in Huang Hua Hu Development District, Tangtang Town, Fo Gang County, Qiang Yuan City, Guangdong Province, The PRC 位於中國廣東省清遠市佛崗縣湯塘鎮黃花湖開發區之一座別墅	RMB5,670,000.
4.	Units 7C, 7D, 7E, 7F, 7G and 7H, Block 2, Li Jing Hao Ting, Xin Cheng East, B1 District, Qingyuan City, Guangdong Province, The PRC 中國廣東省清遠市新城東 B1 區麗晶豪庭二座 7 層 C, 7 層 D, 7 層 E, 7 層 F, 7 層 G 及 7 層 H	RMB6,500,000.
	Total:	**RMB249,170,000**

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

VALUATION CERTIFICATE

Properties held and occupied by the Group in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 December 2018
1.	A parcel of land, various buildings and ancillary structures situated in Lianzhou County Cheng Bei, Lianzhou City, Guangdong Province, The PRC 位於中國廣東省連州市連州鎮城北之一塊土地、若干建築物及附屬構築物	The property comprises a parcel of land with a site area of 563,842.9 sq.m. (or about 6,069,205 sq.ft.) and various buildings and ancillary structures erected thereon, which were completed in about 2006. The property has a total gross floor area ("GFA") of approximately 81,762.63 sq.m. (or about 880,093 sq.ft.). The land use rights of the property have been granted for a term of 50 years expiring on 1 January 2054. For details, please refer to Note 2.	The property is occupied by the Group for industrial use.	RMB133,000,000.

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同書) entered into between Lianzhou City State-owned Land Resources Bureau (連州市國土資源局) and 建滔(連州)銅箔有限公司, dated 8 September 2005, the former has agreed to grant to the latter the land use rights of the property with a site area of 563,842.9 sq.m. at land premium of RMB12,686,465.25 for a term of 50 years for industrial use.

2. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Lian Fu Guo Yong (2005) Di No. 8827000004 (連府國用(2005)第 8827000004 號) issued by Lianzhou City People's Government (連州市人民政府) dated 31 October 2005, the land use rights of the property with a site area of 563,842.9 sq.m. have been granted to 建滔(連州)銅箔有限公司 for a term expiring on 1 January 2054 for industrial use.

3. Pursuant to various Real Estate Title Certificates (房地產權證), issued by the Lianzhou City People's Government (連州市人民政府), the property with a total gross floor area of 45,077.63 sq.m. is legally held by 建滔(連州)銅箔有限公司. Details of which are as follows:

No.	Certificate No.	Expiry Date
1.	Yue Fang Di Zheng Zi Di No. C4502143	12 June 2056
2.	Yue Fang Di Zheng Zi Di No. C4502144	12 June 2056
3.	Yue Fang Di Zheng Zi Di No. C4502191	18 July 2056
4.	Yue Fang Di Zheng Zi Di No. C4502192	18 July 2056
5.	Yue Fang Di Zheng Zi Di No. C4502194	18 July 2056
6.	Yue Fang Di Quan Zheng Lian Zhou Di No. 0100000382	6 July 2059

4. Pursuant to 2 Construction Planning Permits (建設工程規劃許可證), numbered as 2006121 and 2007170 respectively issued by Lianzhou City Town Planning Bureau dated 19 October 2006 and 8 November 2007 respectively, the proposed development with gross floor area of 17,248 sq.m. and 19,437 sq.m. respectively are permitted.

5. We have been instructed by the Group to value the property based on the following assumptions as at the date of valuation:

   a. 建滔(連州)銅箔有限公司 is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;

   b. All land premium and other costs of ancillary utility services has been settled in full;

   c. The property is not subject to mortgage or any other material encumbrances;

   d. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and

   e. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

6. Our opinion of the market value (in-use) of the Assets situated in the property as at 31 December2016 was in the sum of RMB187,348,000.

7. As advised by the Group, 建滔(連州)銅箔有限公司 is a subsidiary of the Company.

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 December 2018
2.	Various parcels of land, various buildings and ancillary structures situated in Shijiao Town, Fogang County, Qingyuan City, Guangdong Province, The PRC 位於中國廣東省清遠市佛崗縣石角鎮之若干塊土地、若干建築物及附屬構築物	The property comprises various parcels of land with a total site area of 294,606 sq.m. (or about 3,171,139 sq.ft.) and various buildings and ancillary structures erected thereon, which were completed in about 1998. The total gross floor area ("GFA") of the property is approximately 63,879 sq.m. (or about 687,602 sq.ft.). The land use rights of the property have been granted for a term of 50 years and the earliest expiring on 12 July 2043 for industrial use.	The property is occupied by the Group for industrial use.	RMB104,000,000.

Notes:

1. Pursuant to various State-owned Land Use Rights Certificates (國有土地使用權證) issued by Fogang County People's Government (佛崗縣人民政府), the land use rights of the property has a total site area of 294,606.03 sq.m. for a term of 50 years for industrial use. Details of which are as follows:

No.	Certificate No.	Registered Owner	Expiry Date
1.	Fo Guo Yong (2006) Di No. 00114	佛崗建滔實業有限公司	10 July 2056
2.	Fo Guo Yong (2006) Di No. 00115	佛崗建滔實業有限公司	10 July 2056
3.	Fo Guo Yong (2006) Di No. 00129	佛崗建滔實業有限公司	25 December 2047
4.	Fo Guo Yong (2006) Di No. 00217	香港銅箔有限公司	10 July 2056
5.	Fo Guo Yong (2006) Di No. 00218	香港銅箔有限公司	12 July 2043
		Total:	

2. Pursuant to various Real Estate Title Certificates (房地產權證), issued by Guangdong Province People's Government (廣東省人民政府), the property has a total gross floor area of 63,879sq.m.. Details of which are as follows:

No.	Certificate No.	Registered Owner	Gross Floor Area	Expiry Date
1.	Yue Fang Di Zheng Zi Di No. C0360803	佛崗建滔實業有限公司	9,230.18 sq.m.	--
2.	Yue Fang Di Zheng Zi Di No. 1975018	佛崗建滔實業有限公司	13,227.79 sq.m.	--
3.	Yue Fang Di Zheng Zi Di No. C4398251	佛崗建滔實業有限公司	15,533.60 sq.m.	--
4.	Yue Fang Zi Di No. 2151183	香港建滔(中國)集團公司	562.00 sq.m.	--
5.	Yue Fang Di Zheng Zi Di No. C4398248	佛崗建滔實業有限公司	15,567.75 sq.m.	--
6.	Yue Fang Di Zheng Zi Di No. C4398247	佛崗建滔實業有限公司	9,630.48 sq.m.	--

3. We have been instructed by the Group to value the property based on the following assumptions as at the date of valuation:

   a. 佛崗建滔實業有限公司 is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;

   b. All land premium and other costs of ancillary utility services has been settled in full;

   c. The property is not subject to mortgage or any other material encumbrances;

   d. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and

   e. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

4. Our opinion of the market value (in-use) of the Assets situated in the property as at 31 December2016 was in the sum of RMB51,438,000.

5. As advised by the Group, 佛崗建滔實業有限公司 and 香港建滔(中國)集團公司 are subsidiaries of the Company.

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 December 2018
3.	A villa house situated in Huang Hua Hu Development District, Tangtang Town, Fogang County, Qiangyuan City, Guangdong Province, The PRC 位於中國廣東省清遠市佛崗縣湯塘鎮黃花湖開發區之一座別墅	The property comprises a villa house with a site area of approximately 666 sq.m. (or about 7,169 sq.ft.) which was completed in about 1999. As advised by the Group, the gross floor area of the property is about 525 sq.m.. The land use rights of the property have been granted for a term expiring on 26 December 2067 for residential use.	The property is occupied by the Group for residential use.	RMB5,670,000.

Notes:

1. Pursuant to State-owned Land Use Rights Certificate (國有土地使用權證), Fo Guo Yong (1999) Zi Di No. 00049 issued by Fogang People's Government, the land use rights of the property is legally held by 佛崗建滔實業有限公司 with respective site areas of 666 sq.m. for a term expiring on 26 December 2067.

2. We have been instructed by the Group to value the property based on the following assumptions as at the date of valuation:

   a. 佛崗建滔實業有限公司 is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;

   b. All land premium and other costs of ancillary utility services has been settled in full;

   c. The property is not subject to mortgage or any other material encumbrances;

   d. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and

   e. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

3. As advised by the Group, 佛崗建滔實業有限公司 is a subsidiary of the Company.

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 December 2018
4.	Units 7C, 7D, 7E, 7F, 7G and 7H, Block 2, Li Jing Hao Ting, Xin Cheng East, B1 District, Qingyuan City, Guangdong Province, The PRC 中國廣東省清遠市新城東 B1 區麗晶豪庭二座 7 層 C, 7 層 D, 7 層 E, 7 層 F, 7 層 G 及 7 層 H	The property comprises six residential units with a total gross floor area ("GFA") of approximately 848 sq.m. (or about 9,128 sq.ft.) in a residential development, known as Li Jing Hao Ting (麗晶豪庭). The development was completed in about 2006.	The property is occupied by the Group for residential use.	RMB6,500,000.

Notes:

1. Pursuant to various 廣東省地方税收通用發票(電子), the property with a total GFA of 848 sq.m. is legally held by 佛崗建滔實業有限公司. Details of which are as follows:

No.	Receipt No.	Property	GFA	Consideration	Issue Date
1.	07316354	麗晶豪庭二座 7C	200.58 sq.m.	RMB523,430	24 February 2011
2.	00260710	麗晶豪庭二座 7D	200.58 sq.m.	RMB523,430	24 February 2011
3.	05055299	麗晶豪庭二座 7E	85.73 sq.m.	RMB225,183	24 February 2011
4.	05418742	麗晶豪庭二座 7F	137.91 sq.m.	RMB361,144	24 February 2011
5.	02234792	麗晶豪庭二座 7G	85.73 sq.m.	RMB225,183	24 February 2011
6.	05861614	麗晶豪庭二座 7H	137.91 sq.m.	RMB361,144	24 February 2011

2. We have been instructed by the Group to value the property based on the following assumptions as at the date of valuation:

   a. 佛崗建滔實業有限公司 is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;

   b. All land premium and other costs of ancillary utility services has been settled in full;

   c. The property is not subject to mortgage or any other material encumbrances;

   d. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and

   e. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

3. As advised by the Group, 建滔（連州）銅箔有限公司 is a subsidiary of the Company.

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1. DIRECTORS

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

Name	Address	Designation
Mr Lam Ka Po	c/o 23/F, Delta House, 3 On Yiu Street, Shek Mun, Shatin, New Territories, Hong Kong	Executive Chairman
Mr Cheung Kwok Ping	c/o 23/F, Delta House, 3 On Yiu Street, Shek Mun, Shatin, New Territories, Hong Kong	Executive Director
Mr Ho Yin Sang	c/o 23/F, Delta House, 3 On Yiu Street, Shek Mun, Shatin, New Territories, Hong Kong	Non-Executive Director
Mr Ong Tiong Wee	c/o 23/F, Delta House, 3 On Yiu Street, Shek Mun, Shatin, New Territories, Hong Kong	Lead Independent Director
Mr Chim Hou Yan	c/o 23/F, Delta House, 3 On Yiu Street, Shek Mun, Shatin, New Territories, Hong Kong	Independent Director

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL OF THE COMPANY

The Company was incorporated in Bermuda on 10 September 1999 and is listed on the Main Board of the SGX-ST on 16 December 1999. The principal activity of the Company is that of an investment holding company, and its subsidiaries are engaged in the manufacture and trading of polyvinyl butyral and related products and licensing business.

As at the Latest Practicable Date, the authorised share capital of the Company is US$200,000,000 and the issued share capital is US$72,250,000, comprising 722,500,000 ordinary KBCF Shares of a par value of US$0.10 each.

3. REGISTERED OFFICE

The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

4. SHARE CAPITAL

4.1 Capital, Dividends and Voting Rights

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting has been reproduced in Appendix III to this Circular. The Constitution is available for inspection at the Company Secretary's address at 77 Robinson Road, #13-00, Robinson 77, Singapore 068896. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution.

4.2 Number of KBCF Shares Issued since the End of the Last Financial Year

Since 31 December 2018, being the end of the last financial year of the Company, no new KBCF Shares have been issued.

4.3 Options and Convertible Instruments

Save as disclosed, the Company has not issued any other instruments convertible into, rights to subscribe for, and options in respect of, the KBCF Shares and securities which carry voting rights affecting the KBCF Shares that are outstanding as at the Latest Practicable Date.

5. DISCLOSURE OF INTERESTS

5.1 Interests of the Company in Offeror Securities

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

5.2 Dealings in Offeror Securities by the Company

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

5.3 Interests of the Directors in Offeror Securities

Save as disclosed, none of the Directors has any direct or deemed interests in any Offeror Securities as at the Latest Practicable Date.

5.4 Dealings in Offeror Securities by the Directors

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

5.5 Interests of the Directors in Company Securities

Save as disclosed below, none of the Directors has any direct or deemed interests in any Company Securities as at the Latest Practicable Date:

Name of Directors and companies in which interests are held	Shareholdings registered in the name of Director	Shareholdings in which Directors are deemed to have an interest
The Company		
Ordinary shares of US$0.10 each		
Mr. Ho Yin Sang	–	2,000
The ultimate holding company		
– Kingboard Holdings Limited		
Ordinary shares of HK$0.10 each		
Mr. Cheung Kwok Ping	5,000,383	36,000
Mr. Ho Yin Sang	812,500	716,700
Mr. Lam Ka Po	2,991,360	–
The intermediate holding company		
– Kingboard Laminates Holdings Limited		
Ordinary shares of HK$0.10 each		
Mr. Cheung Kwok Ping	1,000,000	–
Mr. Ho Yin Sang	–	2,543,000
Mr. Lam Ka Po	1,803,000	–
Options to acquire ordinary shares of HK$0.10 each		
Mr. Cheung Kwok Ping	5,000,000	–
Mr. Ho Yin Sang	–	11,300,000
Mr. Lam Ka Po	5,000,000	–

5.6 Dealings in Company Securities by the Directors

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

5.7 Company Securities owned or controlled by IFA

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

5.8 Dealings in Company Securities by SCCM

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

5.9 Intentions of the Directors in respect of their KBCF Shares

As at the Latest Practicable Date, the Directors who hold KBCF Shares have indicated their intention in relation to accepting or rejecting the Offer in respect of their KBCF Shares as follows:

Mr. Ho Yin Sang has a deemed interest in 2,000 Shares held by his spouse, Mdm Cheung Wai Kam. He has informed the Company of his wife's intention to accept the Offer in respect of all the Shares held by her.

Save for Mr. Ho Yin Sang, the remaining Directors do not hold any direct shareholding interest in the Company other than through their interests in the Kingboard Holdings Group.

6. OTHER DISCLOSURES

6.1 Directors' Service Contracts

As at the Latest Practicable Date, there is no agreement arrangement or understanding between the Offeror Concert Group and any Director, whereby the emoluments received by the Directors will be affected as a consequences of the Offer or any other associated relevant transaction.

6.2 Arrangements affecting Directors

As at the Latest Practicable Date:

(a) it is not proposed that any payment or other benefit shall be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;

(b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and

(c) save as disclosed, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

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

8. MATERIAL LITIGATION

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

9. FINANCIAL INFORMATION ON THE KBCF GROUP

9.1 Consolidated Income Statements of the Group

Set out below is certain financial information extracted from the Company's annual reports for FY2016, FY2017 and FY2018. The summary set out below should be read together with the audited consolidated financial statements as set out in the Company's annual reports for FY2016, FY2017 and FY2018.

	Audited FY2016 HK$'000	**Audited FY2017 HK$'000**	**Audited FY2018 HK$'000**
Revenue	635,296	609,407	586,979
Costs of sales	(566,650)	(520,497)	(501,602)
Other income	2,057	4,386	2,495
Expenses	(54,915)	(51,610)	(52,611)
Profit before tax	15,788	41,686	35,261
Income tax expense	(10,855)	(23,934)	(7,829)
Profit for the year	4,933	17,752	27,432
Profit for the year attributable to:			
Owners of the Company	1,061	14,468	25,610
Non-controlling interests	3,872	3,284	1,822
Earnings per share (HK cents)	0.15	2.00	3.54
Dividend per Share (HK cents)	Interim: Nil Final: Nil	Interim: Nil Final: Nil	Interim: Nil Final: Nil

9.2 Consolidated Balance Sheet

The audited consolidated balance sheets of the KBCF Group as at 31 December 2018 are summarised below.

	Audited as at 31 December 2018 HK$'000
Non-current assets	321,836
Current assets	2,561,238
Non-current liabilities	(4,521)
Current liabilities	(106,506)
Net assets	2,772,047
Share capital	560,200
Reserves	2,187,282
Non-controlling interests	24,565
Total equity	2,772,047

9.3 Significant Accounting Policies

A summary of the significant accounting policies of the Company is set out in note 2 to the audited consolidated income statements of the KBCF Group for FY2018 and 2018 consolidated balance sheet. Copies of the above are available for inspection at the Company Secretary's address at 77 Robinson Road, #13-00, Robinson 77, Singapore 068896 during normal business hours for the period during which the Offer remains open for acceptance.

Save as disclosed above and in publicly available information on the KBCF Group, there are no significant accounting policies or any matter from the notes of the financial statements of the KBCF Group which are of any major relevance for the interpretation of the financial statements of the KBCF Group.

9.4 Changes in Accounting Policies

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

Copies of the annual report of the Company for FY2018 are available on the website of the SGX-ST at www2.sgx.com or for inspection at the Company Secretary's address at 77 Robinson Road, #13-00, Robinson 77, Singapore 068896 during normal office hours for the period during which the Offer remains open for acceptance.

9.5 Material Change in Financial Position

Save as disclosed in publicly available information on the KBCF Group, as at the Latest Practicable Date, there has been no known material change in the financial position of the KBCF Group since 31 December 2018, being the date of the Company's last published audited consolidated financial statements.

9.6 Material Change in Information

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

10. GENERAL

10.1 Costs and Expenses

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

10.2 Consent of SCCM

SCCM has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its advice to the Independent Directors set out in section 12.2 of this Circular, the IFA Letter set out in Appendix I to this Circular and all references thereto, in the form and context in which they appear in this Circular.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Company Secretary's address of the Company at 77 Robinson Road, #13-00, Robinson 77, Singapore 068896 during normal business hours for the period during which the Offer remains open for acceptance:

(a) the Constitution;

(b) the annual report of the Company for FY2018;

(c) the IFA Letter; and

(d) the letters of consent referred to in paragraph 10.2 of Appendix II to this Circular.

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The rights of Shareholders in respect of capital, dividends and voting are extracted from the Constitution of the Company and reproduced below:

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution of the Company, a copy of which is available for inspection at the Company Secretary's address at 77 Robinson Road, #13-00, Robinson 77, Singapore 068896 during normal business hours for the period during which the Offer remains open for acceptance.

(a) Rights in respect of Capital

"SHARE CAPITAL

3. (1) The share capital of the Company at the date on which these Bye-laws come into effect shall be divided into shares of a par value of United States Dollars ten cents (US$0.10) each.

(2) The Company may purchase its own shares for cancellation or acquire them as Treasury Shares in accordance with the Act on such terms as the Board shall think fit. Any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board in accordance with and subject to the Act, the Company's memorandum of association and, for so long as the shares of the Company are listed on the Designated Stock Exchange, the prior approval of the Members in general meeting for such purchase or acquisition. For so long as the shares of the Company are listed on the Designated Stock Exchange, such approval of the Members shall remain in force until (i) the conclusion of the annual general meeting of the Company following the passing of the resolution granting the said authority or the date by which such annual general meeting is required to be held or (ii) the date on which purchases or acquisitions of shares pursuant to the approval are carried out to the full extent mandated or (iii) it is revoked or varied by ordinary resolution of the Company in general meeting, whichever is the earliest, and may thereafter be renewed by the Company in general meeting. For so long as the shares of the Company are listed on the Designated Stock Exchange, the Company shall make an announcement to the Designated Stock Exchange of any purchase or acquisition by the Company of its own shares, in accordance with the rules of the Designated Stock Exchange in effect from time to time.

VARIATION OF RIGHTS

10. Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes and (for so long as the shares of the Company are listed on the Designated Stock Exchange) the listing rules of the Designated Stock Exchange, preference capital other than redeemable preference capital may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting and all adjournments thereof all the provisions of these Bye-laws relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum (other than at an adjourned meeting) shall be two (2) persons at least holding or representing by proxy (or, in the case of a holder being a corporation, by its duly authorised representative)

one-third in nominal value of the issued shares of the class and at any adjourned meeting of such holders, two (2) holders present in person (or, in the case of a holder being a corporation, by its duly authorised representative) or by proxy (whatever the number of shares held by them) shall be a quorum and that any holder of shares of the class present in person (or, in the case of a holder being a corporation, by its duly authorised representative) or by proxy may demand a poll and that every such holder shall on a poll have one (1) vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two (2) months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. The foregoing provisions of this Bye-law shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

11. *The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking pari passu therewith.*

ALTERATION OF CAPITAL

4. *The Company may from time by ordinary resolution in any manner permitted by law and (for so long as the shares of the Company are listed on the Designated Stock Exchange) the listing rules of the Designated Stock Exchange:*

   (a) *increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;*

   (b) *consolidate and divide all or any of its capital into shares of larger amount than its existing shares;*

   (c) *divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing: shares attaching thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine Provided Always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";*

   (d) *sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject, nevertheless, to the Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;*

   (e) *change the currency denomination of its share capital;*

(f) make provision for the issue and allotment of shares which do not carry any voting rights; and

(g) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Bye-law and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

6. The Company may from time to time by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by law.

7. Except so far as otherwise provided by the conditions of issue, or by these Bye-laws, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained In these Bye-laws with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

SHARES

12. (1) Subject to the Act and to the rules or regulations of the Designated Stock Exchange (if applicable), no shares may be issued by the Board without the prior approval of the Company in general meeting but subject thereto and to these Bye-laws and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be Issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever,

(2) Subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted under the rules or regulations of the Designated Stock Exchange (if applicable), all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Board may dispose of those shares in such manner as it thinks most beneficial to the Company. The Board may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Board, be conveniently offered under this Bye-law 12(2).

*(3) Notwithstanding Bye-law 12(2) above but subject to the Statutes and the rules or regulation of the Designated Stock Exchange (if applicable), the Company in general meeting may by ordinary resolution grant to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the said ordinary resolution (including but not limited to the aggregate number of shares which may be Issued and the duration of the general authority), to issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, Provided That unless otherwise specified in the ordinary resolution or required by any applicable rules or regulations of the Designated Stock Exchange, such general authority will continue (notwithstanding the authority conferred by the said ordinary resolution may have ceased to be in force) in relation to the issue of shares pursuant to any instrument made or granted by the Directors while the said ordinary resolution was in force.*

(4) The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine, Provided That such issue must be specifically approved by the Company in general meeting if required by the rules or regulations of the Designated Stock Exchange.

(5) Subject to the rules or regulations of the Designated Stock Exchange (if applicable), the Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares and shares in fractional denominations shall have in proportion to the respective fractions represented thereby all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.

13. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Act. Subject to the Act, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.

14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Bye-laws or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

15. (1) Subject to the terms and conditions of any application for shares, the Board shall allot shares applied for within ten (10) market days of the closing date of any such application (or such other period as may be approved by the Designated Stock Exchange).

(2) Subject to the Act and these Bye-laws, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

(b) Rights in respect of Voting

*"**GENERAL MEETINGS***

55. For so long as the shares of the Company are listed on the Designated Stock Exchange (and thereafter, unless the holding of annual general meetings is dispensed with In accordance with the Act), an annual general meeting of the Company shall be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules or regulations of the Designated Stock Exchange, if any) and place as may be determined by the Board in accordance with the rules and regulations of the Designated Stock Exchange (if applicable). In addition, for so long as the shares of the Company are listed on the Designated Stock Exchange, the interval between the close of the Company's financial year and the date of the Company's annual general meeting shall not exceed four (4) months or such other period as may be prescribed or permitted by the Designated Stock Exchange.

56. Each general meeting, other than an annual general meeting, shall be called a special general meeting. General meetings may be held in any part of the world as may be determined by the Board.

57. The Board may whenever it thinks fit call special general meetings, and, subject to the Act, Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Act.

NOTICE OF GENERAL MEETINGS

58. (1) At least fourteen (14) days' Notice of a general meeting shall be given to each Member entitled to attend and vote thereat. A general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one (21) days' Notice. Subject to the rules and regulations of the Designated Stock Exchange (if applicable), a general meeting, whether or not a special resolution will be considered at such meeting, may be called by shorter notice if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.

(2) For so long as the shares of the Company are listed on the Designated Stock Exchange, at least fourteen (14) days' notice of any general meeting shall be given by advertisement in an English daily newspaper in circulation in Singapore and in writing to the Designated Stock Exchange,

(3) The period of notice shall be exclusive of the day on which it is served or deemed to be served and exclusive of the day on which the meeting is to be held, and the Notice shall specify the day, time and place of the meeting and, in case of special business, the general nature of the business. Any Notice of a general meeting to consider special business shall be accompanied by.a statement regarding the effect of any proposed resolution on the Company in respect of such special business. The Notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors and the Auditors.

(4) The Secretary and/or any Director may postpone any general meeting called in accordance with the provisions of these Bye-laws (other than a meeting requisitioned under these Bye-laws) Provided That notice of postponement is given to each Member before the time for such meeting, Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these Bye-laws.

59. The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting,

PROCEEDINGS AT GENERAL MEETINGS

60. (1) Members may participate in any general meeting by means of such telephone, electronic or other communication facilities as may be established by the Directors as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in the general meeting by any such means shall constitute presence in person at such meeting.

(2) All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting, with the exception of declaring a dividend, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.

(3) No business, other than the appointment of a chairman of a meeting, shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present in person or by proxy or, being a corporation, by its duly authorised representative, shall form a quorum, Provided That if the Company shall at any time have only one (1) Member, one (1) Member present in person or by proxy or, being a corporation, by its duly authorised representative shall form a quorum for the transaction of business at any general meeting of the Company held during such time. For the purposes of this Bye-law, "Member" includes a person attending as a proxy of the Depository (where the Depository is a Member) or (where applicable) as a duly authorised representative of the Depository (where the Depository is a Member).

61. If within thirty (30) minutes (or such longer time not exceeding one (1) hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.

62. The chairman (if there be a chairman) of the Board, and if not the president (if there be a president) of the Company shall preside as chairman at every general meeting. If at any meeting the chairman or the president, as the case may be, is not present within fifteen (15) minutes after the time appointed for holding the meeting. or if neither of them is willing to act as chairman, the Directors present shall choose one (1) of their number to act, or if one (1) Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or by proxy and entitled to vote shall elect one (1) of their number to be chairman.

63. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days

or more, at least seven (7) clear days' Notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.

64. *If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.*

VOTING

65. *(1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting (i) on a show of hands every Member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Act), or by proxy shall have one (1) vote, and the chairman of the meeting shall determine which proxy shall be entitled to vote where a Member (other than the Depository) is represented by two (2) proxies and (ii) on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one (1) vote for every fully paid share of which he is the holder or which he represents and in respect of which all calls due to the Company have been paid, but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. In the event that a Member participates in a general meeting by telephone or electronic means or other communication facilities as may be established by the Directors, the chairman of the meeting shall direct the manner in which such Member may cast his vote on a show of hands or by poll, as the case may be. Subject to Bye-law 65(2), a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:*

(a) by the chairman of such meeting; or

(b) by at least three (3) Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding or representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or

(d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding or representing shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

(e) where the Depository is a Member, by at least three (3) proxies representing the Depository.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.

(2) For so long as the shares of the Company are listed on the Designated Stock Exchange, a resolution put to the vote of a meeting shall be decided by way of a poll, as required by the rules of the Designated Stock Exchange.

66. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.

67. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

68. A poll on the election of a chairman, or on a question of adjournment, shall be taken forthwith, A poll on any other question shall be taken in such manner (including but not limited to the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.

69. The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever Is the earlier.

70. On a poll votes may be given either personally or by proxy.

71. A person entitled to more than one (1) vote on a poll need not use all his votes or cast all the votes he uses in the same way,

72. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.

73. Where there are joint holders of any share any one (1) of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one (1) of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether In person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Bye-law be deemed joint holders thereof.

74. (1) A Member who Is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, Provided That such evidence as the. Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.

(2) Any person entitled under Bye-law 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, Provided That forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting In respect thereof.

75. No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.

76. If:

(a) any objection shall be raised to the qualification of any voter; or

(b) any votes have been counted which ought not to have been counted or which might have been rejected; or

(c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive,

PROXIES

77. (1) Any Member entitled to attend and vote at a meeting of the Company who is the holder of two or more shares shall be entitled to appoint not more than two (2) proxies to attend and vote instead of him at the same general meeting Provided That if the Member is the Depository:

(a) the Depository may appoint more than two (2) proxies to attend and vote at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of the Depository as the Depository could exercise, including, notwithstanding Bye-law 65, the right to vote individually on a show of hands;

(b) unless the Depository specifies otherwise in a written notice to the Company, the Depository shall be deemed to have appointed as the Depository's proxies to vote on behalf of the Depository at a general meeting of the Company each of the Depositors who are individuals and whose names are shown in the records of the Depository seventy-two (72) hours prior to the time of the relevant general meeting supplied by the Depository to the Company and notwithstanding any other provisions in these Bye-laws, the appointment of proxies by virtue of this Bye-law 77(1)(b) shall not require an instrument of proxy or the lodgment of any instrument of proxy;

(c) the Company shall accept as valid in all respects the form of instrument of proxy approved by the Depository (the "CDP Proxy Form") for use at the date relevant to the general meeting in question naming a Depositor (the "Nominating Depositor") and permitting that Nominating Depositor to nominate a person or persons other than himself as the proxy or proxies appointed by the Depository. The Company shall, in determining rights to vote and other matters in respect of a completed CDP Proxy Form submitted to it, have regard to the instructions given by and the notes (if any) set out in the CDP Proxy Form. The submission of any CDP Proxy Form shall not affect the operation of Bye-law 77(1)(b) and shall not preclude a Depositor appointed as a proxy by virtue of Bye-law 77(1)(b) from attending and voting at the relevant meeting but in the event of attendance by such Depositor the CDP Proxy Form submitted bearing his name as the Nominating Depositor shall be deemed to be revoked;

(d) the Company shall reject any CDP Proxy Form of a Nominating Depositor if his name is not shown in the records of the Depository seventy-two (72) hours prior to the time of the relevant general meeting supplied by the Depository to the Company; and

(e) on a poll the maximum number of votes which a Depositor is, or proxies appointed pursuant to a CDP Proxy Form in respect of that Depositor are, able to cast shall be the number of shares credited to the Securities Account of that Depositor as shown in the records of the Depository seventy-two (72) hours prior to the time of the relevant general meeting supplied by the Depository to the Company, whether that number is greater or smaller than the number specified in any CDP Proxy Form or instrument of proxy executed by or on behalf of the Depository.

(2) In any case where an instrument of proxy appoints more than one (1) proxy (including the case when a CDP Proxy Form is used), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy.

(3) A proxy need not be a Member. In addition, subject to Bye-law 77(1) and the listing rules of the Designated Stock Exchange (if applicable), a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise, including, notwithstanding Bye-law 65, the right to vote individually on a show of hands. On a poll, a proxy need not use all the votes he is entitled to cast or cast all such votes in the same way.

78. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same or, in the case of the Depository, signed by its duly authorised officer by some method or system of mechanical signature as the Depository may deem appropriate. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

79. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed on behalf of the appointer (which shall, for this purpose, include a Depositor), or a certified copy of such power or authority, shall be delivered to such place or one (1) of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

80. Instruments of proxy shall be in any usual or common form (including any form approved from time to time by the Depository) or in such other form as the Board may approve (Provided That this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The Instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

81. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, Provided That no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

82. Anything which under these Bye-laws a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Bye-laws relating to proxies and instruments appointing proxies shall apply mutatis mutandis in relation to any such attorney and the instrument under which such attorney is appointed.

CORPORATIONS ACTING BY REPRESENTATIVES

83. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Bye-laws be deemed to be present in person at any such meeting if a person so authorised is present thereat.

(2) Where a Member is the Depository (or its nominee, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members Provided That the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised, Each person so authorised under the provisions of this Bye-law shall be entitled to exercise the same rights and powers as if such person was the registered holder of the shares of the Company held by the Depository (or its nominee) in respect of the number and class of shares specified in the relevant authorisation including the right to vote individually.

(3) Any reference in these Bye-laws to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Bye-law."

(c) Rights in respect of Dividends

"LIEN

22. The Company shall have a first and paramount lien on all the shares not fully paid up registered in the name of a Member (whether solely or jointly with others). Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Bye-law.

23. Subject to these Bye-laws, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen (14) clear days after a notice in writing, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

24. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall be paid to the person whose shares have been forfeited or to his executors, administrators or assignees or as he may direct. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

25. Subject to these Bye-laws and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium), and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no Member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.

26. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.

27. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof,

28. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest wholly or in part.

29. No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member), at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.

30. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name. of the Member sued is entered in the Register as the holder, or one (1) of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Bye-laws; it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

31. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Bye-laws shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

32. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

33. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one (1) month's Notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared or in profits.

FORFEITURE OF SHARES

34. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' Notice:

(a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and

(b) stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited.

(2) If the requirements of any such Notice are not complied with, any share in respect of which such Notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.

35. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such Notice.

36. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Bye-laws to forfeiture will include surrender.

37. Until cancelled in accordance with the requirements of the Act, a forfeited share shall be the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.

37A. If any shares are forfeited and sold, any residue after the satisfaction of the unpaid calls and any accrued interests and expenses shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs.

38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board determines. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Bye-law any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

39. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share, When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.

40. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.

41. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.

42. The provisions of these Bye-laws as to forfeiture shall apply in the case of non-payment of any sun which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

TRANSMISSION OF SHARES

52. In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of the Act, for the purpose of this Bye-law, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member. Where two (2) or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

53. Subject to Section 52 of the Act, any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Bye-laws relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.

54. A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Bye-law 74(2) being met, such a person may vote at meetings.

DIVIDENDS AND OTHER PAYMENTS

136. Without prejudice to the generality of the above Bye-law 135 if at any time the share capital of the Company is divided into different classes, the Board may pay such dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and Provided That the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of any dividend on any shares having deferred or non-preferential rights and may also pay periodically any fixed dividend which Is payable on any shares of the Company.

137. No dividend shall be paid or distribution made if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

138. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:

(a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Bye-law as paid up on the share; and

(b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend Is paid,

139. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

140. No unpaid dividend or distribution or other moneys payable by the Company shall bear interest as against the Company,

141. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, In the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged, Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

142. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof,

143. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe for securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

144. (1) Subject to the rules or regulations of the Designated Stock Exchange, the Board shall have full power to make such provisions as it thinks fit for the implementation of a scheme which enables the Members to elect to receive securities in lieu of cash amount of any dividend, and the Board may do all acts and things considered necessary or expedient to give effect to such a scheme.

(2) Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Bye-law shall mutatis mutandis apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

RESERVES

145. Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such Investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

CAPITALISATION

146. The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution Provided That, for the purposes of this Bye-law, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be issued to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.

147. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under the last preceding Bye-law and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members."